



REVENUE ESTIMATING CONFERENCE

SEPTEMBER 2017



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SEPTEMBER 21, 2017



City of Detroit
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September 21, 2017
(Draft Report)

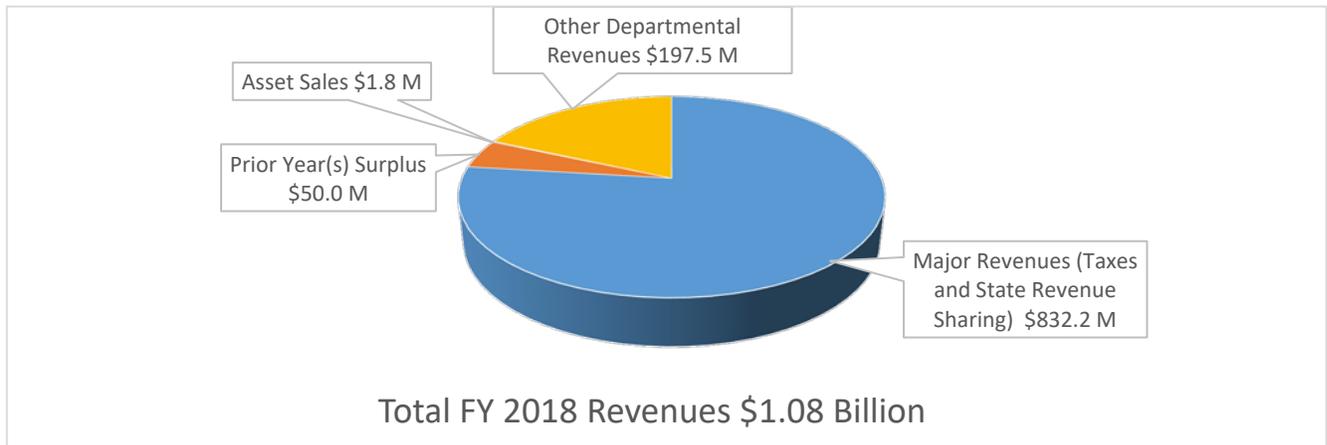
The Directors of the City of Detroit Office of the Chief Financial Officer-Office of Budget, Office of the Auditor General and City Council Legislative Policy Division met during the months of August and September 2017 to discuss the City’s revenue collections for the Fiscal Year ending June 2017, current Fiscal Year 2018 and projected collections for the next four fiscal years. The participants reviewed and recommended Fiscal Year 2018 revenue estimates and projections for Fiscal Year 2019 through Fiscal Year 2022. Discussions included a forecast of economic conditions that may impact the City of Detroit revenues presented by Mr. Robert Kleine, Interim Director of Michigan State University Extension Center for Local Government Finance and Policy.

OVERVIEW OF CONFERENCE RESULTS

Participants reviewed preliminary estimates for FY 2017 as a basis to project revenues for the forecast period. Preliminary year-end results for General Fund revenues are \$1.2 billion which consist of \$1.04 billion from recurring revenues and \$117.9 million from one time and reinvestment initiatives. The \$117.9 million included \$50 million in General Fund unassigned fund balance to increase reserves set-aside for the City’s Retiree Protection Fund; a separate trust account to

pre-fund the city’s legacy pension obligations. It also included \$67.9 million from prior year(s) surpluses to fund capital projects, blight remediation and technology initiatives.

The September 2017 estimate for General Fund revenues for FY 2018 is \$1.08 billion. The vast majority of the General Fund revenues, 77%, are from the Major Revenues: Taxes and State Revenue Sharing.



The FY 2018 General Fund Adopted Budget is \$1.07 billion. The primary difference between the February 2017 estimate of \$1.02 billion and the September 2017 estimate of \$1.08 billion for FY 2018 is the use of \$50 million in budget surplus funding for capital, blight remediation and technology. February 2017 estimates were prepared prior to the determination of the

budget surplus funds. The remaining variance of \$7.6 million, between the September and February estimates, is the result of an increase in the major revenues of \$16.0 million, offset by a decrease in the General Fund other revenues (departmental revenues, asset sales and reinvestment initiatives) of \$8.4 million.

FY 2018 BUDGET General Fund <i>(in millions)</i>							
	FY 2018 Baseline Budget	One Time/ Reinvestment Initiatives	FY 2018 Total Budget	2017 February Estimate	2017 September Estimate	Variance (September Estimate to Budget)	Variance (September Estimate to February)
<i>Major Revenues (Taxes and State Revenue Sharing)</i>	\$ 816.2		\$ 816.2	\$ 816.2	832.2	\$ 16.0	\$ 16.0
<i>Reinvestment Initiatives</i>	13.2		13.2	13.2	7.9	(5.3)	(5.3)
<i>Use of surplus funds</i>		50.0	50.0	0	50.0	0.0	50.0
<i>Asset Sales (real and equipment)</i>	5.1		5.1	5.1	1.8	(3.3)	(3.3)
<i>Other departmental revenues (less asset sales)</i>	189.4		189.4	189.4	189.6	.2	.2
Total	\$ 1,023.9	\$ 50.0	\$ 1,073.9	\$ 1,023.9	\$ 1,081.5	\$ 7.6	\$57.6

SEPTEMBER 2017 REVENUE ESTIMATES RESULTS

The September 2017 conference includes estimates for FY 2018 and revenue projections for FY 2019 and 2020. The conference developed a trend line forecast of General Fund Revenues for FY 2021 and 2022.

General Fund (in millions)	Income Tax	Property Tax	Utility Users	Wagering Tax	State Rev Sharing	Other Revenues	Total General Fund Revenues
FY 2018 *							
Sept 2017 Estimate	\$ 292.1	\$ 124.0	\$ 38.9	\$ 179.0	\$ 198.2	\$ 199.3	\$ 1,031.5
Feb 2017 Estimate	283.3	124.0	35.0	177.8	196.1	207.7	1,023.9
Variance Feb over Sept	3.1%	0.0%	11.1%	.7%	1.1%	-4.0%	.7%
* (Total excludes budget surplus of \$50.0 million)							
FY 2019							
Sept 2017 Projection	\$ 299.4	\$ 124.0	\$ 39.1	\$ 180.8	\$ 199.2	\$ 200.6	\$ 1,043.0
Feb 2017 Projection	291.7	124.0	35.0	179.6	196.5	208.3	1,035.1
Variance Feb over Sept	2.6%	0.0%	11.7%	0.7%	1.4%	-3.7%	0.8%
FY 2020							
Sept 2017 Projection	\$ 306.9	\$ 125.9	\$ 39.3	\$ 182.6	\$ 200.2	\$ 201.6	\$ 1,056.4
Feb 2017 Projection	300.5	124.0	35.0	181.4	196.9	208.5	1,046.3
Variance Feb over Sept	2.1%	1.5%	12.3%	.7%	1.7%	-3.3%	1.0%
Long Term Trend							
FY 2021	\$ 313.1	\$ 127.7	\$ 39.5	\$ 184.4	\$ 201.2	\$ 202.8	\$ 1,068.6
	2.0%	1.4%	0.5%	1.0%	0.5%	0.6%	1.2%
FY 2022	\$ 319.3	\$ 129.7	\$ 39.7	\$ 186.3	\$ 202.2	\$ 202.8	\$ 1,079.9
	2.0%	1.6%	0.5%	1.0%	0.5%	0.0%	1.1%

MAJOR REVENUES DISCUSSION

The City of Detroit has five major revenues: Income Tax, Property Tax, Utility Users' Tax, Wagering Tax (Casinos) and State Revenue Sharing, that represent 79% of the estimated General Fund year-end FY 2017 results of \$1.04 billion (excluding one-time activity).

This year, the City's internal participants began the process with an in-depth review of department revenues followed by a discussion of the City's major revenues and current economic climate. The task was to determine General Fund major revenues and department revenues

final year-end results for FY 2017, estimate current fiscal year-end activity for 2018, and project revenues for the FY 2019 through FY 2022. Using financial system reports, department sub-ledger reports, current operational analysis and local economic data, the participants individually determined their forecasts. Department- "Other revenues" of the General Fund were discussed in terms ongoing/recurring revenues, one-time activity/and reinvestment initiatives. Revenues from all City funds were also considered as required by Public Act 182 of 2014.

MUNICIPAL INCOME TAX

Income Tax revenue includes withholding, annual and quarterly payments. More than 85% of income tax actual collections are derived from withholdings. The current Municipal Income tax rate is 2.4% for residents, 1.2% for non-residents and 2.0% for corporations. Public Act 394 of 2012 designated income tax revenues of .2% of resident individual tax collections and .1% of non-resident individual tax collections for Police operations. This public act also fixed income tax rates at 2.4% (residents, 1.2% for non-residents) until the repayment of any debt issued by the Public Lighting Authority.

As authorized under Public Act 284 of 1964, as amended by PA 56 of 2011 and again in 2012, the City of Detroit levies an Income Tax on income from all sources with minimum exemptions.

In January 2016, the State of Michigan began phasing in the processing of the City’s income taxes.

	Calendar Year 2016	Calendar Year 2017 and 2018
Individual returns: resident and non- resident	MI Processing Start 1/1/2016; estimated 100,000 new returns filed, 304,000 returns in total. Total refunds processed \$17.2 million	Refunds approximately \$25 million for FY 2017; in the range of \$23 million for FY 2018
Corporate returns		MI Processing Start 1/1/2017
Withholdings	725 new entities are now withholding: 80% voluntary registered, 20% city compliance efforts	MI Processing Start 1/1/2017
Electronic Filing, Pay and Refunds	Start 1/1/2016 for e-filing; 77% e-filed in 2016	MI Processing Start 1/1/2017 for e-pay MI Processing Start 1/1/2018 for e-refunds

Income Tax Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 <i>(unaudited)</i>
Actuals (per CAFR)	\$248.0	\$253.8	\$263.4	\$263.2	\$285.0
% change	2.3%	2.3%	3%	0%	8.3%

Municipal Income Tax unaudited results for FY 2017 is \$285 million up from FY 2016 actual collections of \$263.2 million. Anticipated increased refund activity from the State tempered net collections in FY 2016. Municipal Income Taxes continue to trend upward for the forecast period reflecting modest increases in salary and wages.

Income tax collections for FY 2018 continue its upward trend with growth estimated at 2.5%. Projections for FY 2018 through FY 2020 maintain a growth rate of 2.5%; which is lowered to 2% in FY 2021 and FY 2022.

The September 2017 estimate includes reinvestment initiatives to increase delinquent income tax collections: outside collection agency; staff to perform field audits; enhanced taxpayer outreach and communications.

The September 2017 conference considered improved local economic conditions based upon blue chip economic forecasts as presented by Mr. Robert Kleine, Michigan State University.

Article IX of the State Constitution, Sections 3 and 6 (General Property Tax) authorize the levy of taxes on real and personal property not otherwise exempt. The City currently levies the maximum tax permitted by law.

CURRENT PROPERTY TAXES

Property Tax Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 (unaudited)
Actuals (per CAFR)	\$132.8	\$129.4	\$126.4	\$147.4	\$124.0
% change	(10.1%)	(2.6%)	(2.3%)	16.6%	(15.9%)

Property Tax Collections consist of assessments for the current tax year; delinquent real and personal property remittance from the Wayne County Delinquent Tax Revolving Fund; auction proceeds from the County and Personal Property Tax reimbursements from the State.

Final FY 2016 year-end result for property tax collection was \$147.4 million; a 16.6% increase over FY 2015's actual collections, which included a one-time audit adjustment of \$13 million.

The FY 2017 Adopted Budget of \$117 million assumed a smaller decline in collections than previous budgets due to higher than estimated taxable valuations. Previous estimates were based on continued declines in the City's property taxable values due to required citywide reassessments and foreclosure activity. Actual taxable value declines were lower than originally anticipated. Improvement in the City's collection rate from 50% to over 70% also factored into increased collections for FY 2016.

The City received \$9.1 million from the State in personal property tax reimbursements, authorized under the Local Community Stabilization Authority (LCSA) Public Act 86 of 2014. The General Fund received approximately \$4 million of this reimbursement for FY 2017. Lower reimbursement levels are expected for the forecast period.

Personal property tax valuations for FY 2018 were reduced by 13% (Industrial Facilities Personal Property taxes declined by 55%).

Projections remain flat for property tax revenues for FY 2018 over estimated FY 2017 year-end results and includes no growth for FY 2019. A growth rate of 1.5% is projected for FY 2020 through FY 2022 based on a gradual uptick in taxable valuations and local economic conditions.

The City Assessor's outlook on the Ad Valorem valuations for FY 2018 indicates a much lower decline in assessed values than previously estimated. Of note, the City is experiencing growth in property values in certain areas of the city which will eventually lead to increased taxable valuation for the city. Completion of the citywide reassessment of residential properties in 2016 did not significantly impact the FY 2018 Budget. Industrial property reassessments are scheduled to be completed in calendar year 2017 impacting collections for the FY 2019 Budget. Commercial reassessments are expected to be completed in the following year, which will impact the FY 2020 Budget.

The City of Detroit has partnered with Wayne County and DTE in providing for payment of current and delinquent city of Detroit property taxes, DWSD bills, and DTE bills at Kiosks conveniently located throughout the city (located in participating Rite-Aid stores, DTE Payment Centers, supermarkets /other retail establishments and in various City of Detroit buildings).

UTILITY USERS TAX

The City of Detroit levies a Utility Users' Tax as permitted under Public Act 100 of 1990 and as amended in 2012. The tax is based on consumption of electricity, gas, steam and telephone (land lines) in the city of Detroit. The City currently levies the maximum tax rate of 5%. Revenues are budgeted in the Police Department per the public act and have a restricted purpose to retain or hire police officers. In 2012, the law was amended to provide \$12.5 million annually for the Public Lighting Authority for the repayment of debt proceeds used for street lighting infrastructure improvements in the city. To offset the loss of Utility Users' tax revenue to the Police Department, state law (Public Act 394 of 2012) authorized the payment of income tax revenues for police officers (to hire/retain).

Utility Users' Tax Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 (unaudited)
Actuals (per CAFR)	\$35.3	\$42.4	\$37.9	\$36.5	\$38.2
% change	(10.8%)	20.1%	(10.6%)	(3.7%)	4.7%

The September 2017 estimate for FY 2018 reflects a 4.7% increase over previous fiscal year-end collections. Utility Users Tax collections continue to move within a small range of \$35 to \$42 million, down significantly from historical highs of \$60 million.

FY 2018 through FY 2022 forecast continues a conservative approach in projecting this revenue source. Projections for the forecast period include a growth rate of one-half percent. Factors considered were lower natural gas prices; a gradual rise in utility consumption; and prior year's actual collections.

Estimates/projections were determined on a gross basis, inclusive of the \$12.5 million Public Lighting Authority payment. Beginning with the June 30, 2016 Comprehensive Annual Financial Report (CAFR), Utility Users Tax revenues are presented net of the Public Lighting Authority (PLA) payment, as the PLA is considered a blended component unit of the city.

WAGERING TAXES

The City is authorized to levy a tax on the adjusted gross receipts of a gaming licensee under Initiated Law 1 of 1996, as Amended by Public Act 306 of 2004. The current tax rate in effect is 10.9% for the three casinos operating in Detroit. The City receives additional revenues from the casinos as specified in the casinos' operating agreements that increases the total percentage to 11.9%. The city is also permitted to assess a municipal service fee of 1.25% of adjusted gross receipts for public safety services provided to the casinos.

Wagering-Casino Tax Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 (unaudited)
Actuals (per CAFR)	\$174.6	\$167.9	\$172.5	\$180.2	\$177.2
% change	(3.7%)	(3.8%)	2.7%	4.5%	(1.7%)

The February and September 2017 estimates increased the previous estimate due to higher actual collections in FY 2016. Preliminary FY 2017 year-end results indicate a 1.7% decline in this revenue source over the previous fiscal year, after posting two years of growth following declining revenues due to the opening of casinos in Ohio.

The forecast for FY 2018 through 2020 includes a growth factor of 1.0%. The long-term forecast for FY 2021 through 2022 continues a growth factor of 1.0%.

Detroit casinos have rebounded from declining revenues which occurred with the opening of casinos in Ohio. At risk to this forecast is new casinos/gaming operations located within a 50 to 150 mile radius of the city that will exert negative pressure on Detroit casino revenues, as shown with the opening of the Ohio casinos. It is not known what the impact of major renovations to competing casino establishments will have on Detroit casino revenues.

STATE REVENUE SHARING

Revenue Sharing payments from the State are derived from two components: constitutional and statutory. Constitutional payments are guaranteed under the State Constitution and are calculated as 15% of 4% of the State Sales Tax gross collections. Statutory payments are based upon municipalities meeting the requirements of the City, Village and Township Revenue Sharing (CVTRS) program.

For FY 2016 and FY 2017, the maximum amount available is 78.51044% of the FY 2010 total statutory payment (if a municipality complies with all requirements).

State Revenue Sharing Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 (unaudited)
Actuals (per CAFR)	\$182.4	\$189.8	\$194.8	\$194.7	\$197.5
% change	5.9%	4.1%	2.6%	0%	1.4%

Estimates are based on the current State Revenue Sharing payments projected by the Michigan Department of Treasury and revised Sales Tax revenue projections. Treasury payments are based on the State of Michigan May 2017 Revenue Estimates and FY 2018 appropriation.

The September 2017 estimate for FY 2018 is \$198.2; \$2.1 million higher than the FY 2018 Adopted Budget of \$196.1 million and .3% higher than FY 2017 actuals.

FY 2018 through FY 2021 includes .5% growth in Constitutional payments from MI Sales Tax revenues and assumes statutory payments to remain flat.

Potential risks to this forecast include economic risks from changes in federal fiscal policies that negatively impacts state/local finances; lower sales tax revenues; and challenges to the state budget due to crises in local finances.

OTHER GENERAL FUND DEPARTMENTAL REVENUES

The estimate for Other General Fund department revenues was developed after discussions between the city's internal participants and the OCFO-Office of Departmental Financial Services on the individual department revenues including departments with General Fund operations or departments receiving General Fund assistance. Our departmental analysis began with discussions on prior fiscal year-end results for each department; a review of budget to actual activity for each department for the current fiscal year. Revenue initiatives are included in the numbers if deemed achievable within the period under review.

Internal participants convened and discussed individual calculations by the City Council Legislative Policy Division, Auditor General and OCFO-Office of Budget. Upon review, the total revenue estimate differed among the three estimators mainly due to expectations of future growth rates and difference in assumptions on the timing and impact of reinvestment initiatives.

The varying methodologies were utilized by the participants, which included analysis of historical collection patterns, trend line fitting, moving averages, major revenue category analysis, individual agency revenue account analyses, and the utilization of run rates. All participants considered and accounted for other known items that impact collections. Participants used a conservative approach in projecting future revenues; speculative revenues were not considered in the numbers, but outlined as potential upward adjustments to revenues discussed later in this report.

- Other Departmental Revenues actual collections for FY 2017 total \$337.1 million, which included \$219.2 million from on-going/recurring sources and \$117.9 million from one-time sources. Revenues from one-time sources included \$67.9 million of prior years' surplus used to fund capital projects

and blight remediation. It also included \$50 million in General Fund unassigned balances allocated to fund the Retiree Protection Fund. Reinvestment initiatives of \$5.9 million previously noted in the February conference are included in revenues from on-going sources.

The FY 2018 estimate for departmental revenues of \$199.3 million is \$8.4 million less than the February estimate based on a \$5.3 million reduction in reinvestment initiatives; a \$3.3 million reduction in asset sales, offset by a \$.2 million increase in baseline revenues.

Projections for recurring revenues, including reinvestment initiatives grow by less than 1% for FY 2019 through FY 2021. Revenues projections for FY 2022 remain flat.

Reinvestment initiatives for the forecast period increase from \$8.7 million in FY 2019 to \$9.9 million by FY 2022.

Noteworthy changes to Departmental Revenues:

1. Estimates for real property sales and sales of equipment were reduced based on prior years' actual collections and lower than expected revenues estimated for FY 2018. Reduced estimates for this activity were included in the forecast for FY 2019 through 2022.
2. Interagency billings for services to other Non-General Fund City departments were reduced as a result of lower volume of reimbursable activity.
3. Fire Department EMS and cost recovery revenues are expected to increase as result of project activity.
4. For revenues generated by the Civil Rights Inclusion and Opportunity Agency (formerly known as Human

Rights) non-compliance fines will be recorded in a separate Special Revenue Fund as the use of these funds are restricted for workforce employment training activity.

5. State of Michigan reimbursement for

the 2016 Presidential Primary Election was received in October 2016 by the Elections Department. The September 2017 estimate also includes this revenue in the FY 2021 projections for the next election cycle.

GENERAL FUND REVENUES BY MAJOR CATEGORIES

The following is a brief description of the types and sources of revenue that are included in each category shown in departmental budgets:

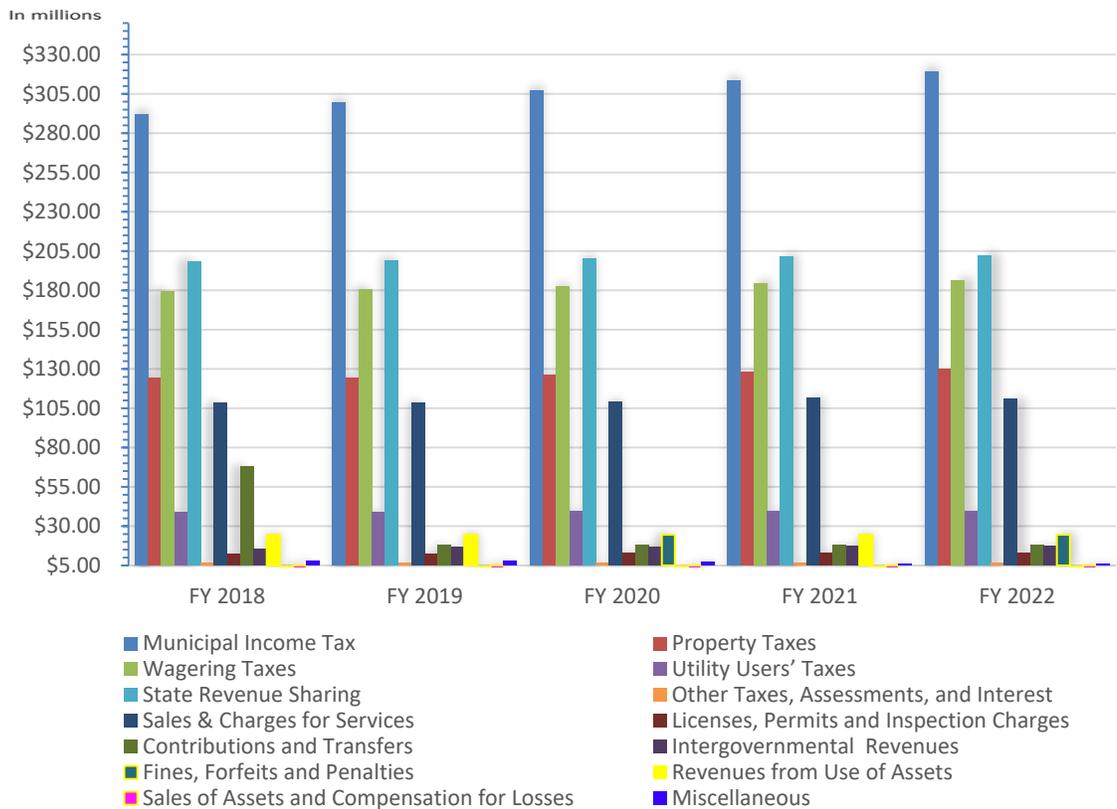
1. **Other Taxes, Assessments, and Interest** - Special assessments, Industrial Facilities Taxes, other miscellaneous property taxes and interest paid on delinquent property taxes.
2. **Sales and Charges for Services** – Inter-fund revenue generated from maintenance and construction, Casino Municipal Service fees, Cable Franchise fees, recreation fees, property tax administrative fees, inter-fund reimbursements including personal services reimbursements, , and other minor sales and service fees.
3. **Licenses, Permits and Inspection Charges** - Various permits and licenses, safety inspection charges, and business licenses charges.
4. **Contributions, Transfers, and Miscellaneous** – Various revenues and contributions due to/or due from one fund resulting in revenues to one fund and an expenditure for another, and other miscellaneous revenues and receipts.
5. **Intergovernmental Revenues- Reimbursements** from other governmental entities (Federal/State/County) for services provided by the city; includes revenues from Emergency Medical Services billings, 36 District Court reimbursements from the State, Health grants from the State.
6. **Fines, Forfeits, and Penalties** - Ordinance, court and parking fines, property tax penalties, and various fines, forfeits, and penalties.
7. **Revenue from Use of Assets** - Earnings on investments, various interest earnings, building rentals, marina rentals, concessions, equipment rentals and sales of real property.
8. **Sale of Assets and Compensation for Losses** – Sale of real property, equipment, tools, and other city assets. Compensation for losses include reimbursement for damages or loss.

