



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**CITY RESOLUTION 2018-3**

**APPROVING THE CITY'S FEBRUARY 20, 2018 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 February 20, 2018 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 February 20, 2018 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.

THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT  
For February 20, 2018 Special Meeting

**FY 2017 - 2018 Non-Grant Budget Amendments**

No.	Department	Brief Description	Budget Amendment Amount		
			Revenue	Expense	Appr. #
This amendment is requesting authorization to utilize fund balance for the purpose of repurchasing a portion of the City's outstanding Financial Recovery Bonds.					
1	Office of the Chief Financial Officer	Appropriate funds and amend the City's Fiscal Year 2017 - 2018 Budget.	55,000,000.00	55,000,000.00	TBD
Net Change			55,000,000.00	55,000,000.00	

# Estimated Savings From Cash Defeasance of Series 2014C Bonds

Debt Service Savings (\$ Millions)		
Defeasance of:	All Outstanding 2014C Bonds	
Defeasance Amount:	\$54.3 <sup>1</sup>	
Year Ending 6/30	Gross Savings	NPV Savings <sup>3</sup>
2018	\$0.6 <sup>2</sup>	\$0.6
2019	9.2	9.1
2020	9.2	9.0
2021	9.2	8.9
2022	9.2	8.8
2023	9.2	8.8
2024	9.2	8.7
2025	3.8	3.6
2026	4.1	3.8
2027	-	-
2028	-	-
2029	-	-
2030	-	-
<b>Total</b>	<b>\$64.0</b>	<b>\$61.3</b>
Less: Cash Contribution	-	\$52.3
<b>Total Savings:</b>	<b>\$64.0</b>	<b>\$9.0</b>

1. Includes \$52.3 million of 2014C bond principal redeemed at par plus \$2.0 million of accrued interest.

2. Annual Savings reduced to reflect \$2.0 million of accrued interest through 4/1/2018.

3. Present value savings calculated to 4/1/2018 using a discount rate of 1.00%.



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CITY OF DETROIT  
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RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DETROIT, COUNTY OF WAYNE, STATE OF MICHIGAN, AUTHORIZING THE REPURCHASE OF A PORTION OF THE CITY'S OUTSTANDING FINANCIAL RECOVERY BONDS, SERIES 2014B, FINANCIAL RECOVERY BONDS, SERIES 2014C, FINANCIAL RECOVERY INCOME TAX REVENUE AND REFUNDING BONDS, SERIES 2014A, FINANCIAL RECOVERY INCOME TAX REVENUE AND REFUNDING BONDS, SERIES 2014B (FEDERALLY TAXABLE), DISTRIBUTABLE STATE AID FIRST LIEN REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) SERIES 2016B-1 (FEDERALLY TAXABLE), AND DISTRIBUTABLE STATE AID REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) SERIES 2016B-2 (FEDERALLY TAXABLE); AUTHORIZING THE OPTIONAL REDEMPTION OF THE CITY'S FINANCIAL RECOVERY BONDS, SERIES 2014C; AUTHORIZING AND DELEGATING TO THE CHIEF DEPUTY CFO/FINANCE DIRECTOR AND OTHER AUTHORIZED OFFICERS TO MAKE CERTAIN DETERMINATIONS AND TO TAKE CERTAIN ACTIONS IN CONNECTION WITH THE REPURCHASE, AND/OR OPTIONAL REDEMPTION OF SUCH PRIOR BONDS USING UNRESTRICTED FUNDS ON HAND OF THE CITY IN AN AMOUNT NOT TO EXCEED \$55,000,000; APPROPRIATING FUNDS AND AMENDING THE CITY'S FISCAL YEAR 2017-2018 BUDGET.

2018 JUL 10 10:00 AM



RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DETROIT, COUNTY OF WAYNE, STATE OF MICHIGAN, AUTHORIZING THE REPURCHASE OF A PORTION OF THE CITY'S OUTSTANDING FINANCIAL RECOVERY BONDS, SERIES 2014B, FINANCIAL RECOVERY BONDS, SERIES 2014C, FINANCIAL