SEPTEMBER 2017 ESTIMATES & PROJECTIONS

GENERAL FUND REVENUES BY MAJOR CATEGORY

(in millions)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Municipal Income Tax	\$292.13	\$299.43	\$306.91	\$313.05	\$319.31
Property Taxes	124.00	124.00	125.86	127.75	129.66
Wagering Taxes	178.99	180.78	182.59	184.41	186.26
Utility Users' Taxes	38.87	39.07	39.26	39.46	39.65
State Revenue Sharing	198.18	199.17	200.18	201.18	202.20
Other Taxes, Assessments, and Interest	6.75	6.75	6.75	6.75	6.75
Sales & Charges for Services	108.10	108.62	109.34	111.26	110.70
Licenses, Permits and Inspection Charges	12.36	12.51	12.65	12.84	13.02
Contributions and Transfers	68.15	18.15	18.15	18.15	18.15
Intergovernmental Revenues	15.80	16.49	16.95	17.18	17.42
Fines, Forfeits and Penalties	24.48	24.56	24.57	24.58	24.59
Revenues from Use of Assets	3.37	3.29	3.31	3.31	3.31
Sales of Assets and Compensation for Losses	2.59	2.69	2.74	2.78	2.86
Miscellaneous	7.69	7.51	7.12	5.94	5.96
Total	\$ 1,081.47	\$ 1,043.01	\$ 1,056.38	\$ 1,068.65	\$ 1,079.86

GENERAL FUND REVENUES BY MAJOR CATEGORY



OTHER GENERAL FUND ACTIVITY

Risk Management Fund

The City is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; loss due to errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences. The City is self-insured against certain third-party claims.

The City currently reports the risk management activities (excluding health and dental) of non-Enterprise Funds and the Transportation Fund (an Enterprise Fund) in its General Fund. The General

Fund and DDOT pay insurance premiums into the Risk Management Fund based on past claim activities. Because the Transportation Fund is included in the General Fund's risk management activities, it does not record a liability in its financial statements. Risk management activities for the other Enterprise Funds are recorded and reported separately in those funds. Contributions to the Risk Management Fund in the form of insurance payments total \$24.2 to \$50.9 million for fiscal year-end 2017 through FY 2022.

Budget Reserve Fund and PLD Decommissioning Fund

The City also has a Budget Reserve Fund and a Public Lighting Department (PLD) Decommissioning Fund recorded in the General Fund Class. The Budget Reserve Fund per statutory requirements must maintain a balance

of 5% of budgeted expenditures. Currently, the fund has a balance of \$62.3 million, which exceeds the minimum balance requirement. The PLD Decommissioning Fund record the proceeds from scrap material sales, which will be used for decommissioning purposes.

OTHER CITY FUNDS (NON-GENERAL FUND)

Public Act 279 of 1909, as amended in 2014 (The Home Rule City Act), requires the City to forecast anticipated revenues of the City for the current fiscal year and the succeeding two fiscal years. The chart shown below lists all of the City's

Special Revenue Funds and Enterprise Funds. The revenue projections presented for these funds were based on historical data, trend lines and/or current department estimates.

CITY OF DETROIT FUNDS (EXCLUDES GENERAL FUND CLASS)					
(in millions)	FY 2018				
FUND NAME	Adopted Budget	FY 2017 February Projection	FY 2017 September Projection	FY 2019 Projection	FY 2020 Projection
Community Development Block Grant	\$ 32.60	\$ 32.60	\$ 32.60	\$ 32.00	\$ 32.00
Emergency Solution Grants	2.70	3.30	2.70	2.70	2.70
Bridging Neighborhoods Fund	0.00	0.00	32.6	0.00	0.00
Department Grant Funds (Note 1):					
- Fire SAFER -Other Fire Grants	2.00	2.00	2.00	2.00	14.00
- Health Grants (Note 2)	21.70	21.70	28.10	26.40	27.20
- Homeland Security Grants	0.80	0.80	0.80	0.80	0.80
- Mayor's Office Grants	0.11	0.09	0.09	0.09	0.09
- Police Grants	4.80	4.81	4.81	4.81	4.81
- Dept. of Public Works (General) Grants	0.05	0.05	0.05	0.05	0.05
- Recreation	0.40	0.40	0.40	0.40	0.40
- Elections Grants (Voter Ed) (\$2,500 annually)	0.00	0.00	0.00	0.00	0.00
Construction Code Fund	25.00	21.00	25.00	25.00	25.00
Civil Rights, Inclusion & Opportunity Revolving Fund (Note 2)	0.45	0.90	4.50	3.00	3.00
Drug Law Enforcement Fund	2.00	2.00	2.01	2.01	2.01
Library Funds	33.00	33.00	33.00	33.00	33.00
Major and Local Streets Fund	77.20	68.00	77.21	82.21	87.95
PA 48 2002 Fund	2.90	2.50	2.90	2.90	2.90
Solid Waste Management	44.00	47.00	44.00	44.00	44.00
Sinking Interest & Redemption (Debt Service)	59.70	63.00	53.65	51.20	50.50
Special Housing Rehab programs (HRD Dept)	4.00	4.22	4.01	4.01	4.01
Airport Funds	1.70	1.67	1.90	1.90	1.90
Municipal Parking Funds	8.10	11.30	10.50	8.50	8.50
Transportation Funds (DDOT)	133.00	126.90	133.00	133.00	133.00
Detroit Water & Sewerage Department- Retail		398.48			
Detroit Water & Sewerage Department-Water Retail	119.85		119.85	119.85	119.85
Detroit Water & Sewerage Department-Sewerage Retail	278.63		278.63	278.63	278.63
TOTAL	\$854.69	\$845.72	\$894.31	\$858.46	\$876.30

Note 1: City Department's Grant Funds represent the reorganization of grants previously consolidated under one fund. Not all departments receive annual grant awards; the budget will be amended to reflect any additional grant awards received during the fiscal year. The projections for FY 2019 and FY 2020 years assumes receipt of recurring departmental grants.

Note 2: In conjunction with the Gordie Howe International Bridge Project, the city will receive funds from the State of Michigan, the Windsor Detroit Bridge Authority and from the sale of land. These funds have been restricted for specific purposes, such as health, job training, and neighborhood development.

FUNDS WITH GENERAL FUND IMPACT

Airport

The [Coleman A. Young International Airport](#) is an Enterprise Agency of the City of Detroit. Revenues from landing fees, rentals, fuel concessions and Federal/State grants maintain the operations of the Airport. In addition, the Airport FY 2018 Budget includes a General Fund contribution of \$885,000 which is expected to be

paid. Projections for FY 2019 and FY 2020 increases this contribution to \$1.2 million in recognition of higher utility costs (lighting and drainage fees). Enterprise revenues of \$1.9 million are expected for FY 2018 through FY 2020.

Buildings & Safety- Construction Code Fund

The [Buildings & Safety Engineering & Environmental Department \(BSEED\)](#) is an Enterprise Agency of the City of Detroit as mandated by State law. BSEED's mission is to safeguard public health, safety and welfare by enforcing construction, property maintenance, environmental compliance and zoning codes. Revenues from the Construction Code Fund include civil infraction fines, safety inspection charges, construction inspections and other licenses, permits and inspection charges.

Revenues generated in support of the General Fund operations are from the business licensing activity.

Revenues from the enterprise activity are projected to increase to \$25 million in FY 2018 over the previous fiscal year-end total of \$24.4 million. Revenues remain flat for the forecast period. The implementation of new electronic ticketing is expected to contribute to revenue growth for the forecast period.

Transportation

The [Detroit Department of Transportation \(DDOT\)](#) is an Enterprise Agency that provides transit services to the city of Detroit. Revenues are generated from fare boxes, State operating assistance, State and Federal grants, contribution from the General Fund and other miscellaneous revenues. The General Fund contribution for DDOT for FY 2017 was \$61.5 million; this amount remains unchanged for the forecast period. Additional restructuring efforts, including the expansion of routes, should allow this level of General Fund support to continue for the

foreseeable future. FY 2017 actual revenues increased by \$3 million due to unanticipated revenues. Increased Transportation funding is included in the road funding bills passed by the State Legislature in 2014- 2015. This legislation provides additional funding for DDOT, at the discretion of the City's Administration, by authorizing a city that meets specific criteria to allocate some of its Michigan Transportation Fund (MTF) revenues for public transit purposes. Enterprise revenues continues at \$133 million for the forecast period.

Municipal Parking

The **Municipal Parking Department** is organized into two operations: the Parking Violation Bureau and the Automobile Parking and Area System. The Parking Violations Bureau is a General Fund operation responsible for enforcing on-street and off-street ordinances in Detroit and the processing and collection of parking violation notices. The Auto Parking and Area System revenues are currently assigned to pay debt service for post-bankruptcy loans. In addition,

certain parking structures have been transferred or optioned for future purchase under terms of the bankruptcy settlement. Revenues from the Enterprise operations for FY 2017 resulted in a surplus of \$5.6 million due to revenues from garages, expected to be sold during the fiscal year. Revenues estimates for FY 2018 is \$10.5 million and projected to decline to \$8.5 million for FY 2019 and FY 2020 in anticipation of a reduction in city-owned garage(s).

Solid Waste Fund

The **Solid Waste Management Fund** is a Special Revenue Fund. The City of Detroit uses the Solid Waste Management Fund to account for local revenue collected for curbside rubbish pick-up and discard. The majority of Solid Waste Management Fund revenues comes from a residential Solid Waste Fee that is assessed to every home whether or not currently occupied. The solid waste service fee replaced a 3-mill tax for solid waste collection that was eliminated in 2006. The solid waste fee is assessed annually at \$240 for single family homes, and an additional \$100 for multi-family dwellings. Commercial fees are \$1,000.

The City privatized the solid waste activity in FY 2014. Contracts were awarded to two companies to service the east and west side of the City in 2014.

A change in processing of delinquent tax bills in FY 2015-16 resulted in improved collections of solid waste fees. The February 2017 estimated total revenues of \$47 million in FY 2017, which included \$3 million in delinquent collections. The September estimate consensus assumed collection levels of \$44.0 million for FY 2018 through FY 2020.

OTHER CITY FUNDS

Grants

The City receives various Federal and State Grants for various activities administered by city departments. Some of the city's largest programs are noted below.

The Fire Department received revenues from the Staffing for Adequate Fire & Emergency Response (SAFER) grant, a Federal grant sponsored by Federal Emergency Management Agency (FEMA).

The Health Department administers grants from Federal and State sources for HIV/AIDS, Housing Opportunities for Persons with Aids (HOPWA)

grants, Immunization, Women, Infants and Children (WIC) and Essential Local Public Health Services (ELPHS) grants.

The Housing and Revitalization Department administers programs and contracts funded by the Community Development Block Grant (CDBG), the Emergency Solutions Grant and HOME funds.

The Police Department receives grants from various State and Federal sources including the Department of Justice-Justice Assistance grants (JAG), Community Oriented Policing (COPS) grants, Auto Theft and Victim's Assistance grants.

Bridging Neighborhoods Fund

The City of Detroit will use \$32 million for the Bridging Neighborhoods Program. The program will provide funds and services for the optional relocation of households and optional retrofits of homes in Del Ray and parts of Southwest Detroit that are most impacted by

the Gordie Howe International Bridge Project. In addition, under this project, the city will also receive \$1.5 million for job training and \$2.4 million for health assessments and long-term emissions monitoring program.

Library

The Library Fund records the operations of the Detroit Public Library (DPL). DPL is an enterprise agency of the City of Detroit. It is Michigan's largest public library system consisting of a Main Library and 21 neighborhood branches. DPL has a collection of 6.6 million items that includes books, journals, photographs, government

documents, and DVDs. A bookmobile makes weekly visits to schools and community centers, and the Library for the Blind & Physically Handicapped serves those with various physical challenges. The February and September 2017 conferences project revenues of \$33 million for this fund for the forecast period.

Major and Local Street Funds

Activity recorded in Major and Local Street Funds provide for the construction and maintenance of streets, bridges, traffic signals and non-motorized improvements. These funds account for State Gas and Weight Tax revenue that support various projects and accounts for State and Federal grants on a project basis. The Department of Public Works staff manages the Street Fund. The following three divisions are wholly or partially funded through the Street

Fund: Street Maintenance Division, City Engineering Division and the Traffic Engineering Division. An increase in road funding was enacted with the passage of State legislation amending various public acts in 2014- 2015. The City projects receiving \$10-15 million in additional Gas & Weight Taxes for the forecast period. Revenues from this source are projected to range from \$77.2 to \$88 million for fiscal year-end 2018 through FY 2020.

Sinking and Interest Fund (Debt Service)

The Sinking (bond) and Interest Redemption Fund provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from the issuance of Un-limited Tax General Obligation Bonds. Debt service on Limited tax General Obligation Bonds are recorded in the General Fund. The debt service for enterprise funds appear in the Enterprise Agency Sections. The revenues for the Sinking

and Interest (Debt Service) Fund are generated from a separate debt service millage on real and personal property located in the city of Detroit. Budgeted debt service schedules show funding to decline from \$53.6 to \$50.5 million for the forecast period due to the August 2016 refinancing transaction that lowered principal and interest obligations for this fund.

Detroit Water & Sewerage- Retail

The Department was reorganized into two separate entities: the regional Great Lakes Water Authority (GLWA) and the Detroit Department of Water and Sewerage Disposal-Retail (DWSD-Retail), effective January 1, 2016. Projections presented for the forecast period are for DWSD-Retail only. The February 2017 conference projected consolidated revenues of \$398.5 million for FY 2017 and FY 2018. The September 2017 conference projects revenues of \$119.9 million and \$278.6 million for water and sewerage operations, respectively for each of the forecast years. The September estimate reflects the amount included in the Four Year Financial Plan.

Under the reorganization, Detroit maintains its own local system. Detroit keeps exclusive control of the local water and sewer system in DWSD – under authority of Mayor and City Council. The Detroit local system is made up of approximately 3,000 miles of local sewer pipe and 3,400 miles of local water mains serving the neighborhoods of Detroit. Detroit has full authority to repair and rebuild the local system.

Great Lakes Water Authority (GLWA) is an authority formed to operate the regional system. GLWA operates the regional water and sewer assets. The GLWA Board is made up of 6 members: 2 appointed by the Mayor of Detroit, 1 each by Wayne, Oakland and Macomb Counties, and 1 by the Governor from the service area outside the three counties. The Authority provides services to communities in Oakland, Wayne and Macomb counties, estimated as 4 million customers from 127 communities.

The Authority sets the rates for all water and sewerage services. Rate increases are capped at 4% annually per agreement. GLWA entered into a long-term 40-year lease of the water and sewer assets owned by the Detroit Water and Sewerage Department. Lease terms provide for the payment of \$50 million per year for the next 40 years to the City of Detroit for water and sewer infrastructure improvements. This will allow Detroit to finance up to \$500-\$800 million in bonds to rebuild the city's aged water and sewer system.

SET ASIDES

The statutory required Budget Reserve Fund has a balance of \$62.3 million. This represents 5.8% of estimated General Fund appropriations for FY 2018, which exceeds the minimum requirement. It is the city's policy to use budget surpluses for one-time spending that enhances the city's long term position, such as capital projects, technology initiatives and blight remediation.

The FY 2017 Budget included \$67.85 million from prior years' budget surplus for capital and blight spending. An additional \$50 million in unassigned General Fund Balance was appropriated for the Retiree Protection Fund. The FY 2018 Budget includes \$50 million for capital, technology and blight spending.

RISKS TO FORECAST

- Potential change to federal fiscal policy may negatively impact federal entitlement programs resulting in a loss of funds to state and local municipalities.
 - Challenges to State budget from declining local finances and other critical issues may adversely impact the Statutory State Revenue Sharing distribution to local municipalities.
 - Trigger of a Headlee roll-back in property tax millage assessed due to possible loss in the personal property tax base.
 - Risks to estimated property tax collections due to the impact of Wayne County chargebacks netted against the delinquent accounts revolving fund payment.
 - Property valuation declines and foreclosure activity negatively impacts taxable valuations.
 - Loss to personal property tax collections not fully reimbursed by the state.
 - Decline in property tax collections due to city-wide reassessments and adjustments to the rolls.
 - Lower consumer confidence depresses spending and reduces sales tax revenues.
 - Declines in Michigan Sales Tax revenues negatively impacts local government share. Lower auto sales, lower gas prices impact MI Sales.
 - Rising interest rates resulting in lower consumer spending.
 - Rising inflation.
-

POTENTIAL UPWARD ADJUSTMENTS TO FORECAST

- The potential for increased economic development to increase the city's tax base and generate additional revenues for the city. Anticipated major development projects are not included in revenue estimates until revenue stream to the city materializes.
- Ongoing improvements to collection efforts in FY 2018 results in additional tax revenues not currently reflected in the estimates.
- State of Michigan processing of the City's income tax and subsequent withholding collections results in increased compliance and generate additional revenues for the city. E-pay payment option should improve collection activity.
- Revenue initiatives in the Four-Year Financial Plan, but not included in the estimates/projections may result in additional revenues if timely and successfully implemented.
- Sales tax on internet purchases may increase state local share distributions to city/villages/townships.
- Passage of State legislation requiring non-Detroit businesses to withhold income taxes of employees residing in Detroit should significantly increase income tax collections.

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CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the Two Months ended August 31, 2017

October 30, 2017



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Executive summary

- On October 24, the City Council approved the Mayor's proposal to invest \$125M in bond funds to revitalize neighborhood commercial corridors. The bonds will be funded by the City's increased share of State road revenue and will support road and sidewalk improvements and other corridor enhancements. The bond funds will complement another \$193M over the next five years from annual funding for road improvement projects.
- In October, the City received its second credit rating upgrade in less than three years and its highest since March 2012. Moody's Investors Service upgraded Detroit's issuer rating to B1 from B2 and also assigned a positive outlook to reflect the possibility of future upgrades.
- The OCFO is documenting and improving its major policies and business process lifecycles that connect activities across divisions. The process is nearing completion.
- FY 2018 is currently projected to end with a budget surplus from current year activity of approximately \$31.3M.
 - Revenue projections are based on the September 2017 Revenue Estimating Conference results, which are above the February 2017 revenue estimates used for the adopted budget. (page 3)
 - Payroll and employee benefit expenditures are trending below budget as a result of position vacancies. (page 3)
 - The General City active employee count increased in August but remains below budget. (page 4)
- The August YTD General City property tax collection rate of 44.8% has improved slightly over the prior year. (page 7)
- Total Accounts Payable as of August 2017 had a net increase of \$69.2M compared to July. Net AP not on hold had a net increase of \$43.3M. The number of open invoices not on hold decreased by 970. (page 8)
- With respect to exit financing, approved projects increased by \$3.5M for the OCFO's citywide reappraisal project.
- In August, the Federal and State grant funds had a net increase of \$1.8M. Police received 1 new award, received 1 extension, and closed 1 grant. The main private funding received was a \$500,000 donation from JP Morgan Chase to the Detroit Employment Solutions Corporation in support of the Randolph Career Technical Education School's expansion, providing workforce training for high school age and adult Detroiters. (page 10)



FY 2018 year-to-date general ledger actuals and annualized projection

GENERAL FUND <i>\$ in millions</i>	YTD ANALYSIS						ANNUALIZED PROJECTION ANALYSIS		
	BUDGET	ACTUAL + ADJUSTMENTS + ENCUMBRANCE			VARIANCE (BUDGET VS. ACTUAL)		BUDGET	PROJECTION	VARIANCE (BUDGET VS. PROJECTION)
	YTD	ACTUAL (2)	ADJUSTMENTS + ENCUMBRANCE (3)	TOTAL	YTD		ANNUAL	ANNUAL	ANNUAL
	AMENDED (1)				($\$$) F = E-B	% G = (F/B)	AMENDED	ESTIMATED (4)	ESTIMATED
	B	C	D	E = C + D	($\$$) F = E-B	% G = (F/B)	H	I	($\$$) J = I-H
REVENUE:									
Municipal Income Tax	\$ 39.6	\$ 39.8	\$ -	\$ 39.8	\$ 0.2	0.6%	\$ 283.3	\$ 292.1	\$ 8.9
Property Taxes	45.6	51.6	-	51.6	6.0	13.1%	124.0	124.0	-
Wagering Taxes	28.9	26.7	-	26.7	(2.2)	(7.5%)	177.8	179.0	1.2
Utility Users' Tax	5.8	2.0	-	2.0	(3.8)	(65.0%)	35.0	38.9	3.9
State Revenue Sharing	0.1	-	-	-	(0.1)	(100.0%)	196.7	198.8	2.0
Sales and Charges for Services	22.6	2.3	-	2.3	(20.3)	(89.9%)	121.1	120.6	(0.4)
Licenses, Permits, and Inspection Charges	3.2	0.9	-	0.9	(2.3)	(71.0%)	11.7	12.3	0.7
Contributions and Transfers (5)	8.1	10.3	-	10.3	2.2	27.7%	68.1	68.1	(0.0)
Grants and Other Revenues	0.6	0.1	-	0.1	(0.5)	(91.0%)	0.8	0.9	0.2
Fines, Forfeits and Penalties	4.2	2.9	-	2.9	(1.3)	(30.5%)	25.3	25.0	(0.3)
Revenues from Use of Assets	0.5	0.4	-	0.4	(0.2)	(28.2%)	3.3	3.4	0.1
Other Taxes, Assessments, and Interest	1.2	3.1	-	3.1	1.9	156.3%	7.3	6.8	(0.5)
Sales of Assets and Compensation for Losses	0.9	0.2	-	0.2	(0.7)	(74.1%)	5.6	1.9	(3.7)
Miscellaneous	2.0	8.0	(7.5)	0.5	(1.5)	(74.7%)	12.3	9.6	(2.6)
TOTAL (L)	\$ 163.5	\$ 148.5	\$ (7.5)	\$ 141.0	\$ (22.5)	(13.8%)	\$ 1,072.1	\$ 1,081.5	\$ 9.4
EXPENDITURES:									
Salaries and Wages	\$ (67.5)	\$ (61.7)	\$ -	\$ (61.7)	\$ 5.8	8.6%	\$ (429.7)	\$ (421.5)	\$ 8.1
Employee Benefits	(26.2)	(16.9)	-	(16.9)	9.3	35.5%	(188.7)	(180.6)	8.1
Professional and Contractual Services	(12.3)	(7.4)	(28.1)	(35.5)	(23.2)	(188.3%)	(75.5)	(74.6)	0.8
Operating Supplies	(6.6)	(6.3)	(19.9)	(26.2)	(19.5)	(294.8%)	(39.2)	(38.1)	1.1
Operating Services	(19.2)	(20.2)	(8.1)	(28.3)	(9.1)	(47.2%)	(115.5)	(111.8)	3.6
Capital Equipment	(0.1)	(0.0)	(0.9)	(0.9)	(0.8)	(1283.1%)	(0.4)	(0.4)	-
Capital Outlays	(4.9)	(1.5)	(9.0)	(10.6)	(5.7)	(116.8%)	(28.8)	(28.8)	(0.0)
Debt Service	(10.2)	-	-	-	10.2	100.0%	(61.3)	(61.3)	-
Other Expenses	(24.6)	(32.7)	(1.9)	(34.6)	(10.0)	(40.5%)	(133.2)	(133.1)	0.1
TOTAL (M)	\$ (171.6)	\$ (146.7)	\$ (67.9)	\$ (214.6)	\$ (43.0)	(25.0%)	\$ (1,072.1)	\$ (1,050.2)	\$ 21.9
VARIANCE (N = L + M)	\$ (8.2)	\$ 1.8	\$ (75.4)	\$ (73.6)	\$ (65.5)	N/A	\$ -	\$ 31.3	\$ 31.3

Notes

- (1) Amended monthly budget assumes pro rata as well as seasonal distribution of annual amended budget.
- (2) Year-to-date actuals reflect two months ending August 31, 2017.
- (3) Reflects encumbrances and pending adjustments.
- (4) Projected revenues are based on the City's September 2017 Revenue Estimating Conference results.
- (5) This revenue line also includes the use of fund balance totaling \$50M to support one-time spending on capital (\$20M) and blight (\$30M).



Monthly active employee count compared to budget

	MONTH-OVER-MONTH ACTUAL ⁽¹⁾			BUDGET VS. ACTUAL		
	Actual July 2017	Actual August 2017	Change August 2017 vs. July 2017	Amended Budget FY 2018 ⁽²⁾	Variance Under/(Over) Budget vs. August 2017	
Public Safety						
Police	2,967	3,028	61	3,111	83	3%
Fire	1,186 ⁽⁶⁾	1,180	(6)	1,274	94	7%
Total Public Safety	4,153	4,208	55	4,385	177	4%
Non-Public Safety						
Office of the Chief Financial Officer	425	428	3	482	54	
Public Works	383	394	11	445 ⁽³⁾	51	
Health and Wellness Promotion	32	62	30	76	14	
Human Resources	97	98	1	108	10	
Housing and Revitalization	72	70	(2)	91	21	
Innovation and Technology	93	91	(2)	134	43	
Law	111	115	4	118	3	
Mayor's Office (includes Homeland Security)	69	69	0	70	1	
Planning and Development	27	27	0	41	14	
Recreation	364	291	(73)	590 ⁽³⁾	299	
General Services	518	556	38	713 ⁽³⁾	157	
Legislative ⁽⁴⁾	206	255	49	257 ⁽⁵⁾	2	
36th District Court	310	310	0	331	21	
Other ⁽⁵⁾	102	107	5	110	3	
Total Non-Public Safety	2,809	2,873	64	3,566	693	19%
Total General City	6,962	7,081	119	7,951	870	11%
Enterprise						
Airport	4	4	0	4	0	
BSEED	193	195	2	230	35	
Transportation	940	942	2	927	(15)	
Municipal Parking	82	88	6	95	7	
Water and Sewerage	488	488	0	579	91	
Library	288 ⁽⁷⁾	290	2	332	42	
Total Enterprise	1,995	2,007	12	2,167	160	7%
Total City	8,957	9,088	131	10,118	1,030	10%

Notes:

- (1) Actuals are based on active employees only (both permanent and temporary) and include full-time, part-time, seasonal employees and PSCs if funded by vacant budgeted positions.
- (2) Amended Budget reflects amendments and other adjustments impacting approved position counts compared to the original budget. It excludes personal services contractors (PSCs).
- (3) The Budget counts for these departments are modified in the report to include budgeted positions for employees that are not full-time.
- (4) Includes: Auditor General, Inspector General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
- (5) Includes: Civil Rights Inclusion & Opportunity, Administrative Hearings, Public Lighting Department, and Non-departmental.
- (6) The July 2017 actual position count for Fire has been adjusted from 1,212 to 1,186
- (7) The July 2017 actual position count for Library has been adjusted from 296 to 288



FY 2018 year-to-date net cash flows

For 2 Months Ending August 31, 2017

\$ in millions

Cash Flows - General Pool Cash

	FY18 Actual		FY17 Actual	
	<u>2 Months</u>		<u>2 Months</u>	<u>Change</u>
Property Taxes	\$	51.6 (1)	\$	54.4 \$ (2.8)
Municipal Income Taxes		36.3		37.4 (1.1)
Utility Users Taxes		2.2		2.9 (0.7)
Wagering Taxes		27.9		28.0 (0.1)
State Revenue Sharing		33.3		32.0 1.3
Other / Misc.		32.4		35.1 (2.7)
Total Receipts		183.7		189.8 (6.1)
Salaries and Wages		(76.3)		(72.2) (4.1)
Employee Benefits		(14.5)		(5.9) (8.6)
Materials, Contracts & Other		(73.2)		(89.9) 16.7
Total Disbursements		(164.0)		(168.0) 4.0
Operating Surplus (before Reinvestment)		19.7		21.8 (2.1)
Debt Service		(4.2)	\$	(7.1) 2.9
Non-Financing Adjustments		0.0		(26.6) (2) 26.6
Total Adjustments to arrive at Net Cash Flow		(4.2)		(33.7) 29.5
Net Cash Flow	\$	15.5	\$	(11.9) \$ 27.4
Beginning cash balance (net of Property Tax distribution owed) (3)	\$	364.0	\$	372.1 \$ (8.1)
Net Cash Flow		15.5		(11.9) 27.4
Lockbox reserves		-		- -
Ending cash balance (net of Property Tax distribution owed) (3)	\$	379.5	\$	360.2 \$ 19.3

Notes:

- (1) Property Tax Detail located on page 7.
- (2) Includes \$30m set aside for Retiree Protection Fund offset by \$3.4m inflow of excess self-insurance requirements.
- (3) The main operating pool contains cash balances of the Risk Management Fund, Street Fund, Solid Waste Fund, General Grants and Motor Vehicle Fund.



FY 2018 year-to-date cash flow to general ledger reconciliation

For 2 Months Ending August 31, 2017

\$ in millions

Cash Flows	Cash Activity				General Fund General Ledger				Difference
	General Pool	Adjustments	General Fund		Posted	To Be Posted	(1)	Total	
Property Taxes	\$ 51.6	\$ -	\$ 51.6		\$ 51.6	\$ -		\$ 51.6	\$ 0.0
Municipal Income Taxes	36.3	3.5	39.8	(2)	39.8	-		39.8	0.0
Utility Users Taxes	2.2	(0.2)	2.0	(3)	2.0	-		2.0	0.0
Wagering Taxes	27.9	(1.2)	26.7	(4)	26.7	-		26.7	0.0
State Revenue Sharing	33.3	(33.3)	-	(5)	-	-		-	0.0
Other / Misc.	32.4	(11.6)	20.8	(6)	28.3	(7.5)		20.8	0.0
Total Receipts	183.7	(9.5)	174.2		181.7	(7.5)		174.2	0.0
Salaries and Wages	(76.3)	14.6	(61.7)	(7)	(61.7)	-		(61.7)	0.0
Employee Benefits	(14.5)	(2.4)	(16.9)	(8)	(16.9)	-		(16.9)	0.0
Materials, Contracts & Other	(73.2)	5.1	(68.1)	(9)	(68.1)	-		(68.1)	0.0
Total Disbursements	(164.0)	17.3	(146.7)		(146.7)	-		(146.7)	0.0
Operating Surplus (before Reinvestment)	19.7	7.8	27.5		35.0	(7.5)		27.5	0.0
Debt Service	(4.2)	4.2	-	(10)	-	-		-	-
Non-Financing Adjustments	-	-	-		-	-		-	0.0
Total Adjustments to arrive at Net Cash Flow	(4.2)	4.2	-		-	-		-	-
Net Inflows /(Outflows)	\$ 15.5	\$ 12.0	\$ 27.5		\$ 35.0	\$ (7.5)		\$ 27.5	\$ 0.0

Notes:

- (1) To be posted amounts represent collections and disbursements that were not recorded as of August 31, 2017.
- (2) Refunds claimed (and accrued) determined to be invalid after processing and review.
- (3) \$0.2m of Utility Users Tax collected in FY2018 pertained to FY2017.
- (4) \$1.5m of Wagering Taxes collected in FY2018 pertained to FY2017 offset by \$0.3m collected in September 2017.
- (5) \$33.3m State Revenue Sharing receipt pertained to FY17.
- (6) \$3.4m of collections are cash specific, \$0.7m are non-General Fund 1000 receipts and \$7.5 Muni Services Fee (Gaming) pertained to FY17.
- (7) Approximately \$18.3m of the difference relates to FY2017 activity and the balance is non-General Fund disbursements.
- (8) Approximately \$1.4m of Benefits relates to FY2017 activity offset by the \$3.8m FY2018 Pension obligation.
- (9) Approximately \$17.2m of disbursements are non-General Fund and \$12.1m related to FY2017 offset by \$24.1m Risk Management & insurance premium non-cash book transfers.
- (10) \$1.7m represents Pledged Income Tax Trustee Capture Interest and \$2.5m State Revenue Sharing debt set aside.



FY 2018 year-to-date property tax collections

For 2 months ended August 31, 2017

\$ in millions

	FY 2018			FY 2017		
	Adjusted Tax roll	Collections YTD (1)	Collection Rate YTD	Adjusted Tax roll	Collections YTD (1)	Collection Rate YTD
General Ad Valorem		\$ 50.6		\$ 50.9		
General Special Acts		1.2		1.3		
General Total	\$ 115.7	\$ 51.8	44.77%	\$ 120.7	\$ 52.2	43.25%
Debt Service Total	\$ 51.1	\$ 23.1	45.21%	\$ 62.0	\$ 27.1	43.71%
Solid Waste Total	\$ 52.8	\$ 19.9	37.69%	\$ 54.8	\$ 16.3	29.74%

		FY 2018	FY 2017
General City Ad Valorem Collections YTD	(2)	\$ 50.6	\$ 50.9
Delinquent Tax Revolving Fund (DTRF) Collections YTD	(3)	1.0	3.5
Total Property Tax Collections (Ad Val + DTRF)		\$ 51.6	\$ 54.4
Admin Fee, Interest, Penalty YTD	(4)	\$ 1.9	\$ 1.9

Notes:

- (1) Amounts do not include collections from Wayne County settlement checks as a result of foreclosure and auction activity.
- (2) Amounts are net of property taxes collected by the City on behalf of DPS, State Education Trust, Wayne County and other non-City taxing authorities.
- (3) Wayne County monthly DTRF settlement checks.
- (4) Special Act, Admin Fee, Interest and Penalty are recorded in Budget's Other Taxes, Assessments, and Interest category.



Accounts payable summary

- Total Accounts Payable as of August 2017 had a net increase of \$69.2M compared to July. Net AP not on hold had a net increase of \$43.3M. The number of open invoices not on hold decreased by 970.

All Funds

\$ in millions

Accounts Payable (AP) as of Aug-17	
Total AP (Jul-17)	\$ 49.5
Plus: Aug-17 invoices processed	\$ 141.5
Less: Aug-17 Payments made	\$ (72.3)
Total AP month end (Aug-17)	\$ 118.7
Less: Invoices on hold (1)	\$ (48.5)
Less: Installments/Retainage Invoices(2)	(0.3)
Net AP not on hold	\$ 69.9

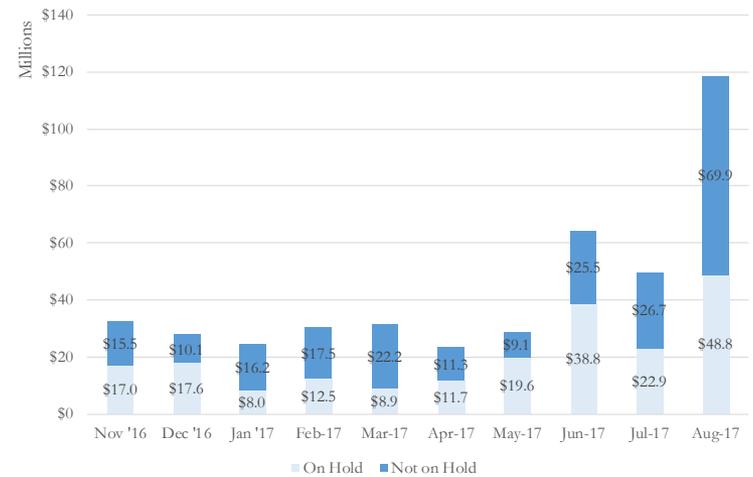
AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
Aug-17. Total	\$ 69.9	\$ 8.9	\$ 60.2	\$ 0.6	\$ 0.2
<i>% of total</i>	100%	13%	86%	1%	0%
<i>Change vs. Jul-17</i>	\$ 43.3	\$ (10.7)	\$ 55.7	\$ (0.4)	\$ (1.4)
Total Count of Invoices	\$ 981	\$ 793	\$ 121	\$ 22	\$ 45
<i>% of total</i>	100%	81%	12%	2%	5%
<i>Change vs. Jul-17</i>	(970)	(562)	(238)	(82)	(88)
Jul-17. Total	\$ 26.6	\$ 19.5	\$ 4.5	\$ 1.0	\$ 1.5
<i>% of total</i>	100%	73%	17%	4%	6%
Total Count of Invoices	\$ 1,951	\$ 1,355	\$ 359	\$ 104	\$ 133
<i>% of total</i>	100%	69%	18%	5%	7%

Notes:

- Invoices with system holds are pending validation. Some reasons include: pending receipt, does not match purchase order quantity/price and legal holds.
- Invoices on retainage are on hold until the supplier satisfies all contract obligations
- Invoices are processed and aged based on the invoice date. If the invoices were aged based on the date received the aging would show improved current category values

Total Accounts Payable
as of August 2017



Exit financing utilized to jump start technology, neighborhoods, and public safety improvements

- In August, approved projects increased by \$3.5M for the OCFO's citywide reappraisal project.

\$ in millions

	Open and Closed Projects		
	Number of Projects	Approved and Authorized	Total Amount Expensed
Available Exit Financing Proceeds		\$233.2	
Project Allocation:			
Department of Innovation and Technology	6	(41.3)	(36.6)
Blight	7	(25.2)	(25.2)
Police	6	(25.1)	(21.4)
Fire	11	(35.7)	(20.7)
General Services	14	(28.3)	(23.6)
Office of the Chief Financial Officer	12	(25.0)	(17.0)
Building, Safety Engineering & Environmental Department	1	(4.4)	(2.6)
Law	1	(1.1)	(1.1)
Detroit Department of Transportation	1	(1.8)	(1.8)
Recreation	1	(1.2)	(1.2)
Human Resources	2	(0.7)	(0.7)
Other	4	(0.3)	(0.3)
Subject to Reconciliation	–	–	(0.9)
Subtotal Projects	66	(\$190.3)	(\$153.1)
Post-Petition Financing Interest and Other Fees	–	(2.8)	(2.8)
Totals	66	(\$193.1)	(\$155.9)
AMOUNT RESERVED FOR PROJECTS UNDER REVIEW		\$40.1	

Note: 43 Closed Projects / 23 Open Projects as of 8/31/17.

Source: Oracle Cloud Financials, Office of Financial Planning & Analysis



The City is leveraging funding from external sources

- In August, the Federal and State grant funds had a net increase of \$1.8M. Police received 1 new award, received 1 extension, and closed 1 grant. The main private funding received was a \$500,000 donation from JP Morgan Chase to the Detroit Employment Solutions Corporation in support of the Randolph Career Technical Education School's expansion, providing workforce training for high school age and adult Detroiters.

<i>\$ in millions</i>	<u>Amount Awarded (1)</u>		Number of Grants
	<u>Appropriation Approved (2)</u>	<u>Appropriation Pending (2)</u>	
Department			
Transportation	\$ 368.5	\$ -	20
Housing & Revitalization	207.9	-	17
Public Works	30.6	-	20
Fire Department	27.6	-	8
Police	18.5	-	26
Health & Wellness Promotion	22.3	-	3
Recreation	3.3	-	9
Homeland Security and Emergency Management (HSEM)	2.7	-	8
General Services	0.8	-	1
Coleman A. Young Airport (Airport)	0.3	-	2
Other (3)	0.6	-	4
Active Federal/State grants (4)	\$ 683.1	\$ -	118
Active private grants and donations (5)	63.7	-	77
Total active grants and donations	\$ 746.8	\$ -	195

Notes:

- (1) Reflects original amounts awarded and amendments for active grants as of August 31, 2017. Remaining amount available to be spent will be lower for most departments.
- (2) The amounts awarded as of August 31 are separated between grant appropriations already approved and any that may be pending approval as of the date this report is presented.
- (3) Other includes BSEED and Historic Designation Advisory Board.
- (4) Excludes Federal/State grants received directly by third-party agencies for the benefit of the City.
- (5) Includes private funds received directly by third-party agencies for the benefit of the City.



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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

CITY RESOLUTION 2017-24

**APPROVING THE CITY'S OCTOBER 2017 BUDGET AMENDMENT
REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the City of Detroit (the "City") beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Section 7(c) of the Act provides that during the period of oversight, the Commission review, modify, and approve the City's proposed and amended operational budgets and that a proposed budget or budget amendment does not take effect unless approved by the Commission; and

WHEREAS, Section 6(3) of the Act further requires the Commission to ensure that the City complies with the requirements of the Uniform Budgeting and Accounting Act; and

WHEREAS, the Uniform Budgeting and Accounting Act prevents the City from deviating from its original general appropriations act without amending it and requires the City to amend its general appropriations act as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined; and

WHEREAS, at the Commission meeting on October 30, 2017, the City presented budget amendment requests, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the City's October 2017 budget amendment requests, attached as **Exhibit A** to this Resolution but excluding any budget amendments a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

CITY OF DETROIT BUDGET AMENDMENTS

THE FOLLOWING BUDGET AMENDMENTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO
THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT
For October 30, 2017 Meeting

FY 2017 - 2018 Grant Budget Amendments

No.	Department	Grantor	Grant / Program	Brief Description	Amount		
					Revenue	Expense	Appr. #
1	Transportation	Federal Transit Administration	Congestion Mitigation and Air Quality Improvement (CMAQ) Program	This grant will allow for the purchase of articulated buses that have met or surpassed their useful life with newer, less polluting buses.	5,245,555.00	5,245,555.00	20298
2	Transportation	Federal Transit Administration	Urbanized Area Formula grant	This grant will be used to support preventative maintenance, general development & planning, transit enhancements, security improvements, employee education & training, replacement buses,	24,568,827.00	24,568,827.00	20287
Transportation Total					29,814,382.00	29,814,382.00	
3	Police	Michigan Department of Health and Human Services	STOP (Services, Training, Officers, Prosecutors) Violence Against Women grant	This grant will fund staff in the Domestic Violence Unit. The goal is to reduce the annual number of domestic violence cases by promoting a coordinated, multidisciplinary approach to violent crimes against women.	228,600.00	228,600.00	20425
The purpose of this grant is to decrease underage drinking. Funding will cover overtime costs for officer providing underage drinking enforcement.							
4	Police	Michigan Office of Highway Safety Planning	Underage Drinking Enforcement grant	To reduce Appropriation 20232 - Youth Alcohol Enforcement To establish Appropriation 20427 - Underage Age Drinking Enforcement	(50,000.00) 60,000.00	(50,000.00) 60,000.00	
The purpose of this grant is to increase traffic safety. Funding will pay overtime costs of sworn officers working traffic enforcement.							
5	Police	Michigan Office of Highway Safety Planning	Underage Drinking Enforcement grant	To reduce Appropriation 20233 - Strategic Traffic Enforcement Program To establish Appropriation 20428 - Office of Highway Safety Planning, Traffic Enforcement	(300,000.00) 269,000.00	(300,000.00) 269,000.00	
This grant will be used to develop and implement innovative programs to address auto theft and fraud.							
6	Police	Michigan State Police	Auto Theft Prevention grant	To reduce Appropriation 20226 - Preventing Auto Theft To establish Appropriation 20424 - Auto Theft Prevention Authority (ATPA)	(2,158,956.00) 2,918,396.00	(2,158,956.00) 2,918,396.00	
7	Police	Michigan State Police	Auto Theft Prevention - Oakland County grant	To reduce Appropriation 20228 - Preventing Auto Theft - Oakland County To establish Appropriation 20433 - Auto Theft Prevention Authority (ATPA) - Oakland County	(89,169.00) 106,464.00	(89,169.00) 106,464.00	
8	Police	Wayne County Homeland Security Emergency Management Department	Operation Stonegarden grant	This grant will cover overtime expenses for police officers to prevent, protect against and respond to border security issues.	9,600.00	9,600.00	20422
9	Police	U.S. Department of Homeland Security	Port Security grant	This grant will provide funding for training and specialized detection and recovery equipment for the Detroit Police Department Bomb Squad.	301,677.00	301,677.00	20434
This grant will assist victims of sexual assault, domestic violence, homicide and child abuse. Trauma / crisis intervention, counseling, victim compensation information and general support will be provided.							
10	Police	Michigan Department of Health and Human Services	Victims of Crime Assistance (VOCA) grant	To reduce Appropriation 20230 - Victim's Assistance To establish Appropriation 20426 - VOCA Services to Underserved Victims of Crime	(946,218.00) 1,170,025.00	(946,218.00) 1,170,025.00	
Police Total					1,519,419.00	1,519,419.00	
11	Health	U.S. Department of Health and Human Services	HIV Emergency Relief grant	This grant will provide primary medical care and essential support services for people living with HIV who are uninsured or underinsured.	365,359.00	365,359.00	20222
Health Total					365,359.00	365,359.00	
12	Fire	Federal Emergency Management Agency (FEMA)	Assistance to Firefighters - Regional Request grant	This grant will fund the purchase of three hundred thirty nine (339) radios and fifty (50) base stations that will be used to communicate with firefighters in the field.	1,260,455.00	1,260,455.00	20430
13	Fire	Federal Emergency Management Agency (FEMA)	Assistance to Firefighters - Operations and Safety grant	This grant will be used to purchase various equipment including monitors / defibrillators, multi-gas detectors, electric / gas powered saws etc.	1,890,905.00	1,890,905.00	20429
14	Fire	City of Highland Park	Emergency Medical Technician - Basic Training Program	The City of Highland Park requested and received funding from the Federal Emergency Management Agency (FEMA) for EMT Basic Training. The City of Detroit Fire Department provided the training and will receive reimbursement for expenditures incurred.	1,328,676.14	1,328,676.14	20420
Fire Total					4,480,036.14	4,480,036.14	
GRAND TOTAL					36,179,196.14	36,179,196.14	

CITY OF DETROIT BUDGET AMENDMENTS

THE FOLLOWING BUDGET AMENDMENTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO
THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT
For October 30, 2017 Meeting

FY 2017 - 2018 Non-Grant Budget Amendments

No.	Department	Brief Description	Budget Amendment Amount		Appr. #
			Revenue	Expense	
To appropriate revenues anticipated as the result of an agreement that will allow DTE Electric Company to construct a new solar power generating system on a portion of the O'Shea Playfield.					
1	Planning	Increase O'Shea Project Appropriation	25,000.00	25,000.00	20269
Net Change			25,000.00	25,000.00	

CITY OF DETROIT BUDGET AMENDMENTS

THE FOLLOWING BUDGET AMENDMENTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO
THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT
For October 30, 2017 Meeting

FY 2016 - 2017 Non-Grant Budget Amendments

No.	Department		Brief Description	Budget Amendment Amount		
				Revenue	Expense	Appr. #
This budget amendment recommends corrections of appropriaion deficits under the provisions of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440						
1	Office of the Chief Financial Officer (Officer of Budget)	Increase	GSD Administration		21,192.87	11825
		Increase	GSD 36th District Madison Center		244,602.38	13351
		Increase	Community And Industrial Hygiene		18,134.47	10894
		Increase	DHWP Administration		534,552.15	00068
		Increase	Non Dept Tax Support		350,000.00	00341
		Increase	Non Dept Airport Support		262,542.79	00347
		Increase	Non Dept Tax Increment Districts		1,062,640.74	00362
		Increase	Non Dept Centralized Utility Payments		906,780.59	00870
		Increase	Non Dept General Revenue		18,582,862.50	04739
		Increase	Non Dept General Revenue - Revenues		(18,582,862.50)	04739
		Increase	HRD Frm Indirect Staffing Costs		626,286.82	13758
		Increase	Police Grant Contributions		429,508.15	00380
		Increase	Police Preventing Auto Theft 2011		31,803.40	13104
		Increase	Police Budget Fiscal Operations Bureau		3,541,428.96	13713
		Increase	Recreation Strategic Planning & Grants		2,432.15	13174
		Decrease	Police Communications Bureau		(4,983,965.91)	13712
		Decrease	Recreation Operations Appropriation		(1,182,531.23)	11663
		Decrease	Police Human Resources Bureau		(1,865,408.34)	00115
			Net Change		0.00	



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

CITY RESOLUTION 2017-25

**APPROVING THE CITY'S REQUEST TO ISSUE MICHIGAN
TRANSPORTATION FUND BOND, SERIES 2017**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the City of Detroit (the "City") beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Section 7(e) of the Act authorizes the Commission to review and approve requests by the City to issue debt; and

WHEREAS, The City, through City Council resolution dated October 24, 2017, authorizing the issuance by the City of Detroit of not to exceed \$124,500,000 Michigan Transportation Fund Bonds, Series 2017 in one or more sub-series for the purpose of paying the costs of certain road improvement projects of the City of Detroit; authorizing a master debt retirement trust indenture to secure repayment of the bonds; and authorizing and delegating to the finance director the authority to make certain determinations and to take certain actions in connection with the sale and delivery of said bonds.

WHEREAS, at the Commission meeting on October 30, 2017, the City presented the aforementioned debt issuance and requested the Commission approve the issuance of the bonds in an amount up to \$124,500,000.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the City's request to issue Transportation Fund Bonds, Series 2017, as presented to the Commission on October 30, 2017, is hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DETROIT, COUNTY OF WAYNE, STATE OF MICHIGAN, AUTHORIZING THE ISSUANCE BY THE CITY OF DETROIT OF NOT TO EXCEED \$124,500,000 MICHIGAN TRANSPORTATION FUND BONDS, SERIES 2017 IN ONE OR MORE SUB-SERIES FOR THE PURPOSE OF PAYING THE COSTS OF CERTAIN ROAD IMPROVEMENT PROJECTS OF THE CITY OF DETROIT; AUTHORIZING A MASTER DEBT RETIREMENT TRUST INDENTURE TO SECURE REPAYMENT OF THE BONDS; AND AUTHORIZING AND DELEGATING TO THE FINANCE DIRECTOR THE AUTHORITY TO MAKE CERTAIN DETERMINATIONS AND TO TAKE CERTAIN ACTIONS IN CONNECTION WITH THE SALE AND DELIVERY OF SAID BONDS.

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RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DETROIT, COUNTY OF WAYNE, STATE OF MICHIGAN, AUTHORIZING THE ISSUANCE BY THE CITY OF DETROIT OF NOT TO EXCEED \$124,500,000 MICHIGAN TRANSPORTATION FUND BONDS, SERIES 2017 IN ONE OR MORE SUB-SERIES FOR THE PURPOSE OF PAYING THE COSTS OF CERTAIN ROAD IMPROVEMENT PROJECTS OF THE CITY OF DETROIT; AUTHORIZING A MASTER DEBT RETIREMENT TRUST INDENTURE TO SECURE REPAYMENT OF THE BONDS; AND AUTHORIZING AND DELEGATING TO THE FINANCE DIRECTOR THE AUTHORITY TO MAKE CERTAIN DETERMINATIONS AND TO TAKE CERTAIN ACTIONS IN CONNECTION WITH THE SALE AND DELIVERY OF SAID BONDS.

BY COUNCIL MEMBER: _____:

WHEREAS, this City Council (the "Council") hereby determines that it is necessary to acquire and construct the road improvements described in Exhibit A attached hereto and made part hereof (the "Citywide Road Improvements"); and

WHEREAS, the cost of the Citywide Road Improvements is estimated to be not greater than Three Hundred Seventeen Million Dollars (\$317,000,000); and

WHEREAS, the Council hereby determines that it is in the best interest of the City to finance a portion of the Citywide Road Improvements through the issuance of bonds (such portion of the Citywide Road Improvements hereinafter referred to as the "Projects"); and

WHEREAS, to finance the cost of the Projects the Council deems it necessary to borrow the sum of not to exceed One Hundred Twenty-four Million Five Hundred Thousand Dollars (\$124,500,000) and issue bonds therefor as authorized by the provisions of Act 175, Public Acts of Michigan, 1952, as amended ("Act 175"); and

WHEREAS, the Projects are in accordance with the purposes enumerated in Act 51, Public Acts of Michigan, 1951 ("Act 51"); and

WHEREAS, the revenues received by the City from the Michigan Transportation Fund ("MTF") pursuant to Act 51 in the year preceding this contemplated borrowing are more than sufficient to comply with the requirements specified in Section 4 of Act 175; and

WHEREAS, in connection with the issuance of the Bonds (hereinafter defined), the City desires to enter into a Master Debt Retirement Trust Indenture, (the "Master Trust Indenture") between the City and U.S. Bank National Association, Detroit, Michigan, as trustee (the "Trustee") that provides for the escrow of MTF Distributions (as hereinafter defined) received by the Trustee on behalf of the City to pay the debt service on the Bonds and other obligations of the City secured by MTF Distributions; and

WHEREAS, the Council deems it advisable and necessary at this time to authorize the issuance of one or more sub-series of bonds (hereinafter defined as the "Bonds") in an amount

not to exceed \$124,500,000, bearing interest at rates as determined by the Mayor, the Chief Financial Officer or the Finance Director of the City (each an “Authorized Officer”) within the parameters of this Resolution and confirmed at the time of sale of such bonds in an order of an Authorized Officer (the “Sale Order”), to finance the Projects determined and confirmed by the Authorized Officer in the Sale Order; and

WHEREAS, based on the recommendation of the Finance Director and the City’s financial advisors, the Council has determined to sell the Bonds by negotiated sale to the Michigan Finance Authority (the “MFA”) pursuant to a bond purchase contract between the City and the MFA; and

WHEREAS, to provide funds for the MFA’s purchase of the Bonds, the City and the MFA have solicited proposals from financial institutions and have received a proposal from JPMorgan Chase Bank, N.A., (the “Purchaser”) to purchase bonds issued by the MFA (the “MFA Bonds”); and

WHEREAS, the Council desires to authorize each Authorized Officer to enter into such agreements and execute such additional documents as may be necessary to effect the delivery of the Bonds to the MFA and the delivery of the MFA Bonds to the Purchaser (the “Related Documents”);

WHEREAS, pursuant to the authority of Section 315(1)(d) of Act 34, the Council desires to delegate to the Authorized Officers the authority to make certain determinations with respect to the Bonds, within the parameters of this Resolution and to authorize each Authorized Officer, among other things, (i) to determine the principal amounts of the Bonds to be issued; (ii) to determine the interest rate provisions and other requirements for the Bonds; (iii) to determine and allocate the amount of proceeds of the Bonds to the various Projects; (iv) to negotiate the terms for the sale of the Bonds with the MFA; (v) to file a qualifying statement and/or application for full approval to issue the Bonds, as necessary, to apply for a waiver of the rating requirement applicable to bonds issued in a principal amount exceeding \$5,000,000, and to make such other filings with and to pay any post issuance fees to the Michigan Department of Treasury as required by Act 34, and (vi) to take such other actions and make such other determinations as may be necessary to accomplish the sale and delivery of the Bonds and the transactions contemplated by this Resolution, as shall be confirmed by the Authorized Officer in the Sale Order.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DETROIT, WAYNE COUNTY, MICHIGAN, PURSUANT TO THE CHARTER, ACT 34, Act 175, ACT 227 AND ACT 279 AS FOLLOWS:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 101. Definitions. The words and terms defined in the preambles and recitals hereof and the following words and terms as used in this Resolution shall have the meanings ascribed therein or herein to them unless a different meaning clearly appears from the context:

“Act 34” means Act 34, Public Acts of Michigan, 2001, as amended.

“Act 80” means Act 80, Public Acts of Michigan, 1981, as amended.

“Act 227” means Act 227, Public Acts of Michigan, 1985, as amended.

“Act 279” means Act 279, Public Acts of Michigan, 1909, as amended.

“Additional Bonds” means any bonds issued subsequently to the Bonds under Act 175 and Act 51 and secured by and payable from the MTF Distributions in accordance with the Master Trust Indenture.

“Authorized Officers” means the Mayor, the Chief Financial Officer and the Finance Director, and “Authorized Officer” means any of them.

“Bond Counsel” means Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, or such other nationally recognized firm of attorneys experienced in matters pertaining to municipal bonds and appointed to serve in such capacity by the City with respect to the Bonds.

“Bond” or “Bonds” means singularly or collectively, the Series 2017 Bonds, or bonds bearing such other designations as determined by an Authorized Officer, authorized to be issued pursuant to Act 175, Act 279, Act 34, this Resolution and the Sale Order.

“Bond Issuance Fund” means the fund so designated and established under Section 501 hereof.

“Bond Registry” means the books for the registration of Bonds maintained by the Master Trustee.

“Bondowner”, “Owner” or “Registered Owner” means, with respect to any Bond, the person in whose name such Bond is registered in the Bond Registry.

“Charter” means the Charter of the City, as amended from time to time.

“City” means the City of Detroit, County of Wayne, State of Michigan.

“Closing Date” means the date or dates upon which there is an exchange of all or portions of the Bonds for the proceeds representing the purchase price of such Bonds paid by the MFA.

“Code” means the Internal Revenue Code of 1986, as amended.

“Construction Fund” means the fund so designated and established under Section 501 hereof.

“Council” means the City Council of the City of Detroit, Michigan.

“Chief Financial Officer” means the Chief Financial Officer of the City or his designee.

“Finance Director” means the Chief Deputy Chief Financial Officer/Finance Director of the City or his or her designee.

“Financial Advisor” means FirstSouthwest, A Division of Hilltop Securities, and any successor financial advisor to the City in connection with the Bonds.

“Fiscal Year” means the fiscal year of the City as in effect from time to time.

“Interest Payment Date” has the meaning given such term in Section 303.

“Master Trust Indenture” means the Master Debt Retirement Trust Indenture dated as of November 1, 2017, or such other date as shall be determined by an Authorized Officer, between the City and the Master Trustee, providing for the escrow of MTF Distributions received by the Master Trustee on behalf of the City to pay the debt service on the Bonds, any Additional Bonds and other obligations of the City secured by MTF Distributions, if any; and including any supplements to the Master Debt Retirement Trust Indenture.

“Master Trustee” means U.S. Bank National Association, Detroit, Michigan, and successors to the Master Trustee, substituted in its place pursuant to the provisions of the Master Trust Indenture.

“Maximum Aggregate Principal Amount” has the meaning given such term in Section 202.

“Maximum Interest Rate” means 5.00%; provided that in the event that the Related Documents provide for adjustments to the interest rate applicable to the Bonds based on specific conditions or the occurrence of specific events, the Maximum Interest Rate in the case of such adjustments shall be the maximum rate permitted by law.

“MFA” means the Michigan Finance Authority.

“MTF Distributions” means the moneys to be derived from State-collected taxes returned to the City for highway purposes, pursuant to law.

“Non-Arbitrage and Tax Compliance Certificate” means the Non-Arbitrage and Tax Compliance Certificate of the City, dated the Closing Date, regarding rebate requirements and other tax responsibilities of the City relating to the Bonds under the Code.

“Outstanding” when used with respect to the Bonds, means, as of the date of determination, the Bonds theretofore authenticated and delivered under this Resolution, except:

- (A) Bonds alleged to have been destroyed, lost or stolen which have been paid or replaced pursuant to this Resolution or otherwise pursuant to law; and
- (B) Bonds deemed paid as provided in Section 801.

“Purchase Contract” means the purchase contract negotiated by an Authorized Officer between the City and the MFA, providing for the terms and conditions of the initial purchase of the Bonds by the MFA.

“Purchaser” means JPMorgan Chase Bank, N.A. as purchaser of the MFA Bonds.

“Resolution” means this Resolution as supplemented by the Sale Order, and as amended from time to time pursuant to Article VII.

“Sale Order” means the order or orders of the Authorized Officer approving the sale of the Bonds and making certain determinations and/or confirming the final details of the Bonds upon the sale thereof in accordance with the parameters of this Resolution and the terms of the Purchase Contract and Related Documents.

“Series 2017 Bonds” means the Michigan Transportation Fund Bonds, Series 2017, authorized by Article III of this Resolution.

“State” means the State of Michigan.

“State Treasurer” means the Treasurer of the State.

Section 102. Interpretation. (a) Words of the feminine or masculine genders include the correlative words of the other gender or the neuter gender.

(b) Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons.

(c) Articles and Sections referred to by number mean the corresponding Articles and Sections of this Resolution.

(d) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Resolution, refer to this Resolution as a whole unless otherwise expressly stated.

ARTICLE II

DETERMINATIONS

Section 201. Approval of Projects and Cost Estimates; Useful Life. The plans and estimates of costs of the Citywide Road Improvements, including the Projects, are hereby approved and adopted. The weighted average useful life of the Projects is estimated to be not less than fifteen (15) years.

Section 202. Finding, and Declaration of Need to Borrow; Maximum Aggregate Principal Amount. The Council hereby finds and declares that it is necessary for the City to borrow hereunder such sum as shall be determined by the Authorized Officer, not to exceed One Hundred Twenty-four Million Five Hundred Thousand Dollars (\$124,500,000) and to evidence such borrowing by the issuance of the Bonds not in excess, in aggregate principal amount, of such amount (the “Maximum Aggregate Principal Amount”), in minimum denominations of \$100,000 or such other denominations as determined by the Authorized Officer, pursuant to and

in accordance with the provisions of Act 34, Act 175 and Act 279, for the purposes of providing funds to finance the Projects and to pay expenses related to the issuance of the Bonds, all as finally confirmed by the Authorized Officer in the Sale Order.

Section 203. Declaration of Borrowing. The City shall borrow, under this Resolution on the authority of and in accordance with the provisions of the Charter, Act 34, Act 175 and Act 279, a sum not to exceed the Maximum Aggregate Principal Amount and the Bonds shall bear interest as provided herein and in the Sale Order, and the City shall issue the Bonds as hereinafter provided and as finally confirmed by the Authorized Officer in the Sale Order, which will be payable from MTF Distributions, to provide funds for the purposes stated herein.

ARTICLE III

AUTHORIZATION, REDEMPTION AND ASSIGNMENT OF THE BONDS

Section 301. Authorization of Bonds and Pledge. The City hereby authorizes the issuance of the Bonds in such series and in such principal amounts as shall be confirmed in the Sale Order, not in excess of the Maximum Aggregate Principal Amount. Any Authorized Officer is hereby authorized and directed to negotiate, approve and execute the Master Trust Indenture for and on behalf of the City with the Master Trustee, to provide for a pledge of MTF Distributions to secure payment of the Bonds. Nothing in this Resolution shall restrict or be construed as restricting the City's ability to make additional pledges or assignments of MTF Distributions as security for current or future bonds or obligations of the City, subject to the requirements for the issuance of Additional Bonds and obligations set forth in the Master Trust Indenture and Act 175.

Section 302. Purpose and Designation of Bonds. Bonds of the City aggregating the principal amount of not to exceed the Maximum Principal Amount, shall be issued for the purpose of financing the Projects and paying all or a portion of the costs of issuance of the Series 2017 Bonds and capitalized interest, if any. The aggregate principal amount of the Bonds is expected to be drawn down by the City periodically in accordance with the schedule attached to the form of the Bonds set forth in Section 308 and confirmed by an Authorized Officer in the Sale Order. The Finance Director is authorized to allocate the initial proceeds of the Series 2017 Bonds to finance that portion of the Citywide Road Improvements as he may determine (which portion shall constitute the Projects) and to make such changes or cause such changes to be made in the allocation of the amount of the initial proceeds of the Series 2017 Bonds required for the respective purposes of the Projects as may become necessary and are permitted by law, subject to previous or future approvals of Council or both, if necessary. Anything in this Resolution to the contrary notwithstanding, in no event shall the initial proceeds of such Series 2017 Bonds be used to finance Projects in amounts which have not been approved by the Council. Unless issued in more than one series as determined by an Authorized Officer in the Sale Order for such series and designated as provided in Section 303(a) hereof, the Series 2017 Bonds shall be designated "MICHIGAN TRANSPORTATION FUND BONDS, SERIES 2017".

Section 303. Dates, Interest Rates, Maturities, Redemption and Other Terms of the Bonds.

(a) The Bonds shall be designated as provided in Section 302 and may bear such later or earlier dates and additional or alternative designations as an Authorized Officer may determine in the Sale Order, including, shall be issued in fully registered form and shall be consecutively numbered from “RA-1” upwards, respectively unless otherwise provided by the Authorized Officer in the Sale Order. The Bonds shall be dated and issued in such denominations as determined and confirmed by the Authorized Officer in the Sale Order.

(b) The Bonds shall mature on such dates and shall bear interest at such rates on a fixed rate basis not exceeding the Maximum Interest Rate, payable on such dates (each an “Interest Payment Date”) as shall be determined by an Authorized Officer in the Sale Order. The interest on principal amounts drawn by the City as described in Section 302 shall accrue from the date each such principal amount is drawn down by the City. Unless otherwise provided by the Authorized Officer in the Sale Order, interest on the Bonds shall be calculated on the basis of a 360 day year consisting of twelve, 30 day months. The Bonds shall be payable, as to principal and interest, in lawful money of the United States of America.

(c) The final maturity dates for the Bonds shall not be later than the earlier of (i) the last year of the weighted average estimated period of usefulness of the improvements being financed or (ii) 15 years from their dated date.

(d) In connection with the sale of the Bonds to the MFA, the following additional provisions shall apply:

- (1) Each series of Bonds shall be in the form of a single fully-registered, nonconvertible bond in the denomination of the full principal amount thereof, dated as of the date of delivery of the Series 2017 Bonds, drawn down and payable in principal installments serially as finally determined at the time of sale of the Bonds and approved by the MFA and the Authorized Officer. Final determination of the principal amount the Bonds, principal draw schedule, and the payment dates and amounts of principal installments of a series of Bonds shall be evidenced by execution of the Purchase Contract between the City and the MFA providing for sale of the Bonds, and any Authorized Officer is authorized and directed to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above. Any Authorized Officer is authorized and directed to approve of a series designation with respect to each series of Bonds.
- (2) The Bonds or principal installments thereof may be subject to prepayment prior to maturity in the manner and at the times as provided in the form of the Bond contained in this Resolution or as may be approved by an Authorized Officer at the time of sale of the Bonds or by the MFA at the time of prepayment.
- (3) The Bonds shall bear interest at a rate or rates specified in the Purchase Contract and approved as evidenced by execution of the Purchase Contract, but in any event not to exceed the Maximum Interest Rate, and

an Authorized Officer shall deliver the Bonds in accordance with the delivery instructions of the MFA.

- (4) The Bonds shall not be convertible or exchangeable into more than one fully-registered bond. Principal of and interest on the Bonds shall be payable as provided in the Bond form in this Resolution as the same may be amended to conform to MFA requirements.
- (5) The Master Trustee shall record on the registration books draws of principal and payment by the City of each installment of principal or interest or both when made and the cancelled checks or other records evidencing such payments shall be returned to and retained by the City Treasurer.
- (6) Upon payment by the City of all outstanding principal of and interest on a Bond, the MFA shall deliver the respective Bond to the City for cancellation.

Section 304. Execution, Authentication and Delivery of Bonds. The Bonds shall be executed in the name of the City by the manual or facsimile signatures of the Mayor and the Finance Director and authenticated by the manual signature of the Master Trustee, and the seal of the City (or a facsimile thereof) shall be impressed or imprinted on the Bonds. After the Bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered by the Finance Director to the purchasers thereof upon receipt of the purchase price.

Section 305. Authentication of the Bonds. Anything in this Resolution to the contrary notwithstanding, the Bonds bearing the manual or facsimile signatures of the Mayor and the Finance Director shall require no further authorization. Any Authorized Officer is authorized to deliver the Bonds in accordance with the delivery instructions of the MFA.

Section 306. The MFA's Depository. Notwithstanding any other provision herein to the contrary, as long as the MFA is the owner of the Bonds, the Bonds are payable as to principal, premium, if any, and interest at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan, or such other qualified bank or financial institution as shall be designated in writing to the City by the Authority (the "Authority's Depository"). The City or the Master Trustee will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on the Bonds in immediately available funds at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise. Written notice of any redemption of the Bonds shall be given by the City and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made, or such lesser period as may be set forth in the Purchase Contract.

Section 307. Mutilated, Destroyed, Stolen or Lost Bonds.

(a) Subject to the provisions of Act 354, Public Acts of Michigan, 1972, as amended and any other applicable law, if (i) any mutilated Bond is surrendered to the City, and the City receives evidence to its satisfaction of the destruction, loss or theft of any Bond and (ii) there is delivered to the City such security or indemnity as may be required by it to save the City harmless, then, in the absence of notice to the City that such Bond has been acquired by a bona fide purchaser, the City shall execute and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Bond, pay such Bond.

(c) Any new Bond issued pursuant to this Section in substitution for a Bond alleged to be mutilated, destroyed, stolen or lost shall constitute an original additional contractual obligation on the part of the City, and shall be equally secured by and entitled to equal proportionate benefits with all other Bonds of like tenor issued under this Resolution.

Section 308. Form of the Bonds. The Bonds shall be in substantially the following form with such insertions, omissions, substitutions and other variations as shall not be inconsistent with this Resolution or required by the Michigan Attorney General and the MFA or permitted by the Sale Order or as approved by an Authorized Officer and Bond Counsel:

[Form of Bond]

United States of America
State of Michigan
County of Wayne

CITY OF DETROIT
MICHIGAN TRANSPORTATION FUND BOND, SERIES 2017

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: _____ Dollars (\$____,000)

DATE OF ORIGINAL ISSUE: _____, 2017

The CITY OF DETROIT, County of Wayne, State of Michigan (the "City"), for value received, hereby promises to pay to the Michigan Finance Authority (the "Authority"), or registered assigns, the Principal Amount shown above, as shall have been advanced to the City in accordance with the principal draw schedule set forth at Schedule A hereto, pursuant to a Purchase Contract between the City and the Authority (the "Purchase Contract"), in lawful money of the United States of America, [unless prepaid prior thereto as hereinafter provided].

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth in Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$____,000 is disbursed to the City or if a portion of the Principal Amount is prepaid as provided below, with interest on each principal installment from the date each said installment is delivered to the holder hereof until paid at the rate or rates per annum set forth on Schedule A. Interest is first payable on _____ 1, 20__, and semiannually thereafter on the first day of _____ and _____ of each year, as set forth in the Purchase Contract.

Notwithstanding any other provision of this bond, as long as the Authority is the owner of this bond, (a) this bond is payable as to principal, premium, if any, and interest at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan, or at such other place as shall be designated in writing to the City by the Authority (the "Authority's Depository"); (b) the City agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this bond in immediately available funds at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; and (c) written notice of any redemption of this bond shall be given by the City and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

Additional Interest

Concurrently with the delivery of this Bond, the MFA has issued its [insert MFA Bond designation] (the “MFA Bonds”), pursuant to the [insert applicable MFA program indenture/resolution]. The MFA has purchased this Bond pursuant to the Purchase Contract. The interest rate on this Bond shall increase to ___% per annum upon the occurrence and during the continuation of an Event of Default (as defined in the _____). [Insert additional provisions for interest rate adjustments based on tax events and Purchaser marginal tax rate].

This bond is a single, fully-registered, non-convertible bond in the principal sum of \$____,000, issued pursuant to and in accordance with Act 34, Public Acts of Michigan, 2001, as amended, Act 175, Public Acts of Michigan 1952, as amended, Act 227, Public Acts of Michigan, 1985, as amended and Act 279, Public Acts of Michigan, 1909, as amended, and pursuant to and in accordance with a Resolution duly adopted by the City Council of the City on _____, 2017 and a Sale Order of an Authorized Officer of the City issued on _____, 2017 (collectively, the “Resolution”). The Bonds are issued for the purpose of financing a portion of the cost of the acquisition, construction, improvement and equipping of road improvement projects in the City, [paying capitalized interest] and paying costs of issuance of the Bonds.

[Bonds may be subject to redemption prior to maturity by the City only with the prior written consent of the Authority and on such terms as may be required by the Authority.]

This bond and the interest hereon are payable from the proceeds of State-collected taxes returned to the City for highway purposes pursuant to law (the “MTF Distributions”); and as additional security for the City’s obligations to pay the Bonds, pursuant to Act 227, the City has pledged the MTF Distributions and certain monies in the funds and accounts established by the City with U.S. Bank National Association, as Master Trustee, (the “Master Trustee”), pursuant to the terms and conditions of a Master Debt Retirement Trust Indenture dated as of _____, 2017, between the City and the Master Trustee. The Resolution contains an irrevocable appropriation of the amount necessary to pay the principal of and interest on the bonds of this issue from moneys derived from the MTF Distributions which have not been theretofore specifically allocated and pledged for the payment of indebtedness. The City has reserved the right to issue additional bonds of equal standing and priority of lien as to MTF Distributions with the bonds of this issue and Outstanding Bonds within the limitations prescribed by law.

This bond is not a general obligation of the City or the State of Michigan.

This bond is transferable only upon the registration books of the City by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the City duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one,

exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the City, including this bond and the series of bonds of which this is one, does not exceed any constitutional, statutory or charter debt limitation.

IN WITNESS WHEREOF, the City of Detroit by authority of its City Council, has caused this bond to be signed for and on its behalf and in its name by the manual or facsimile signature of the Mayor of the City and the manual or facsimile signature of its Finance Director and the official seal of the City to be impressed hereon, all as of the Date of Original Issue.

CITY OF DETROIT

County of Wayne

State of Michigan

By _____

Its Mayor

(SEAL)

By _____

Its Finance Director

SCHEDULE A

Principal Draw Schedule*

<u>Draw Date</u>	<u>Principal Drawn</u>
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Debt Service Payment Schedule*

<u>Period</u> <u>Ending</u>	<u>Maturing</u> <u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>	<u>Annual Debt</u> <u>Service</u>
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*Subject to amendment in connection with adjustments to the principal draw schedule under the Purchase Contract.

ARTICLE IV

SPECIAL COVENANTS

Section 401. Tax Exemption Covenant. The City covenants that it will not take any action, or fail to take any action required to be taken, if taking such action or failing to take such action would adversely affect the general exclusion from gross income of interest on the Bonds from federal income taxation under the Code.

Section 402. Arbitrage Covenant.

(a) The City will not directly or indirectly (1) use or permit the use of any proceeds of the Bonds or other funds of the City or (2) take or omit to take any action required by Section 148(a) of the Code in order to maintain the exclusion from gross income of the interest the Bonds for federal income tax purposes. To that end, the City will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds and the requirements set forth in the Non-Arbitrage and Tax Compliance Certificate of the City.

(b) Without limiting the generality of subsection (a), above, the City agrees that there shall be paid by the City from time to time all amounts, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code. This covenant shall survive payment in full or defeasance of the Bonds.

(c) Notwithstanding any provision of this Section, if the City obtains an opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or that some further action is required, to maintain the exclusion from gross income of the interest of the Bonds for federal income tax purposes pursuant to Section 103 of the Code, the City may conclusively rely on such opinion in complying with the provisions hereof.

ARTICLE V

FUNDS AND ACCOUNTS; DISPOSITION OF BOND PROCEEDS

Section 501. Establishment of Accounts and Funds. The City hereby establishes and creates the following special, separate and segregated accounts and funds which shall be held for and on behalf of the City by a bank or banks or other financial institution which the Finance Director or Treasurer of the City designates as depository of the City; provided that the Debt Retirement Fund shall be held in trust by the Master Trustee in accordance with the Master Trust Indenture:

- A. Debt Retirement Fund;
- B. Bond Issuance Fund; and
- C. Construction Fund.

Each Authorized Officer is hereby authorized to establish such accounts, subaccounts or funds as shall be required for the Bonds, if any, to accommodate the requirements of such series of Bonds, including, but not limited to, such accounts, subaccounts or funds necessary to facilitate the allocation and use of bond proceeds to finance the Projects, the purchase and payment of the Bonds, and the drawdown of proceeds thereof and the related adjustment the principal amount outstanding.

Section 502. Debt Retirement Fund; Security for the Bonds. To provide moneys to pay the principal of and interest on the Bonds and in accordance with the provisions of Act 175, there is hereby made an irrevocable appropriation of the amount necessary to pay the principal of and interest on the Bonds from the moneys to be derived from the MTF Distributions. The City reserves the right to issue Additional Bonds of equal standing and priority of lien as to the MTF Distributions with the Bonds and Outstanding Bonds within the limitations prescribed by law, as may be provided in the Master Trust Indenture and Related Documents.

There shall be, in each year that any of the principal of and interest on the Bonds remains unpaid, set aside in a separate account with the Master Trustee, to be designated 2017 MICHIGAN TRANSPORTATION FUND BONDS DEBT RETIREMENT FUND (the “Debt Retirement Fund”), sufficient moneys from the MTF Distributions in the amounts as specified in the Master Trust Indenture to pay the principal of and interest on the Bonds next maturing. The amount of the annual deposit into the Debt Retirement Fund from the MTF may be reduced from year to year to the extent that other lawfully available moneys are on deposit in the Debt Retirement Fund to pay the principal of and interest on the Bonds next maturing. Each Authorized Officer is hereby authorized and directed to enter into an agreement with such parties as may be necessary to provide for the direct intercept by the Master Trustee of the MTF Distributions in pursuance of the foregoing.

Section 503. Bond Issuance Fund. From the proceeds of the Bonds there shall be set aside in the Bond Issuance Fund a sum sufficient to pay any costs of issuance of the Bonds. Moneys in the Bond Issuance Fund shall be used solely to pay expenses of issuance of the related series of Bonds. Any amounts remaining in the Bond Issuance Fund after payment of issuance expenses shall be transferred to the Construction Fund.

Section 504. Construction Fund.

(a) After making the deposits required by Section 503, the remainder of the proceeds of the sale of the Series 2017 Bonds shall be deposited in the Construction Fund. Except for investment pending disbursement and as hereinafter provided, moneys in the Construction Fund shall be used by the City solely and only to pay the costs of the Projects as such costs become due and payable and, if necessary, to rebate arbitrage earnings, if any, to the United States Department of Treasury as required by the Code.

(b) The Finance Director is hereby authorized and directed to requisition moneys from the Construction Fund for the payment costs of the Projects, including reimbursement to the City for moneys previously expended in anticipation of issuance of the Series 2017 Bonds, to the extent reimbursement for such project expenditures has been properly induced by resolution of the City Council in accordance with the Code, if required.

(c) Gross proceeds or disposition proceeds, as defined in the regulations under Code Sections 141 and 148, respectively, resulting from any sale of any portion of the Projects shall be deposited in separate accounts established in the Construction Fund and used in the discretion of the Finance Director to pay additional costs of the Projects or transferred to the Master Trustee for deposit into Debt Retirement Fund and used to pay the principal of or interest on the Bonds. The Finance Director shall assure that such gross proceeds or disposition proceeds are invested and expended in accordance with the requirements specified in Section 505 hereof and in the Non-Arbitrage and Tax Compliance Certificate.

(d) Upon payment of all costs of the Projects, any balance in the Construction Fund shall be transferred to the Debt Retirement Fund or used in any other manner which in the opinion of nationally recognized bond counsel is permitted by law and which will not cause the interest on any Bonds issued on a tax exempt basis to become includible in gross income for federal income tax purposes.

Section 505. Investment of Monies in the Funds and Accounts.

(a) The Finance Director shall direct the investment of monies on deposit in the Funds and Accounts established hereunder, and the Master Trustee, upon written direction or upon oral direction promptly confirmed in writing by the Finance Director, shall use its best efforts to invest monies on deposit in the Funds and Accounts in accordance with such direction.

(b) Monies on deposit in the Funds and Accounts may be invested in such investments and to the extent permitted by applicable law.

ARTICLE VI

THE MASTER TRUSTEE

Section 601. Master Trustee. The Master Trustee for the Bonds shall act as bond registrar, transfer agent and trustee for the Bonds, and shall be initially U.S. Bank National Association, Detroit, Michigan, or such other bank or trust company located in the State of Michigan which is qualified to act in such capacity under the laws of the United States of America or the State of Michigan. The Master Trustee means and includes any company into which the Master Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Master Trustee may sell or transfer all or substantially all of its corporate trust business, provided, that such company shall be a trust company or bank which is qualified to be a successor to the Master Trustee as determined by an Authorized Officer, shall be authorized by law to perform all the duties imposed upon it by this Resolution, and shall be the successor to the Master Trustee without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding. Each Authorized Officer is authorized to enter into the Master Trust Indenture with such a bank or trust company, and from time to time as required, may designate a similarly qualified successor Master Trustee and enter into an agreement therewith for such services.

Section 602. Master Trust Indenture. The Authorized Officers are each hereby authorized and directed on behalf of the City to take any and all other actions and perform any and all acts that shall be required, necessary or desirable to enter into and implement the Master Trust Indenture with the Master Trustee.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

Section 701. Supplemental Resolutions Not Requiring Consent of Holders of the Bonds. The City may without the consent of any Bondowner adopt resolutions supplemental to this Resolution for any one or more of the following purposes:

- (i) to confirm or further assure the security hereof or to grant or pledge to the holders of the Bonds any additional security;
- (ii) to add additional covenants and agreements of the City for the purposes of further securing the payment of the Bonds;
- (iii) to cure any ambiguity or formal defect or omission in this Resolution;
- (iv) to amend provisions in the Resolution relating to rebate to the United States Government or otherwise, which in the opinion of Bond Counsel are required in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes; and
- (v) such other action not materially, adversely and directly affecting the security of the Bonds;

provided that the effectiveness of any supplemental resolution is subject to Section 702 to the extent applicable. Any resolution supplemental to this Resolution for purposes other than the foregoing shall require the consent of not less than 51% of Bondowners.

Section 702. Opinion and Filing Under Act 34. Before any supplemental resolution under this Article shall become effective, a copy thereof shall be filed with the Master Trustee and as provided in Act 34, if applicable, together with an opinion of Bond Counsel that such supplemental resolution is authorized or permitted by this Article; provided that Bond Counsel in rendering any such opinion shall be entitled to rely upon certificates of an Authorized Officer or other City official, and opinions or reports of consultants, experts and other professionals retained by the City to advise it, with respect to the presence or absence of facts relative to such opinion and the consequences of such facts.

ARTICLE VIII

DEFEASANCE

Section 801. Defeasance. Bonds shall be deemed to be paid in full upon the deposit in trust of cash or direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, or any combination thereof, not redeemable at the option of the issuer thereof, the principal and interest payments upon which, without reinvestment thereof, will come due at such times and in such amounts, as to be fully sufficient to pay when due, the principal of such Bonds and interest to accrue thereon, as confirmed by a verification report prepared by an independent certified public accountant; provided, that if any of such Bonds are to be called for redemption prior to maturing, irrevocable instructions to call such Bonds for redemption shall be given only with the prior written consent of the MFA and on such terms as may be required by the MFA. Such cash and securities representing such obligations shall be deposited with a bank or trust company and held for the exclusive benefit of the Owners of such Bonds. After such deposit, such Bonds shall no longer be entitled to the benefits of this Resolution (except for any rights of transfer or exchange of Bonds as therein or herein provided for) and shall be payable solely from the funds deposited for such purpose and investment earnings, if any, thereon, and the obligations of the City under this Resolution for the benefit of such Bonds shall be discharged.

ARTICLE IX

REIMBURSEMENT PROVISIONS

Section 901. Advancement of Costs of the Projects. At the direction of an Authorized Officer, the City may advance certain costs of the Projects from the City's general fund prior to the issuance of the Series 2017 Bonds. The City intends to reimburse itself for any costs of the Projects paid or incurred by the City prior to the issuance of the Series 2017 Bonds with proceeds of the Series 2017 Bonds. The Internal Revenue Service has issued Treasury Regulation Section 1.150-2 pursuant to the Code, governing proceeds of tax-exempt bonds used for reimbursement, pursuant to which the City must declare official intent to reimburse expenditures with bond proceeds as provided in Section 902 below.

Section 902. Reimbursement Declarations. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. Section 1.150-2 pursuant to the Code:

(a) As of the date hereof, the City reasonably expects to be reimbursed for the expenditures described in (b) below with proceeds of the Series 2017 Bonds, as debt to be incurred by the City.

(b) The expenditures described in this paragraph (b) are for the costs of acquiring, constructing and equipping the Projects, together with the sites therefor and all necessary appurtenances and attachments thereto which were or will be paid subsequent to sixty (60) days prior to the date of adoption hereof from the general funds of the City.

(c) The maximum principal amount of debt expected to be issued for the Projects, including issuance costs, is \$124,500,000.

(d) A reimbursement allocation of the expenditures described in (b) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Projects are placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the City's use of the proceeds of the debt to be issued for the Projects to reimburse the City for a capital expenditure made pursuant to this Resolution.

(e) The expenditures described in (b) above are "capital expenditures" as defined in Treas. Reg. §1.150-1(b), i.e., any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).

(f) No proceeds of the borrowing paid to the City in reimbursement pursuant to this Resolution will be used in a manner described in Treas. Reg. §1.150-2(h) with respect to abusive uses of such proceeds, including but not limited to using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in (d) above.

(g) Expenditures for the Projects to be reimbursed from the proceeds of the borrowing that are subject to the limitations set forth in this Resolution do not include (i) costs for the issuance of the debt, (ii) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the borrowing, or (iii) preliminary expenditures not exceeding twenty percent (20%) of the issue price of the borrowing within the meaning of Treas. Reg. § 1.150-2(f) (such preliminary expenditures include architectural, engineering, surveying, soil testing and similar costs incurred prior to construction of the Projects, but do not include land acquisition, site preparation, and similar costs incident to commencement of construction).

ARTICLE X

OTHER PROVISIONS OF GENERAL APPLICATION

Section 1001. Approval of Other Documents and Actions; Treasury Approval. The Authorized Officers, the Treasurer and the City Clerk are hereby authorized and directed on behalf of the City to take any and all other actions, perform any and all acts and execute any and all documents that shall be required, necessary or desirable to implement this Resolution.

The Finance Director is authorized to file applications with and to pay the related fees, if any, to the Michigan Department of Treasury at his discretion under Act 34 for an Order or Orders of Approval to issue all or a portion of the Bonds and for such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the Bonds, and as required by the Michigan Department of Treasury and Act 34, including but not limited to an application for waiver of the rating requirement for bonds issued in a principal amount exceeding

\$5,000,000. The Finance Director is authorized and directed to pay any post-closing filing fees required by Act 34 to the Michigan Department of Treasury or other specified agency, as a cost of issuance or from other legally available funds.

Section 1002. Delegation to, and Authorization of Actions of the Authorized Officers.

(a) Each Authorized Officer is hereby authorized and directed to do and perform any and all acts and things with respect to the Bonds which are necessary and appropriate to carry into effect, consistent with this Resolution, the authorizations therein and herein contained, including without limitation, the securing of ratings by bond rating agencies, if cost effective, the negotiation for and acquisition of bond insurance and/or other credit enhancement, if any, to further secure the Bonds or any portions thereof, the acquisition of an irrevocable surety bond to fulfill the City's obligation to fund any reserve account, the printing of the Bonds and the incurring and paying of reasonable fees, costs and expenses incidental to the foregoing and other costs of issuance of the Bonds including, but not limited to fees and expenses of bond counsel, financial advisors, accountants and others, from Bond proceeds or other available funds, for and on behalf of the City.

(b) Except as otherwise provided herein, all determinations and decisions of the Authorized Officer with respect to the issuance and sale of the Bonds as permitted or required by this Resolution shall be confirmed by the Authorized Officer in a Sale Order or Sale Orders, and such confirmations shall constitute determinations that any conditions precedent to such determinations and decisions of the Authorized Officer have been fulfilled.

Section 1003. Act 34 Approval of the Bonds. The Bonds shall neither be sold nor issued unless and only so long as the issuance of the Bonds as provided herein shall have been authorized and approved in accordance with the applicable provisions of Act 34.

Section 1004. Approving Legal Opinions with Respect to the Bonds. Sale of the Bonds shall be conditioned upon receiving, at the time of delivery, the approving opinion of Bond Counsel, approving legality of the Bonds and, with respect to the Bonds, the exclusion from gross income of the interest paid thereon from federal and State income taxation.

Section 1005. Sale of Bonds.

(a) The Bonds shall be sold by negotiated sale to the MFA at prices and on terms and conditions provided in the Purchase Contract approved by the Authorized Officer within the parameters established hereby. Based on recommendation of the Finance Director and the City's financial advisors, the Council hereby determines that a negotiated sale will allow the Bonds to be offered to investors in the most efficient manner possible while also allowing sufficient flexibility to adjust to market structuring and timing demands in order to result in the lowest possible borrowing costs for the City. Sale may be on a forward delivery basis if determined by the Finance Director to be beneficial to the City, on the terms and conditions contained in the Purchase Contract.

(b) Subject to the foregoing, the Purchase Contract shall be dated the date of the sale of the Bonds. Each Authorized Officer is hereby authorized and directed to execute the Purchase Contract for and on behalf of the City.

Section 1006. Delivery of Bonds. Subject to the approval of the Sale Order, each Authorized Officer is hereby authorized to deliver the Bonds to the MFA upon receiving the purchase price therefor in lawful money of the United States.

Section 1007. Appointment of Bond Counsel; Financial Advisor Engagement of Other Parties. The appointment by the Finance Director of the law firm of Miller, Canfield, Paddock and Stone, P.L.C. of Detroit, Michigan, as Bond Counsel for the Bonds is hereby ratified and confirmed, notwithstanding the periodic representation by Miller, Canfield, Paddock and Stone, P.L.C., in unrelated matters of other parties and potential parties to the issuance of the Bonds. The appointment of FirstSouthwest, A Division of Hilltop Securities, as Financial Advisor for the Bonds is hereby ratified and confirmed. The fees and expenses of Bond Counsel, the Financial Advisor and other accumulated bond related fees and expenses shall be payable as a cost of issuance from proceeds of the Bonds or other available funds in accordance with the letter of such firm on file with the Finance Director. Notwithstanding the foregoing, the City acknowledges that such costs may be paid by the MFA's Depository out of proceeds of the MFA Bonds.

Each Authorized Officer is authorized to engage other consultants, financial advisors, or other parties as he deems necessary and appropriate in connection with the sale, issuance and delivery of the Bonds and the MFA Bonds and to pay the fees and expenses thereof from the proceeds of the Bonds or other available funds.

Section 1008. Parties in Interest. Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Master Trustee, the MFA or the Purchaser any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the City, or the MFA shall be for the sole and exclusive benefit of the City, and the MFA and the Purchaser.

Section 1009. No Recourse Under Resolution. All covenants, agreements and obligations of the City contained in this Resolution shall be deemed to be the covenants, agreements and obligations of the City and not of any councilperson, member, officer or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Resolution against any councilperson, member, officer or employee of the City or any person executing the Bonds in his or her official individual capacity.

Section 1010. Severability. If any one or more sections, clauses or provisions of this Resolution shall be determined by a court of competent jurisdiction to be invalid or ineffective for any reason, such determination shall in no way affect the validity and effectiveness of the remaining sections, clauses and provisions hereof.

Section 1011. Cover Page, Table of Contents and Article and Section Headings. The cover page, table of contents and Article and Section headings hereof are solely for convenience of reference and do not constitute a part of this Resolution, and none of them shall affect its meaning, construction or effect.

Section 1012. Conflict. All resolutions or parts of resolutions or other proceedings of the City in conflict herewith shall be and the same hereby are repealed insofar as such conflict exists.

Section 1013. Governing Law and Jurisdiction. This Resolution shall be governed by and construed in accordance with the laws of the State.

Section 1014. Resolution and Sale Order are a Contract. The provisions of this Resolution and the Sale Order shall constitute a contract between the City, the MFA, and the Purchaser.

Section 1015. Publication of Resolution. A copy of this Resolution shall be published in full in a newspaper of general circulation in the City once before this Resolution becomes effective.

Section 1016. Notices. All notices and other communications hereunder shall be in writing and given by United States certified or registered mail, expedited courier overnight delivery service or by other means (including facsimile transmission) that provides a written record of such notice and its receipt. Notices hereunder shall be effective when received and shall be addressed to the address set forth below or to such other address as any of the below persons shall specify to the other persons:

If to the City, to: City of Detroit
Finance Department
1200 Coleman A. Young Municipal Center
Detroit, Michigan 48226
Attention: Finance Director

If to the Master Trustee, to: U.S. Bank National Association
535 Griswold, Suite 550 Buhl Bldg.
Detroit, MI 48226
Attention: Corporate Trust Dept.

If to the MFA, to: Michigan Finance Authority
Austin Building, 1st Floor
430 W. Allegan
Lansing, MI 48922

EXHIBIT A

CITYWIDE ROAD IMPROVEMENTS

The City will borrow \$124,500,000 to support the following projects.

Placed-Based Projects

The City will renovate targeted corridors to attract commercial activities and promote neighborhood redevelopment. Design, project management, construction and improvements will include: roadway construction; protected bike lanes construction; traffic calming such as bulb-out construction; median and widen pavement; underground utilities adjustment or relocation; sidewalk widening and reconstruction; intersection and crosswalk improvements; traffic lighting including pedestrian count down and hawk signals; way-finding and public way enhancements; resurfacing; landscape enhancement with Green Infrastructure elements; install pedestrian lighting and associated electrical work, street furniture, pavers and other streetscape elements. The roads specified may be adjusted in order to facilitate other projects authorized in this resolution.

Livernois	1.0 miles
W. McNichols	0.5 miles
E. Jefferson	6.0 miles
W. Jefferson	1.1 miles
Jos Campau	0.4 miles
Kercheval	1.1 miles
Vernor	1.0 miles
Bagley	0.3 miles
Clairmount	1.0 miles
Russell	1.0 miles
Beaubien	0.5 miles
Fisher Fwy. Service Dr.	0.1 miles
E. Warren	1.0 miles
Dexter	0.4 miles
Lawley	0.7 miles
E. Davison Service Dr.	0.4 miles
Mt. Elliott	0.5 miles
Redford St.	0.1 miles

Puritan	0.5 miles
Warwick	0.5 miles
Plainview	0.1 miles
Plymouth	1.0 miles
Seven Mile	0.5 miles

Road Rehabilitation

Design, construction and improvements of roads including base repairs, crack/joint conditioning, and structural bituminous overlay.

Sidewalk Reconstruction and Repairs

Sidewalk improvements, pedestrian safety improvements and public space enhancements.

Citywide Bike Lanes

Design, construction and improvements of bike lanes including: construct protected bike lanes (adjust/relocate underground utilities); pedestrian safety improvements including way finding; minor landscape enhancements with Green Infrastructure elements, limited resurfacing, and signal improvements.

Inner-Circle Greenway

Design, construction and improvements of a non-motorized pathway (including a new bridge over I-96); intersection improvements; way finding; landscape enhancement with Green Infrastructure elements.

TRUE COPY CERTIFICATE

Form C of D-16-CE

STATE OF MICHIGAN, }
City of Detroit } ss.

CITY CLERK'S OFFICE, DETROIT

I, Janice M. Winfrey, City Clerk of the City of Detroit, in said State, do hereby certify that the annexed paper is a TRUE COPY OF RESOLUTION

adopted (passed) by the City Council at session of

October 24, 2017

and approved by Mayor

October 25, 2017

as appears from the Journal of said City Council in the office of the City Clerk of Detroit, aforesaid; that I have compared the same with the original, and the same is a correct transcript therefrom, and of the whole of such original.

In Witness Whereof, I have hereunto set my hand and affixed the corporate seal of said City, at

Detroit, this 26th

day of October A.D. 2017

Janice M. Winfrey
CITY CLERK

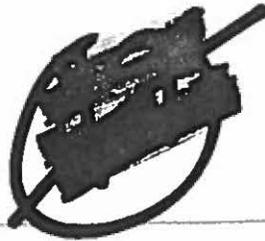
**ADOPTED AS FOLLOWS
COUNCIL MEMBERS**

#34

		YEAS	NAYS
Janee	AYERS	✓	
Scott	BENSON	✓	
Raquel	CASTANEDA-LOPEZ	✓	
*George	CUSHINGBERRY, JR.	✓	
Gabe	LELAND	✓	
Mary	SHEFFIELD	✓	
Andre	SPIVEY	✓	
James	TATE	✓	
Brenda	PRESIDENT JONES	✓	
*PRESIDENT PRO TEM			
		9	0
WAIVER OF RECONSIDERATION (No. _____)			
Per motions of adjournment.			



CITY OF DETROIT
MAYOR'S OFFICE



COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1126
DETROIT, MICHIGAN 48226
PHONE: (313) 224-3400 TTY: 711
FAX: (313) 224-4128
WWW.DETROITMI.GOV



RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DETROIT,
COUNTY OF WAYNE, STATE OF MICHIGAN, AUTHORIZING THE
ISSUANCE BY THE CITY OF DETROIT OF NOT TO EXCEED \$124,500,000
MICHIGAN TRANSPORTATION FUND BONDS, SERIES 2017 IN ONE OR
MORE SUB-SERIES FOR THE PURPOSE OF PAYING THE COSTS OF
CERTAIN ROAD IMPROVEMENT PROJECTS OF THE CITY OF DETROIT;
AUTHORIZING A MASTER DEBT RETIREMENT TRUST INDENTURE TO
SECURE REPAYMENT OF THE BONDS; AND AUTHORIZING AND
DELEGATING TO THE FINANCE DIRECTOR THE AUTHORITY TO
MAKE CERTAIN DETERMINATIONS AND TO TAKE CERTAIN ACTIONS
IN CONNECTION WITH THE SALE AND DELIVERY OF SAID BONDS.

ENTERED OCT 11 2017 BBK 1WK (3.0)

ENTERED OCT 18 2017 - Move to Formal (pending received documents) 3.0 JA



PRESS RELEASE

MAYOR'S OFFICE • Mike Duggan, Mayor

FOR RELEASE: October 5, 2017

MEDIA CONTACT: John Roach, 313-244-7857
roachj@detroitmi.gov

Mayor Duggan proposes plan to invest \$125M in bond funds to revitalize neighborhood commercial corridors

- Commercial strips across the city to be beautified to help reclaim estimated \$2.6B in Detroit retail spending lost to other communities.
- City Council to be asked to approve sale of bonds, which will be paid back through unbudgeted increases in state transportation revenue over next several years.
- Enhancement program is part of City's larger \$317M plan to improve 300 miles of road, replace; 300,000 damaged sidewalk flags over next five years

Mayor Mike Duggan, along with city and community partners, announced today a sweeping plan to revitalize many of the city's outdated commercial business corridors. By making the business districts more attractive and pedestrian friendly, the city aims to recapture some of the estimated \$2.6 billion in spending Detroit residents do annually in surrounding communities, according to a study soon to be released by the Detroit Economic Development Corporation (DEGC).

To address this, the Mayor said he will submit his proposal to Detroit City Council in the next two weeks and request its approval for the sale of \$125 million in bonds to fund improvements to the city's commercial corridors. Approximately \$80 million of the bond revenue would fund major infrastructure improvements along the city's key commercial corridors, such as Livernois-McNichols, West Vernor and East Warren. The other \$45 million will complement existing road funds to improve 300 miles of city roads and replace hundreds of thousands of broken sections of sidewalk across the city. Corridor improvements would include landscaping and reconfiguring traffic lanes to add bike lanes, improved street parking and in some cases wider sidewalks to allow for outdoor café seating.

"Every day, many Detroiters drive from their homes past underutilized business districts to shop outside of our city," Mayor Duggan said. "Using these bond funds, we are going to revitalize many of our neighborhood commercial corridors to create vibrant, attractive districts so Detroiters have a place to shop in their own neighborhood."

According to the DEGC report, major improvements will bring millions of dollars back to some of the city's retail corridors. The corridor at Livernois and McNichols, for example, could capture \$215 million in retail activity annually, according to the study.

"People are drawn to attractive places, not just to shop, but to live," said Planning Director Maurice Cox. "Our goal is to create beautiful retail districts that are uniquely Detroit and offer the kinds of services and amenities that will attract people from surrounding neighborhoods and surrounding cities."

Bond sale: No impact on general fund or existing road work

Funding for the improvements will come from increased revenues the city is receiving from its share of state gas taxes and vehicle registration fees that have not been included in its current road improvement plan. Under the Mayor's proposal, no city general fund dollars will be used to pay back the bonds and no road maintenance activities or construction projects will be cut.

A seven-bill package approved by the Michigan legislature in November 2015 raised an estimated \$1.2 billion annually for road work. House Bills 4738 & 4736 raised a significant portion of those revenues by increasing the following:

- Gas tax increased from 19 cents per gallon to 26.3 cents
- Diesel tax increased from 15 cents per gallon to 26.3 cents
- Vehicle Registration Fees increased by 20%

The City's annual share of state road revenue is being increased gradually over a five-year period, reaching its maximum amount in 2021:

- 2017 - \$65 million
- 2018 - \$77 million
- 2019 - \$82 million
- 2020 - \$88 million
- 2021 - \$95 million

Instead of funding a handful of additional road projects each year, the increase in annual transportation funds will be used to leverage the bonds and allow the city to make an immediate and meaningful impact on numerous city neighborhoods.

\$80M Commercial Corridor Program part of larger \$317M five year road improvement plan

In addition to the \$125 million in projects funded by the bond funds, the city also plans to spend another \$193 million of budgeted city, state and federal dollars (for a total investment of \$317 million over the next five years) to improve a total of 300 miles of major roads and residential streets across the city and replace 300,000 broken sidewalk sections. This means 75% of the total funding will go toward traditional road and sidewalk improvements, while 25% will toward corridor enhancements.

Together, 23 neighborhoods across the city will see their commercial corridors improved. Corridor improvements will be done in conjunction with on-going neighborhood planning projects that aim to create framework strategies to boost neighborhood and economic development. The work will impact 17 areas throughout the city, including:

- Southwest/West Vernor Corridor
- Islandview/Greater Villages
- Grand River/Northwest
- Livernois & McNichols
- Rosa Parks/Clairmount
- Banglatown
- Russell Woods
- Jefferson Chalmers
- Delray
- Eastern Market
- Osborn
- East English Village
- Corktown
- Brush Park
- East Riverfront
- I-94 Industrial Corridor
- Warrendale & Cody Rouge

Putting Detroiters to work

The neighborhood redevelopment plan will also create a number of construction jobs, and DPW will continue its commitment to hire Detroiters in rebuilding the city by following the Executive Order 2016-1 requirement that a minimum of 51% of hours worked on publicly funded construction projects are done by Detroiters. In 2016, 57% of all sidewalk repairs were done by Detroit residents and 54% of all roads were paved by Detroit residents. In 2018 and beyond, DPW will continue to hire at least 51 percent Detroiters to complete construction work.

DPW also expects to continue awarding 100 percent of prime contractors for sidewalks and resurfacing work to Detroit based companies through the five year project, something they achieved in 2016 and 2017. The 100 percent rate exceeds the 30% requirement in Executive Order 2016-1.

“We are very proud of the fact we are providing an opportunity for Detroiters to rebuild Detroit,” said DPW Director Ron Brundidge. “This added work will mean more jobs for city residents.”

Project selection process

As neighborhood streets are repaved, all identified damaged sidewalks will be replaced. Additional inspection and complaint-based locations will be prioritized based upon the condition of the sidewalk, proximity to schools and parks, areas adjacent to streetscape projects, as well as the level of pedestrian traffic on individual blocks.

DPW will improve a total of 294 miles of roads, focusing on residential streets that are most in need in conjunction with neighborhood planning efforts. The major corridors that will see improvements, will be selected based on condition, traffic volumes and adjacent residential and commercial development. Federal and State transportation funds are typically used along with City sources. The additional bond funds will be used to complement these funding sources, allowing for accelerated road improvements over the first three (3) years of neighborhood redevelopment plan.

Timeline

Work on the streetscapes projects will begin by early 2018, with professional engineers assessing damage and determining scopes of work for each streetscape. Construction on the first projects will begin in late 2018, with the earliest projects complete by early 2020 and all improvements complete by 2023. Road paving and sidewalk improvements will begin in 2018 and continue annually for 5 years.

List of bond funded commercial corridor projects

1. Livernois
2. W. McNichols
3. E. Jefferson
4. W. Jefferson
5. Jos Campau
6. Kercheval
7. Vernor
8. Bagley
9. Clairmount
10. Russell
11. Beaubien
12. Fisher Fwy. Service Dr.
13. E. Warren
14. Dexter
15. Lawley
16. E. Davison Service Dr.
17. Mt. Elliott
18. Redford St.
19. Puritan
20. Warwick
21. Plainview
22. Plymouth
23. 7 Mile



PRESS RELEASE

MAYOR'S OFFICE • Mike Duggan, Mayor

FOR RELEASE: October 13, 2017
MEDIA CONTACT: John Roach, 313-244-7857

City of Detroit receives its second credit rating upgrade in less than three years and its highest since March 2012

- Moody's Investors Service has upgraded Detroit's issuer rating to B1 from B2
- 2nd rating upgrade in less than 3 years and the City's highest rating since March 2012
- Moody's also assigned a positive outlook to reflect the possibility of future upgrades

DETROIT, Michigan – Detroit's underlying credit rating took another major step forward today as Moody's Investors Service upgraded the City's rating a full level. The rating agency also assigned a positive outlook for further upward movement in the coming years amid signs of strong management of the City's finances.

The rating upgrade indicates stronger confidence in the City's financial outlook since it emerged from bankruptcy nearly three years ago, and it comes as Detroit prepares to place \$125 million in financing as part of a \$317 million project to revitalize neighborhood commercial corridors throughout the City along with extensive road and sidewalk repairs.

"When we exited bankruptcy, many questioned whether Detroit would be able to manage its finances going forward," Mayor Mike Duggan said. "Two credit rating upgrades in less than three years and a positive outlook from Moody's show just how fast our financial turnaround is succeeding."

The B1 rating is the City's highest by Moody's since March 2012. Moody's raised Detroit's rating on its general obligation unlimited tax pledge to B1 from B2, up from Caa3 in 2013.

"We have been very conservative in our projections, and we're executing a plan to address our legacy pension obligations and produce surpluses each year to reinvest in vital City services and our neighborhoods," Duggan said. "Job growth is well under way and the City's economic performance is strong."

Moody's noted as much, citing Detroit's efforts to revitalize neighborhoods as a sign of strength in the City's financial outlook. According to Moody's, "the upgrade to B1 reflects improved fund balance and liquidity coupled with adoption of a pension funding strategy that will lessen the budgetary impact of a future spike in required contributions. The rating also considers the very conservative fiscal approach of Detroit's current administration as well as the city's current economic performance, which is strong considering its historic contraction."

Moody's report stated that Detroit has the following credit strengths:

- Very healthy fund balance and liquidity provide resources to invest in economic development or absorb a short-lived budgetary shock
- Job growth is fueling rising income taxes, positioning the city for operating surpluses in the coming years

- Very conservative fiscal management is intent on keeping general operating expenses below the current revenue intake in order to address long-term pension funding needs
- Increased road funding from the State of Michigan (Aa1 stable) will support Detroit's neighborhood revitalization initiative

"Working with the Mayor and the City Council, we have implemented a number of financial reforms that have helped us get to where we are today," said John W. Hill, the City's Chief Financial Officer. "Moody's report illustrates that we have strengthened the City's financial position, have strong financial planning and budgeting practices, and are making the right decisions to ensure the City's short- and long-term fiscal sustainability. Moody's and the City both agree that we have the potential for further rating upgrades should the current economic and financial trends continue," Hill added.

The improved rating comes as Detroit prepares to place \$125 million in financing for a major revitalization project that targets improvements to commercial business corridors such as Livernois, West Vernor and East Warren avenues, including road repairs, sidewalk upgrades and redesigned streetscapes to encourage reinvestment and walkability for residents. The financing is part of \$317 million infrastructure project that will include improvements to 300 miles of roads and hundreds of thousands of broken sidewalk segments across the City.

The financing will not require money from the City's general fund. It will be repaid with money the City will receive from the increase in the state's gas tax and vehicle registration fees.

CREDIT OPINION

13 October 2017

Update

Rate this Research >>

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EMEA 44-20-7772-5454

Detroit (City of), MI

Update - Moody's Upgrades Detroit, MI's Issuer Rating to B1; Outlook Positive

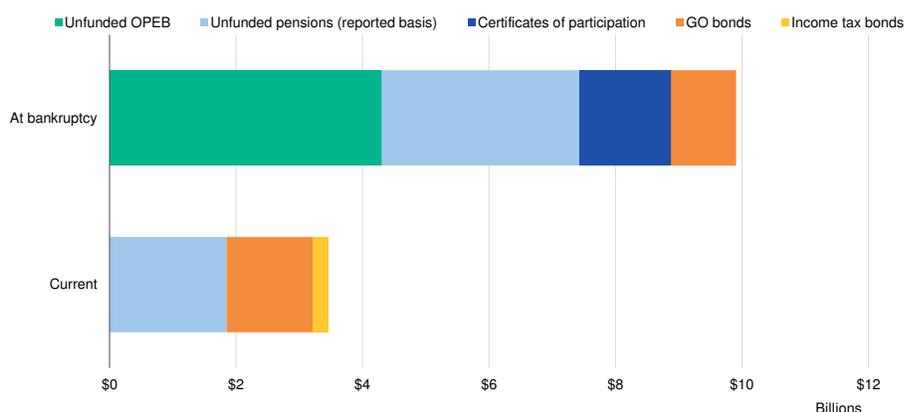
Summary Rating Rationale

Moody's Investors Service has upgraded the City of Detroit, MI's issuer rating to B1 from B2. The issuer rating is based on a general obligation unlimited tax (GOULT) pledge, but does not apply to any of Detroit's \$1.7 billion of outstanding bonds. Moody's has also assigned a positive outlook to reflect the possibility of further upward movement if current economic and financial trends persist and enhance the city's capacity to fund long-term liabilities.

The upgrade to B1 reflects improved fund balance and liquidity coupled with adoption of a pension funding strategy that will lessen the budgetary impact of a future spike in required contributions. The rating also considers the very conservative fiscal approach of Detroit's current administration as well as the city's current economic performance, which is strong considering its historic contraction. The rating still weighs these credit strengths against long-term risks arising from high unfunded pensions and economic vulnerabilities tied to a weak socioeconomic profile and low industrial diversity. The rating further acknowledges that maintenance of healthy reserves and budgetary capacity to fund rising fixed cost demands is highly dependent on continued revenue growth.

Exhibit 1

Detroit's current leverage is less than half what it was at the time of bankruptcy



Current GO bonds include financial recovery bonds issued to cover OPEB claims.
 Source: City of Detroit and Moody's Investors Service

Credit Strengths

- » Very healthy fund balance and liquidity provide resources to invest in economic development or absorb a short-lived budgetary shock
- » Job growth is fueling rising income taxes, positioning the city for operating surpluses in the coming years
- » Very conservative fiscal management is intent on keeping general operating expenses below the current revenue intake in order to address long-term pension funding needs
- » Increased road funding from the State of Michigan (Aa1 stable) will support Detroit's neighborhood revitalization initiative

Credit Challenges

- » Detroit's socioeconomic profile is very weak and exposure to economic cycles is high given low industrial diversity in the labor market
- » The city's debt and pension burdens remain elevated despite deleveraging through bankruptcy
- » Escalating fixed costs will consume recent financial gains if revenue growth does not persist

Rating Outlook

The positive outlook reflects the possibility of further upward movement in Detroit's rating in the event current economic and financial trends persist. Sustained growth in revenue that enhances the city's capacity to fund its long-term obligations will positively impact the city's credit profile.

Factors that Could Lead to an Upgrade

- » Sustained revenue growth that enhances budgetary capacity to address rising fixed costs
- » Clearly demonstrated change in demographic patterns that more rapidly propels economic recovery, employment diversification and income growth

Factors that Could Lead to a Downgrade

- » A slowed or stalled economic recovery that leads to revenue contraction
- » Spending of financial reserves that leaves fund balance and liquidity inadequate to offset significant credit challenges
- » Growth in the city's debt or pension burdens that raises fixed costs and shrinks financial flexibility

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key Indicators

Exhibit 2

Detroit (City of) MI	2012	2013	2014	2015	2016
Economy/Tax Base					
Total Full Value (\$000)	\$ 20,246,208	\$ 18,874,904	\$ 17,963,076	\$ 16,170,413	\$ 14,744,158
Full Value Per Capita	\$ 28,063	\$ 26,710	\$ 25,830	\$ 23,433	\$ 20,657
Median Family Income (% of US Median)	49.8%	49.2%	48.2%	47.0%	47.0%
Finances					
Operating Revenue (\$000)	\$ 1,225,575	\$ 1,158,293	\$ 1,234,152	\$ 1,174,180	\$ 1,177,614
Fund Balance as a % of Revenues	-20.7%	-3.5%	-0.9%	30.0%	33.1%
Cash Balance as a % of Revenues	-0.3%	11.4%	34.4%	50.4%	52.0%
Debt/Pensions					
Net Direct Debt (\$000)	\$ 2,549,368	\$ 2,596,730	\$ 2,568,802	\$ 2,030,751	\$ 1,923,569
Net Direct Debt / Operating Revenues (x)	2.1x	2.2x	2.1x	1.7x	1.6x
Net Direct Debt / Full Value (%)	12.6%	13.8%	14.3%	12.6%	13.0%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	1.6x	2.3x	2.6x	3.3x	3.1x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	9.5%	14.0%	17.9%	24.3%	24.9%

The table presents data as of the noted fiscal year. Fund balance as a % of revenue excludes restricted fund balance and portions of fund balance assigned to pensions and subsequent appropriations. Detroit's total operating fund balance was \$562 million and 47.7% of revenue inclusive of restricted balances and certain assigned funds. Portions of the cash balance are similarly restricted or assigned, but we have not adjusted the cash balance in the table because financial statements do not detail the precise restrictions or assignments. The city's current full value is an estimated \$13.9 billion.

Source: Detroit's comprehensive annual financial reports, US Census Bureau and Moody's Investors Service

Detailed Rating Considerations

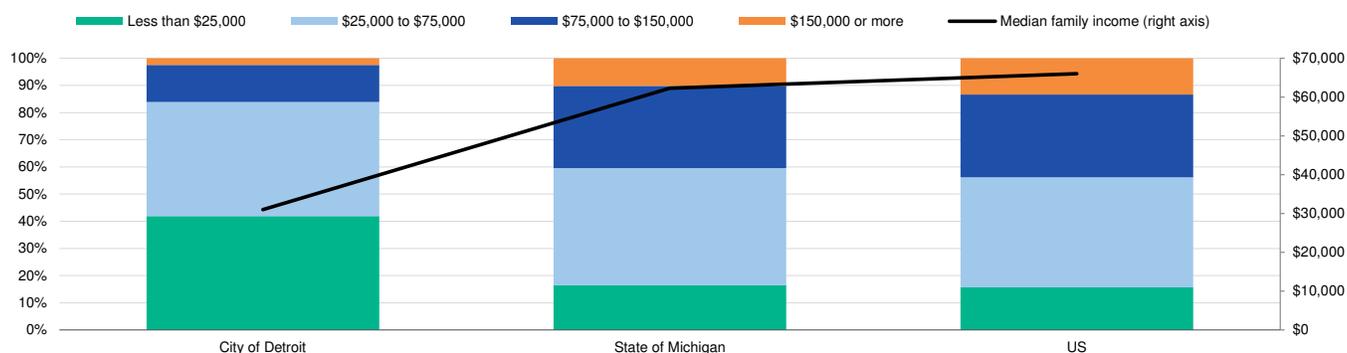
Economy and Tax Base: Detroit's economy remains vulnerable, but is showing real progress

Detroit is undergoing significant revitalization, but it will be difficult to shake vulnerabilities that stem from a weak socioeconomic profile and heightened exposure to economic cycles given low industrial diversity in the labor market. Detroit has one of the lowest resident income profiles among large US cities and the local poverty rate is estimated at 36%. The city's population is down an estimated 6% since 2010 and net migration within the wider metro region is mildly negative. A little over 12% of jobs in Detroit remain in manufacturing, compared to less than 9% nationwide. And, many of Detroit's manufacturing jobs are linked to the automotive sector, which, although currently stable, is also persistently volatile.

Exhibit 3

Detroit's family income profile is very weak

Share of families earning within select income ranges



Source: US Census Bureau

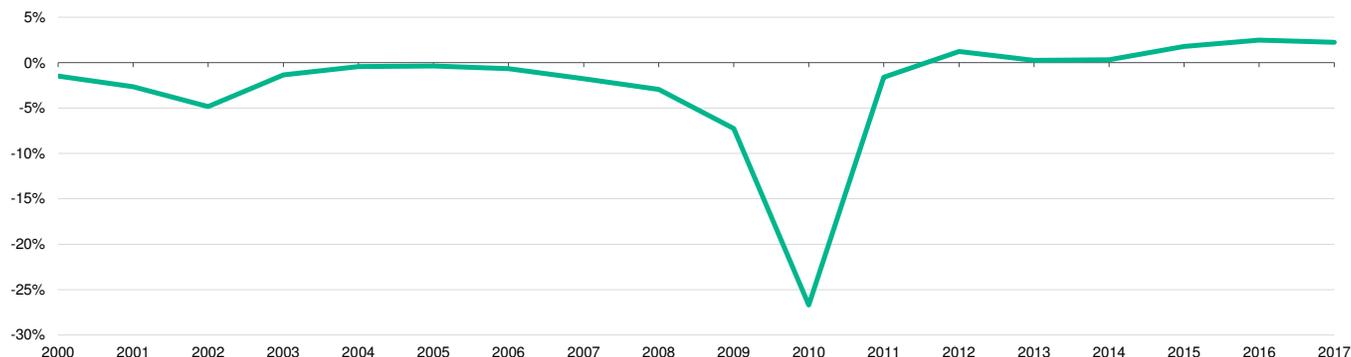
At the same time, Detroit is making real economic progress. Whereas employment in the city fell at a compound annual rate of nearly 5% between 2000 and 2011, it rose, on average, 2% annually since 2014. The spate of job growth produced real returns in fiscal 2017, in which city income taxes grew an estimated 8.3%. Steady downtown and midtown investments are attracting a skilled cohort of

new residents that is putting new upward pressure on property values. The key to Detroit's sustained recovery is reproducing this revitalization in neighborhoods throughout the city, which is a major initiative of the administration. Doing so is crucial to attracting a steady inflow of residents that expands the city's economic base, which in turn is essential to generating resources sufficient to meet rising fixed costs without hampering improved public services.

Exhibit 4

Current employment growth is a significant departure from the prior decade

Annual percentage change in employment



Source: US Bureau of Labor Statistics

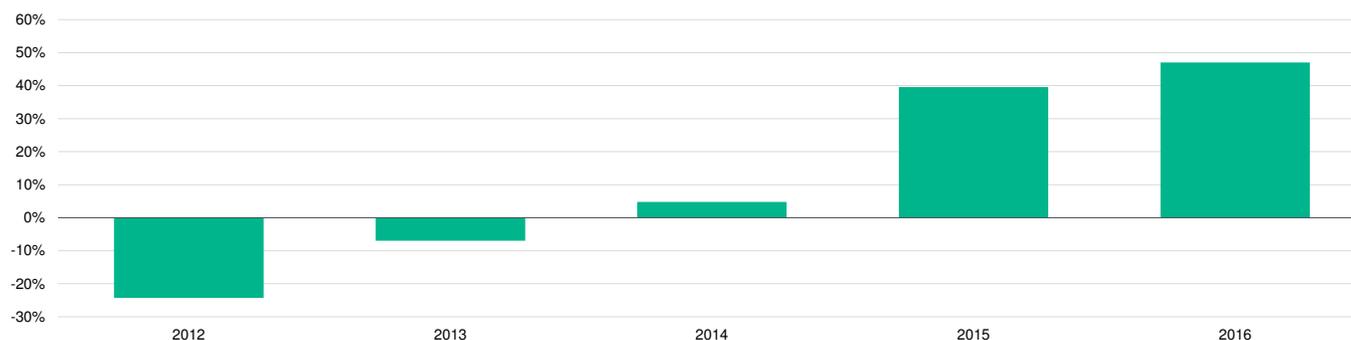
Financial Operations and Reserves: Detroit's financial metrics are strong and positioned to improve even as the city plans to set aside funds for pensions

Fund balance and liquidity will remain healthy over the longer term if revenue growth continues at a moderate pace. Detroit's largest operating risk is that revenue growth will taper or turn negative, perhaps coinciding with an economic slowdown. Under such a scenario, Detroit's operating margins would narrow, constraining its capacity to set aside funds in preparation for a fiscal 2024 spike in pension payments. A setback in the city's plan to address long-term liabilities could have significantly negative consequences for future budgets and operating cash flow.

Still, Detroit's current financial metrics are strong after its bankruptcy freed up revenue otherwise slated for servicing disproportionate long-term liabilities (see Exhibit 2). The restructuring positioned Detroit for annual operating surpluses and the current administration's conservative fiscal management has enhanced the magnitude of positive results. Detroit recorded a general fund operating surplus of just over \$90 million in fiscal 2016 and unaudited fiscal 2017 figures indicate the city followed with a further surplus of at least \$50 million. So long as revenue remains stable, Detroit is positioned to achieve surpluses over the next several years while at the same time preparing for rising pension costs.

Exhibit 5

Detroit's general fund balance is rising rapidly as a percentage of revenue



Source: Detroit's comprehensive annual financial reports and Moody's Investors Service

Detroit recently transferred a large share of reserves to an irrevocable trust created for the benefit of its pension systems. The city plans to annually increase payments to the trust in order to raise the balance of assets and expand budgetary capacity to accommodate higher pension payments required in coming years. Detroit's bankruptcy Plan of Adjustment (POA) requires it to pay only \$20 million per year to its pension plans from its general fund through fiscal 2019. Since exiting bankruptcy and through fiscal 2023, the majority of annual funding has and will come from a charitable foundation established as the city emerged from bankruptcy, the Detroit Water and Sewerage Department (DWSD) and the Great Lakes Water Authority (GLWA), which manages the regional water and sewer system previously under the purview of the DWSD. But, the POA requires Detroit to substantially increase annual pension payments from city funds starting in fiscal 2024.

The city estimates the fiscal 2024 general fund pension cost will be just over \$140 million. By the end of fiscal 2023, the new trust will have amassed \$335 million in assets if Detroit's annual contributions are made as planned. Starting in fiscal 2024, the city could draw from the trust to finance a portion of its annually required pension payment. This will enable it to increase its recurring general fund contribution by \$5 million to \$10 million per year through fiscal 2034, rather than increasing it from \$0 to \$140 million all at once in 2024. Detroit's future pension funding requirements will be higher or lower than currently projected depending on annual pension plan asset performance. The city could also make higher payments to the trust through 2023 if operating results remain strong.

LIQUIDITY

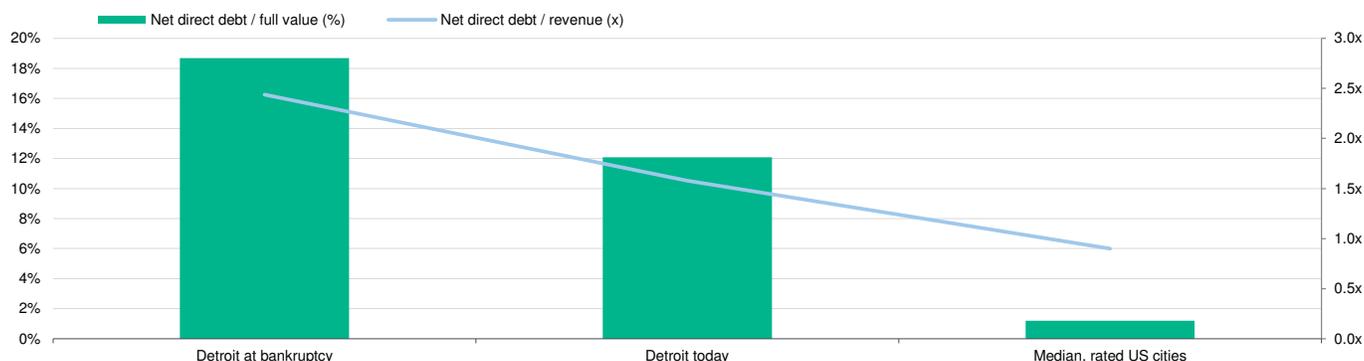
General fund cash and investments in fiscal 2016 were \$562 million, or 53% of revenue. This includes funds available in fiscal 2016 to transfer to the pension trust. We also consider Detroit's debt service and solid waste management funds to account for core operations. Combining these with the general fund results in fiscal 2016 liquidity of \$613 million, or 52% of revenue.

Debt and Pensions: Leverage remains high, especially unfunded pensions, following bankruptcy adjustments

Detroit's debt and pension burdens remain high despite adjustments through bankruptcy. Current direct debt is 1.4x fiscal 2016 operating revenue and a substantial 12.1% of full value. The latter ratio reflects the very low property wealth within the city. Detroit is finalizing a private loan agreement with JP Morgan Chase Bank, N.A. (Aa3 stable), according to which it will draw up to \$124.5 million to finance road repairs in support of its neighborhood revitalization initiative. The city will repay the loan from its annual allocation of local road funding from the Michigan Department of Transportation. In 2015, the State of Michigan enacted a gas tax increase that, in addition to funding state road work, will raise appropriations to municipalities for local repairs. At this time, Detroit has no other plans to take on new debt.

Exhibit 6

While diminished through bankruptcy, Detroit's debt burden far exceeds median ratios



Detroit's debt at bankruptcy is compared to current full value and fiscal 2016 operating fund revenue.

Source: City of Detroit and Moody's Investors Service

DEBT STRUCTURE

All of the city's debt is fixed rate. A low 48% of outstanding principal is scheduled to be repaid within the next ten years. On top of rising pension funding requirements, Detroit's current debt service schedule escalates in coming years. The city structured its post-bankruptcy Series 2014B Financial Recovery bonds with no principal payments until 2025. Scheduled debt service on bonds paid out of

the general fund jumps nearly \$25 million in 2025 when Detroit starts making principal payments on the 2014B bonds. As scheduled, these payments will further pressure future budgets, but the city has ample time to examine refinancing options.

DEBT-RELATED DERIVATIVES

Since exiting bankruptcy in December 2014, Detroit is no longer party to any debt-related derivative agreements.

PENSIONS AND OPEB

Part of Detroit's bankruptcy settlement included closure of its defined benefit pension plans, the halting of pension accruals and cuts to accrued benefits. Specifically, the settlement eliminated cost-of-living-adjustments (COLAs) for members of the General Retirement System (GRS) and reduced their benefit payments by 4.5%. The agreement retained COLAs for members of the Police and Fire Retirement System (PFRS), but reduced them by 55%.

Despite these changes, Detroit's pension burden is high and will likely grow. Detroit's fiscal 2016 CAFR reports a net pension liability across its two plans of \$1.3 billion. However, this is based on the plans' 2015 fiscal year. The fiscal 2016 CAFRs of the plans themselves show a combined net pension liability of \$1.9 billion, which incorporates changes to actuarial assumptions as well as benefit outflows that far exceeded plan income. Based on the more recently reported information, we calculate a Moody's adjusted net pension liability (ANPL) of \$4.1 billion. The ANPL is an elevated 3.3x fiscal 2016 operating revenue and a very high 28.3% of full value. The ANPL uses a market-based discount rate to value accrued liabilities.

Actuaries of Detroit's two pension plans report that contributions made pursuant to the bankruptcy POA will result in annual defunding of the plans through June 30, 2023 because payments will not cover annual interest accruing on existing liabilities. We estimate interest on the plans' fiscal 2016 net pension liabilities at \$140 million. The plans report expected fiscal 2017 contributions from city departments, the GLWA and other organizations of only \$87 million. Detroit's plan to set funds aside for future pension contributions will not alter the projected path of defunding because the excess funds will be held in a separate, but irrevocable, trust.

Management and Governance: Strong and conservative management is a further boost to Detroit's credit profile

Like other Michigan cities, Detroit's Institutional Framework score is 'A,' or moderate. This incorporates strict limitations on raising revenue, with growth in local tax rates subject to voter approval. State statutes (Proposal A and the Headlee Amendment) also limit growth in taxable valuation and property tax levies for all Michigan local governments. Property taxes accounted for 17% of Detroit's operating fund revenue in fiscal 2016, with income taxes and wagering taxes making up another 22% and 15%, respectively. State aid comprises another 17%.

Detroit's current financial planning and budgeting practices are strong. The city holds a revenue estimating conference twice each year during which consensus reached by a wide range of city and other officials establishes the revenue available to appropriate in the upcoming fiscal year. The city also uses the conference estimate as the foundation for its annually adopted four-year operating forecast. Current assumptions include annual growth in total general fund revenue of just over 1% through 2021 and annual growth in income taxes of between 2% and 2.5%. Even if revenue is outpacing assumptions, as is currently the case, the city cannot appropriate expenditures in excess of the consensus revenue figures. This check on spending until revenue growth actually materializes is a key driver of Detroit's recent and projected operating surpluses.

The city remains under oversight of the Detroit Financial Review Commission (FRC). The FRC was officially established in December 2014 as the city emerged from bankruptcy. The FRC monitors Detroit's compliance with the bankruptcy POA and also provides general oversight of financial operations. The FRC meets monthly and provides biannual reports on the city's financial status to the governor. State law allows for scaled back FRC oversight in the event the city meets specific criteria, including adoption of a balanced budget and balanced four-year operating forecast. The city may meet all necessary criteria by the end of this year. Although the FRC must waive certain of its oversight functions in this case, it can rescind the waiver should it determine Detroit's financial progress, as measured by additional established criteria, falters.

Legal Security

The issuer rating is based on Detroit's general obligation unlimited tax pledge.

Use of Proceeds

Not applicable.

Obligor Profile

Detroit's current estimated population of 673,000 makes it the 23rd largest city in the US. It is by far the largest city in the State of Michigan (Aa1 stable).

Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

CITY RESOLUTION 2017-26

APPROVING THE CITY'S OCTOBER 2017 CONTRACT REQUESTS

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the City of Detroit (the "City") beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the City's applicable contracts, as defined by Section 3(a) of the Act, and that an applicable contract does not take effect unless approved by the Commission; and

WHEREAS, at the Commission meeting on October 30, 2017, the City presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the City's October 2017, contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

CITY OF DETROIT CONTRACT SUBMISSION TO FINANCIAL REVIEW COMMISSION
THE FOLLOWING CONTRACTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO
SECTION 6, SUBSECTION 6 OF THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT
For October 30, 2017 Meeting

Prepared By: Boiesie Jackson, Chief Procurement Officer

City Council and Water Board Approvals Through October 24, 2017

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Highest Ranked or Lowest Bid? If not a New contract, was the original contract the lowest bid?	BOWC or City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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CONTRACTS GREATER THAN \$750K (Yes = Lowest Bid Unless Specified)

1	CIVIL RIGHTS INCLUSION AND OPPORTUNITIES	6001064	Contract Amount: Revenue Contract per Executive Order 2014 and 2016-1 Contract Period: Upon City Council Approval and FRC Approval through 6/30/22 Source: 100% City Funding Purpose: To Provide Workforce Training - Programs that Educate and Train the City of Detroit Workforce for Jobs and Career Advancement Contractor: Detroit Employment Solutions Corporation Location: 9301 Michigan Avenue, Detroit, MI 48213	New	Intergovernmental Agreement	Intergovernmental Agreement	7/24/2017	10/30/2017	Workforce Training Fund Created Per the Agreement. Executive Orders imposes monthly financial penalties on non-compliant developers, general contractors, prime contractors and sub-contractors engaged to service all construction projects.
2	CITYWIDE (GENERAL SERVICES)	6000892	Contract Amount: \$5,767,480.00 Contract Period: Upon City Council and FRC Approval through 9/15/21 Source: 100% City Funding Purpose: To Provide Leasing for Light Duty Vehicles Contractor: Enterprise Rent A Car Location: 1949 E. Jefferson, Detroit, MI 48207	New	Yes	Highest Ranked	10/17/2017	10/30/2017	Fleet Rental for 288 General City and Undercover Vehicles
3	FIRE	6000710	Contract Amount: \$1,099,770.00 Contract Period: 5/31/17 through 12/1/17 Source: 100% Federal Funding Purpose: To Design, Fabricate, Deliver and Install a New Three-Story Live Fire Training Simulator Contractor: Bullex Inc. Location: 20 Corporate Circle, Albany, NY 12203	New	Yes	Yes	10/17/2017	10/30/2017	This Contract is to Build a Training Simulator to Train Firefighters. This includes on-site assembly and ground preparation.
4	HEALTH AND WELLNESS	6000965	Contract Amount: \$3,267,018.00 Contract Period: Upon City Council and FRC Approval through 10/1/19 Source: 100% Federal Funding Purpose: To Provide WIC Services to Women, Infants and Children Contractor: Moms and Babes Too Location: 5716 Michigan Avenue, Suite B202, Detroit, MI 48210	New	Yes	Highest Ranked	9/28/2017	10/30/2017	First of 3 contracts to be awarded for WIC services
5	HEALTH AND WELLNESS	6000967	Contract Amount: \$2,650,520.00 Contract Period: Upon City Council and FRC Approval through 10/1/19 Source: 100% Federal Funding Purpose: To Provide WIC Services for Women, Infants and Children Contractor: Arab American & Chaldean Council Location: 363 West Big Beaver Road, Suite 300, Troy, MI 48084	New	Yes	Highest Ranked	10/3/2017	10/30/2017	Second of 3 contracts to be awarded for WIC services
6	HOUSING AND REVITALIZATION	3017829	Contract Amount: \$838,000.00 Contract Period: 11/1/17 through 4/1/18 Source: 100% Federal Funding Purpose: To Provide Commercial Demolition: 4559 Wesson Street Contractor: Homrich Location: Cadillac Tower, 65 Cadillac Square, Suite 2701, Detroit, MI 48226	New	Yes	Yes	10/24/2017	10/30/2017	

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Highest Ranked or Lowest Bid? If not a New contract, was the original contract the lowest bid?	BOWC or City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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CONTRACTS GREATER THAN \$750K -- continued (Yes = Lowest Bid Unless Specified)

7	DBA	6000803	Contract Amount: \$1,860,000.00 Contract Period: 8/31/17 through 8/30/20 Source: 100% City Funding Purpose: To Provide Security Guard Services at Public Safety Headquarters Contractor: Eagle Security Services, LLC Location: 500 Griswold, Suite 400, Detroit, MI 48226	New	Yes	Highest Ranked	10/24/2017	10/30/2017	Contract for Unarmed Security Guards, Supervision and Security Director.
8	POLICE	6000986	Contract Amount: \$1,400,000.00 Contract Period: 11/1/17 through 10/31/19 Source: 100% City Funding Purpose: To Provide Police Uniforms Contractor: Enterprise Uniform Co. Location: 2862 E. Grand Blvd., Detroit, MI 48202	New	Yes	Highest Ranked	10/10/2017	10/30/2017	Contract includes Jackets, Shirts, Trousers, Raincoats, Patches and Insignias, etc.
9	PUBLIC WORKS	2898249	Contract Amount: \$998,190.00 Contract Period: Upon City Council and FRC Approval through 9/30/18 Source: 80% Federal, 20% Street Funding Purpose: To Provide Staffing for Operations and Technical Support Services for Traffic Management Center Contractor: Motor City Electric Technologies, Inc. Location: 9440 Grinnell, Detroit, MI 48213	Exercising Renewal Option	Yes	Yes	9/26/2017	10/30/2017	Contract includes monitoring and management of the traffic signal system, developing traffic management plans and monitoring of compliance and traffic cameras.
10	PUBLIC WORKS	6000062	Contract Amount: \$6,163,802.90 Contract Period: 6/27/16 through 12/31/17 Source: 100% Street Funding Purpose: To Provide Bituminous Surface Removal and Miscellaneous Construction Milling Contractor: Giorgi Concrete Joint Venture with Major Cement Location: 20450 Sherwood, Detroit, MI 48234	Amendment	Yes	Yes	9/26/2017	10/30/2017	Contract for increased sidewalk, curb and pavement repairs in the City.
11	PUBLIC WORKS	6000961	Contract Amount: \$4,060,460.88 Contract Period: Upon City Council and FRC Approval through 12/31/19 Source: 100% Street Funding Purpose: To Provide PW-6981R Bituminous Resurfacing of Class "C" Streets and Related Work Contractor: Fort Wayne Contracting, Inc. Location: 320 East Seven Mile Road, Detroit, MI 48203	New	Yes	Yes	10/10/2017	10/30/2017	
12	TRANSPORTATION	2844928	Contract Amount: \$0.00 (Original contract \$18,000,000.00) Contract Period: 11/21/17 through 11/20/18 Source: 100% Other Funding Purpose: To Provide Planning and Engineering Services Contractor: AECOM Great Lakes Inc. Location: 27777 Franklin Road, Suite 2000, Southfield, MI 48034	Amendment	Yes Extension of Time Only	Yes Extension of Time Only	10/24/2017	10/30/2017	This Amendment is for Extension of Time only. The original contract period is November 20, 2012 through November 20, 2017
13	TRANSPORTATION	6000867	Contract Amount: \$8,513,704.00 Contract Period: 10/1/17 through 9/30/22 Source: 100% Grant Funding Purpose: To Provide a Transit Enterprise System Contractor : Clever Devices Location: 300 Crossways Park Drive, Woodbury, NY 11797	New	Yes	Highest Ranked	10/24/2017	10/30/2017	Contract to replace Department of Transportation's Planning, Scheduling and Management of its Transit Operations. This includes Customer Service Software, Computer Aided Dispatch and Radio System.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Highest Ranked or Lowest Bid? If not a New contract, was the original contract the lowest bid?	BOWC or City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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CONTRACTS GREATER THAN 2 YEARS

14	GENERAL SERVICES	6000905	Contract Amount: \$720,859.72 Contract Period: Upon City Council and FRC Approval through 9/25/21 Source: 100% City Funding Purpose: To Provide Upfitting Services to City of Detroit Vehicle Units Contractor: ABS Storage Products, Inc. Location: 8100 W. McNichols, Detroit, MI 48221	New	Yes	Yes	10/3/2017	10/30/2017	Contract to install equipment in non-pursuit police vehicles and installing light bars on City vehicles, utility trucks and cargo vans. 1 of 3 Awards for Upfitting.
15	LAW	CUM-03410	Contract Amount: \$400,000.00 Contract Period: Upon City Council and FRC Approval through 12/31/20 Source: 100% City Funding Purpose: To Provide Legal Services Contractor: Cummings McClorey Davis & Acho, PLC Location: 33900 Schoolcraft Road, Livonia, MI 48150	New	No	No	10/24/2017	10/30/2017	Contract for several Legal Services in connection with U.S. District Court and Wayne County Circuit Court.
16	LAW	2917434	Contract Amount: \$200,000.00 Contract Period: 10/1/17 through 6/30/20 Source: 100% City Funding Purpose: To Provide Legal Services Contractor: Allen Brothers, PLLC Location: 400 Monroe Street, Suite 620, Detroit, MI 48226	Amendment	No	No	10/17/2017	10/30/2017	Law Department's request to provide additional support for several cases including Marihuana Dispensary Appeals.
17	PUBLIC WORKS	6000938	Contract Amount: \$321,790.60 Contract Period: Upon City Council and FRC Approval through 12/31/19 Source: 100% Street Funding Purpose: To Provide Overband Crack-Fill in Bituminous Pavement at Various Locations Citywide Contractor: Michigan Joint Sealing, Inc. Location: 28830 W. Eight Mile Road, Farmington Hills, MI 48336	New	Yes	Yes	9/26/2017	10/30/2017	Contract to clean cracks in the pavement and filling the cracks to prevent water from settling causing further damage.
18	RECREATION	2875359	Contract Amount: \$110,000.00 Contract Period: 1/30/18 through 1/30/23 Source: REVENUE Purpose: To Provide Maintenance and Operation of Erma Henderson Marina Contractor: ABC Professional Enterprise Location: 9615 Grinnell, Detroit, MI 48213	Exercising Renewal Option	Yes	Yes	10/24/2017	10/30/2017	Exercising Renewal Option approved by City Council in 2013. Company has invested \$4.5M in improvements.
19	RECREATION	2875368	Contract Amount: \$310,000.00 Contract Period: 2/1/18 through 1/30/23 Source: REVENUE Purpose: To Provide Maintenance and Operation of Riverside Marina Contractor: ABC Professional Enterprise Location: 9615 Grinnell, Detroit, MI 48213	Exercising Renewal Option	Yes	Yes	10/24/2017	10/30/2017	Exercising Renewal Option approved by City Council in 2013. Company has invested \$4.5M in improvements.
20	RECREATION	6001049	Contract Amount: (No Cost to City) Contract Period: 7/1/17 through 6/30/22 Source: No Funding Purpose: Licensing and Leasing Agreement – To Provide Maintenance and Operations of the Rouge Park Horse Stable/Barn Contractor: Buffalo Soldiers Heritage Association Coalition/Friends of Rouge Park Location: 9639 Woodbine, Redford, MI 48239	New	No	No	10/24/2017	10/30/2017	

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Highest Ranked or Lowest Bid? If not a New contract, was the original contract the lowest bid?	BOWC or City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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PREVIOUS CONTRACTS WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K

21	FIRE	3015248	Contract Amount: \$89,446.28 Contract Period: 7/31/17 through 7/31/18 Source: 100% City Funding Purpose: To Provide Wireless Modems and Antenna under MiDeal Contract Contractor: CDW Government, Inc. Location: One CDW Way, 230 N. Milwaukee Ave., Vernon Hills, IL 60061	New	Yes	Yes	9/26/2017	10/30/2017	Piggyback off the MiDeal Contract.
22	HEALTH AND WELLNESS	6000964	Contract Amount: \$672,308.00 Contract Period: Upon City Council and FRC Approval through 10/1/19 Source: 100% Federal Funding Purpose: To Provide WIC Services for Women, Infants and Children Contractor: Community Health & Social Services Location: 5635 West Fort, Detroit, MI 48209	New	Yes	Yes	10/24/2017	10/30/2017	Third of 3 contracts to be awarded for WIC Services.
23	HOUSING AND REVITALIZATION	3016285	Contract Amount: \$27,876.00 Contract Period: One Time Purchase Source: 100% City Funding Purpose: To Provide Emergency Demolition: 11350 and 11360 Ohio Streets Contractor: Able Demolition Inc. Location: 5675 Auburn Road, Shelby Township, MI	New	Yes	Yes	9/26/2017	10/30/2017	(Multiple awards totaling \$3,000,000.00 or more for a 12 month period)
24	HOUSING AND REVITALIZATION	3016286	Contract Amount: \$14,746.00 Contract Period: One Time Purchase Source: 100% City Funding Purpose: To Provide Emergency Demolition: 19501 Chapell Street Contractor: Able Demolition Inc. Location: 5675 Auburn Road, Shelby Township, MI 48317	New	Yes	Yes	9/26/2017	10/30/2017	(Multiple awards totaling \$3,000,000.00 or more for a 12 month period)
25	HOUSING AND REVITALIZATION	3017797	Contract Amount: \$514,110.00 Contract Period: One Time Purchase Source: 100% Federal Funding Purpose: To Provide Commercial Demolition, Group 57 (6 Properties) in District 4 Contractor: Den-Man Contractors, Inc. Location: 14700 Barber Avenue, Warren, MI 48088	New	Yes	Yes	10/17/2017	10/30/2017	(Multiple awards totaling \$3,000,000.00 or more for a 12 month period)
26	HOUSING AND REVITALIZATION	3017880	Contract Amount: \$575,210.00 Contract Period: 11/1/17 through 4/1/18 Source: 100% Federal Funding Purpose: To Provide Commercial Demolition: Group 64 (2 Properties) in District 1 Contractor: Den-Man Contractors, Inc. Location: 14700 Barber Avenue, Warren, MI 48088	New	Yes	Yes	10/24/2017	10/30/2017	(Multiple awards totaling \$3,000,000.00 or more for a 12 month period)



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: October 26, 2017
TO: Financial Review Commission Members
FROM: Kevin Kubacki, Executive Director – City of Detroit FRC
Patrick Dostine, Department Specialist - Treasury
SUBJECT: Contract Summary - October 2017 City of Detroit FRC Meeting

The City has submitted 32 contracts for review/approval at the October 30, 2017 commission meeting. These contracts have been vetted by the FRC Advisory Subcommittee on Contracts and Procurement. Additionally, all of these contracts have been approved by the Office of the Chief Financial Officer, and where required, City Council. Each contract is summarized below:

Contract 1 – New Revenue Contract to Provide Training, Support and Placement for Detroiters Seeking Jobs

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Detroit Employment Solutions Corporation	New Contract	7/24/2017	\$4,400,000	Intergovernmental Agreement	Intergovernmental Agreement	Workforce Training Fund

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000 and because the terms exceed two years. This intergovernmental agreement is between the city of Detroit, working through the Civil Rights Inclusion and Opportunity Department (CRIO), and the Detroit Employment Solutions Corporation (DESC). DESC will utilize resources in the Workforce Training Fund, which is funded through financial penalties imposed under Executive Order 2014-4 and 2016-1, other payments, pre-payments and “purpose driven deposits” as defined in the agreement, to provide training, support and placement for Detroiters seeking jobs in the skilled construction trades and/or the permanent jobs resulting from new development.

Contract 2 – New Contract to Provide Leasing for Light Duty Vehicle

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Enterprise Rent A Car	New Contract	10/17/2017	\$ 5,767,480	Yes	Highest Ranked	Street Fund, General Fund

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000 and because the term exceeds two years. This contract with Enterprise Rent-A-Car will provide over its four-year term 288 leased vehicles: 216 vehicles for general city use and 72 vehicles for undercover use. Bids were solicited. Six were received and evaluated on user performance, serviceability, total costs of ownership, and Detroit-based preferences. Enterprise was the highest ranked vendor.

Contract 3 – New Contract to Build a Training Simulator for Firefighters

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Bullex Inc	New	10/17/2017	\$1,099,770	Yes	Yes	Federal Fund Grant

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000 and because the terms exceed two years. This contract provides for the design, fabrication and installation of a new four-story live fire training simulator at 10200 Erwin Street. Three bids were received: Drager Inc., \$1,412,000; Fire Training, \$1,419,950; and the low bidder Bullex Inc., \$1,099,770.

Contract 4 – New Contract for WIC services to Women, Infants and Children

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Moms and Babes Too	New	9/28/17	\$3,267,018	Yes	Highest Rank	Federal Grant Fund

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract provides WIC services at four locations for a two-year period. Services to be provided to an estimated 157,270 clients. Four bids were received. Moms to Babes Too was the highest ranked proposal.

Contract 5 – New Contract for WIC services to Women, Infants and Children

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Arab American & Chaldean Council	New	10/3/2017	\$2,650,520	Yes	Highest Rank	Federal Grant Fund

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract provides WIC services through four WIC clinics. Services include lead poisoning education and lead testing, and hemoglobin testing. Clinics also include libraries to promote literacy and education. Four bids were received and the Arab American & Chaldean Council received the highest rank and therefore is recommended for approval.

Contract 6 – New Contract to Demolish Abandoned Commercial Building

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Homrich	New	10/24/2017	\$838,000	Yes	Yes	CDBG Fund

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract provides for the demolition of an abandoned, four-story factory on a four acre site, located at 4559 Wesson. Costs includes asbestos removal, other hazardous material removal, backfill costs, topfill, grading and seeding. Five bids were received, Homrich was the low bidder.

Contract 7 – New Contract to Provide Security Services at Public Safety Headquarters

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Eagle Security Services, LLC	New	10/24/17	\$1,860,000	Yes	Highest Rank	General Fund

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000 and the term exceeds two years. This contract provides unarmed security services at the Public Safety Headquarters. Thirteen bids were received. The recommendation is for Eagle Security, the second-lowest bidder. Planned staffing include 20 security personnel. It was noted during the

contract subcommittee meeting-call that the contract is retroactive. That's because, the city said, city council spent time vetting the contract and the city's procurement office spent time carefully vetting all the bids. The city said on the subcommittee-call that there are annual savings with the three-year contract.

Contract 8 – New Contract to Provide Police Uniforms

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Enterprise Uniform Company	New	10/10/2017	\$1,400,000	Yes	Highest Ranked	General Fund

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract provides for the purchase of police uniforms and accessories from Enterprise Uniform Company. Two bids were received. City Council rejected the lower, non-Detroit company and went with Enterprise.

Contract 9 – Renewal Option to Provide Staffing for Operations and Technical Support Services for Traffic Management Center

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Motor City Electric	Renewal Option	9/26/2017	\$989,190 increase; \$3,365,797 total value	Yes	Yes	Street Fund

This contract renewal option is subject to FRC review because the cost exceeds \$750,000. The original contract was approved October 28, 2014 for a term through September 30, 2017, for a cost of \$2,367,606.75. The contract included options to extend it two years. This one-year renewal option, which also contains another one-year renewal option, will continue to provide staffing to the traffic management center and intelligent transportation system.

Contract 10 – Contract Amendment to Provide Bituminous Surface Removal and Other Construction Milling

Contractor	Nature of Contract	City Council Approval Date	Contract Amendment Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Giorgi Concrete Joint Venture w Major Cement	Contract Amendment	9/26/2017	\$6,163,803 increase; \$14,956,535 total value	Yes	Yes	Street Fund

This contract amendment is subject to FRC review because the terms of the contract exceed two years and the cost exceeds \$750,000. This contract amendment is a request for an increase of \$6,163,803 in costs to the original contract, for a total of \$14,956,534.84. The increase is due to the mayor's expanded sidewalk repair program and modifications required to the Gratiot/Randolph/Monroe intersection.

Contract 11 – Contract to Provide Bituminous Resurfacing of Class C Streets and Related Work.

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Fort Wayne Contract, Inc. & Ajax Paving Industries	New	10/10/2017	\$4,060,460.88	Yes	Yes	Street Fund

This contract is subject to FRC review because the cost of the contract exceeds \$750,000. This contract provides bituminous resurfacing of class C streets and related work. Two bids were received. Fort Wayne Contracting was \$4,060,460.88, and Cadillac Asphalt was \$4,311,816.50.

Contract 12 – Contract Amendment to Complete the Rebuilding of the Shoemaker Terminal

Contractor	Nature of Contract	City Council Approval Date	Contract Amendment Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
AECOM Great Lakes Landscaping Incorporated	Amendment (for extension of time only)	10/24/2017	\$0 increase; \$18,000,000 total value	Yes	Yes	--

This contract amendment is subject to FRC review because the cost of the contract exceeds \$750,000. This contract amendment is for an extension of time only. The original, \$18,000,000 contract was for the period from November 20, 2012 through November 20, 2017. The amendment – extension of time for one year – will allow AECOM Great Lakes to rebuild the Shoemaker Terminal that was damaged by fire in January 2017. The city said during the contract-subcommittee call that AECOM will be paid by the insurance money generated by the claim.

Contract 13 – Contract to Provide an Integrated Operations Management Application to support DDOT Transit Operations

Contractor	Nature of Contract	City Council Approval Date	Contract	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Clever Devices	New	10/24/2017	\$8,513,704	Yes	Highest Rank	Transportation Grant Fund

This contract is subject to FRC review because the cost exceeds \$750,000 and the term exceeds two years. The contract will provide integrated operations management applications to support DDOT planning, scheduling, and management of transit operations. It will upgrade/replace DDOT's current scheduling, operations, dispatch and customer service software. The term is from October 1, 2017 through September 30, 2022. Four vendors responded to the RFP. Clever Devices was not the low bidder, but the company, according to the RFP evaluation team, was a better overall solution to DDOT's needs.

Contract 14 – Contract to Provide Upfitting Services to Detroit Vehicle Unit

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
ABS Storage Products, Inc.	New	10/3/2017	\$720,859.72	Yes	Yes	Capital Project Fund

This contract is subject to FRC review because the term exceeds two years. The four-year contract provides installation in “non-pursuit” police vehicles, installing light bars on city vehicles, utility trucks, pickups and cargo vans. A total of 190 vehicles over four years will be up-fitted. Four bids were received. Awards were recommended to three of the four bids. Two vendors were awarded contracts. ABS Storage Products is the third and final vendor being recommended for approval.

Contract 15 – Contract to Provide Legal Services

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Cummings, McClorey, Davis & Acho	New	10/24/2017	\$225,000 increase; \$400,000 total value	No	No	General Fund

This contract is subject to FRC review because the term exceeds two years. This contract will provide legal services related to the cases of: Davis et al v City of Detroit; Nationwide Recovery, Inc. v City of Detroit; Boulevard and Trumbull Towing, Inc. v City of Detroit. The firm is charging a blended rate of \$175 per hour.

Contract 16 – Contract Amendment to Provide Legal Services

Contractor	Nature of Contract	City Council Approval Date	Contract Amendment Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Allen Brothers, PPLC	Amendment	10/17/2017	\$200,000 increase; \$475,000 total value	No	No	General Fund

This contract amendment is subject to FRC review because the original term exceeded two years. This contract will provide legal services related to the case of: Elray Lucky Jones v. City of Detroit, Chief Ella Bully-Cummings, et al. This is the second amendment proposed to the original contract. The new contract amount, if the amendment is approved by FRC, will be \$475,000. The blended hourly rate of \$200 remains the same under this amendment.

Contract 17 – Contract to Provide Overband Crack-fill Sealing at various locations

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Michigan Joint Sealing, Inc.	New	9/26/2017	\$321,790.60	Yes	Yes	Street Fund

This contract is subject to FRC review because the term exceeds two years. This contract will provide overband crack-fill sealing repairs on various residential streets and other major streets. Two bids were received and Michigan Joint Sealing, Inc. was the low bid and being recommended for approval.

Contract 18 – (Revenue) Contract to Provide Maintenance and Operations of Erma Henderson Marina

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
ABC Professional Enterprise	Renewal Option	10/24/2017	\$110,000	Yes	Yes	Revenue Budgeted to General Fund

This contract is subject to FRC review because the term exceeds two years. This request is to authorize the renewal term -- five years -- of the original contract to have ABC Professional Enterprise continue to operate and maintain the Erma Henderson Marina. ABC Professional pays the city \$22,000 per year to operate and maintain the marina. ABC Professional earns revenue from, among other things, managing boat slips. The company has also made capital improvements to the marina per the original contract agreement. The renewal contract provides for more capital improvement projects.

Contract 19 – (Revenue) Contract to Provide Maintenance and Operations of Riverside Marina

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
ABC Professional Enterprise	Renewal Option	10/24/2017	\$310,000	Yes	Yes	Revenue Budgeted to General Fund

This contract is subject to FRC review because the term exceeds two years. This request is to authorize the renewal term -- five years -- of the original contract to have ABC Professional Enterprise continue to operate and maintain the Riverside Marina. ABC Professional Enterprise pays the city \$62,000 per year to operate and maintain the marina. ABC Professional earns revenue from, among other things, managing boat slips. The company has also made capital improvements to the marina per the original contract agreement. The renewal contract provides for more capital improvement projects.

Contract 20 – No-Cost Contract to Provide Maintenance and Operations of the Rouge Park Horse Stable/Barn

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Buffalo Soldiers Heritage Asso	New	10/24/2017	\$0	No	No	--

This contract is subject to FRC review because the term exceeds two years. This request is to extend the license agreement with Buffalo Soldiers Heritage Association for five additional years from July 1, 2017 through June 30, 2022 to use the horse barns in Rouge Park to store horses, provide equestrian, and educational programs and services to the public. There is no cost nor revenue to the city for this contract. Liability insurance is purchased by the contractor.

Contract 21 –Contract to Provide Wireless Modems and Antenna under MiDeal Contract

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
CDW Government, Inc.	New	9/26/2017	\$89,446.28	MiDeal	MiDeal	Capital Projects Fund

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This contract is for the purchase of 113 wireless routers that will be installed on emergency vehicles to improve the efficiency of communications. MiDeal was utilized to advantage the city in purchasing the service.

Contract 22 –Contract to Provide WIC Services for Women, Infants and Children

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Community Health & Social Services	New	10/24/2017	\$672,308	Yes	Yes	Federal Grant Fund

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This new contract will provide WIC services at the Southwest Center. Four bids were received. The award is being recommended to the lowest bidder: Community Health & Social Services.

Contract 23 –Contract to Demolish Two Abandoned Homes, 11350 and 11360 Ohio Street

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Able Demolition Inc.	New	9/26/2017	\$27,876	Yes	Yes	General Fund

This demolition contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$3,000,000 million. This contract provides emergency demolition of residential properties located at 11350 and 11360 Ohio Street. This contract was competitively bid and seven vendors responded. The recommendation for approval is to the lowest bidder.

Contract 24 –Contract to Demolish an Abandoned Home, 19501 Chapell St

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Able Demolition Inc.	New	9/26/2017	\$14,746	Yes	Yes	General Fund

This demolition contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$3,000,000 million. This contract provides emergency demolition of a residential property located at 19501 Chapell Street. This contract was competitively bid and six vendors responded. The recommendation for approval is to the lowest bidder.

Contract 25 –Contract to Demolish Six Commercial Properties (Group 57 in District 4)

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Den-Man Contractors	New	10/17/2017	\$514,110	Yes	Yes	CDBG Fund

This demolition contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$3,000,000 million. This contract provides demolition of six properties located at: 11301 Whittier, 9250 Whittier, 9540 Whittier, 5024 Lakeland, 5027 Lakeland and 12145 Morang. This contract was competitively bid and seven vendors responded. The recommendation for approval is to the lowest bidder.

Contract 26 –Contract to Demolish Two Commercial Properties (Group 64 in District 1)

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Den-Man Contractors	New	10/24/2017	\$575,210	Yes	Yes	CDBG Fund

This demolition contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$3,000,000 million. This contract provides demolition of two commercial properties located at: 12001 Gleason, 20601 W. Davison. This contract was competitively bid and seven vendors responded. The recommendation for approval is to the lowest bidder.

Contract 27 –Contract Amendment to Provide Sidewalk Replacement, Mayor’s Neighborhood Initiative

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Cadillac Asphalt, Inc.	New	10/24/2017	\$435,489	Yes	Yes	Street Fund

This contract amendment is subject to FRC review because the aggregate sum of the City’s contracts with this contractor exceed \$750,000. The amendment increases the funding to repair all damaged concrete sidewalks within the right-of-way of the roads resurfaced as part of the mayor’s plan to rebuild neighborhoods.

Contract 28 –Contract to Provide Park Improvements at Dorias Playfield

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
WCI Contractors Inc.	New	10/24/2017	\$356,840	Yes	Yes	State Grant Fund

This contract is subject to FRC review because the aggregate sum of the City’s contracts with this contractor exceeds \$750,000. The cost is split between state grant (71%) and city match (29%). This contract provides for the renovation and improvement of park facilities at Dorias Playfield located within the City. This contract was competitively bid and four vendors responded. The contractor recommended for approval provided the lowest bid.

Contract 29 –Contract to Provide Park Improvements at Farwell Playfield

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Michigan Recreation Construction, Inc	New	10/24/2017	\$50,000	Yes	Yes	State Grant Fund

This contract is subject to FRC review because the aggregate sum of the City’s contracts with this contractor exceeds \$750,000. This contract provides for the renovation and improvement of park facilities at Farwell Playfield located within the City. This contract was competitively bid and four vendors responded. The contractor recommended for approval provided the lowest bid.

Contract 30 –Contract to Provide Park Improvements at Palmer Park

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Michigan Recreation Construction, Inc	New	10/24/2017	\$50,000	Yes	Yes	State Grant Fund

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceeds \$750,000. This contract provides for the renovation and improvement of park facilities at Palmer Park located within the City. This contract was competitively bid and four vendors responded. The contractor recommended for approval provided the lowest bid.

Contract 31 –Contract to Provide Park Improvements at Coleman A. Young Park

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
Michigan Recreation Construction, Inc	New	10/24/2017	\$423,770	Yes	Yes	State Grant Fund

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceeds \$750,000. The cost is split between state grant (69%) and city match (39%). This contract provides for the renovation and improvement of park facilities at Coleman A. Young Park located within the City. This contract was competitively bid and four vendors responded. The contractor recommended for approval provided the lowest bid.

Contract 32 –Contract to Provide Park Improvements at Stein Park

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Lowest Bid or Highest Ranked?	Budgeted Funding Sources
WCI Contractors, Inc	New	10/24/2017	\$300,000	Yes	Yes	State Grant Fund

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceeds \$750,000. The cost is split between state grant (69%) and city match (39%). This contract provides for the renovation and improvement of park facilities at Stein Park

located within the City. This contract was competitively bid and four vendors responded. The contractor recommended for approval provided the lowest bid.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Highest Ranked or Lowest Bid? If not a New contract, was the original contract the lowest bid?	BOWC or City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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PREVIOUS CONTRACTS WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K -- continued

27	PUBLIC WORKS	6000262	Contract Amount: \$435,489.00 Contract Period: 11/28/16 through 12/31/18 Source: 100% Street Funding Purpose: To Provide Sidewalk Replacement in Compliance with the Mayor's Neighborhood Initiative Program Contractor: Cadillac Asphalt LLC Location: 2575 S. Haggerty Road, Suite 100, Canton, MI 48188	Amendment	Yes	Yes	10/24/2017	10/30/2017	
28	RECREATION	6000948	Contract Amount: \$425,000.00 Contract Period: 9/26/17 through 9/25/18 Source: 71% State, 29% City Funding Purpose: To Provide Park Improvements to Dorias Playfield; Bike Trails, Lights, Access Walk, Fields, etc. Contractor: WCI Contractors, Inc Location: 20210 Conner Street, Detroit, MI 48234	New	Yes	Yes	10/24/2017	10/30/2017	
29	RECREATION	6000952	Contract Amount: \$50,000.00 Contract Period: 9/26/17 through 9/25/18 Source: 100% State Funding Purpose: To Provide Park Improvements to Farwell Playfield; Fitness Pad, Access Walk, Ada Sidewalk, Etc. Contractor: Michigan Recreation Construction, Inc. Location: P.O. Box 21271 Brighton, MI 48116	New	Yes	Yes	10/24/2017	10/30/2017	
30	RECREATION	6000954	Contract Amount: \$50,000.00 Contract Period: 9/26/17 through 9/25/18 Source: 100% State Funding Purpose: To Provide Park Improvements to Palmer Park - Walking Path, Site Restoration Contractor: Michigan Recreation Construction, Inc. Location: P.O. Box 21271 Brighton, MI 48116	New	Yes	Yes	10/24/2017	10/30/2017	
31	RECREATION	6000957	Contract Amount: \$496,800.00 Contract Period: 9/26/17 through 9/25/18 Source: 61% State, 39% City Funding Purpose: To Provide Park Improvements to Coleman A. Young Park: Basketball Court, Tennis and Pickleball Court, Softball Backstop, Soccer Field, Playground, Fencing And Landscape Improvements Contractor: Michigan Recreation Construction, Inc. Location: P.O. Box 21271 Brighton, MI 48116	New	Yes	Yes	10/24/2017	10/30/2017	
32	RECREATION	6000959	Contract Amount: \$300,000.00 Contract Period: 9/26/17 through 9/25/18 Source: 100% State Funding Purpose: To Provide Park Renovations to Stein Park: Running Track, Access Walk and ADA Gate, Site Restoration Contractor: WCI Contractors, Inc. – Stein Park Location: 20210 Conner St., Detroit, MI 48234	New	Yes	Yes	10/24/2017	10/30/2017	

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Highest Ranked or Lowest Bid? If not a New contract, was the original contract the lowest bid?	BOWC or City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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DEPARTMENT OF WATER AND SEWAGE CONTRACTS

CONTRACTS GREATER THAN \$750,000.00

			No Contracts Submitted for this Category						
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CONTRACTS GREATER THAN 2 YEARS

			No Contracts Submitted for this Category						
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WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K

			No Contracts Submitted for this Category						
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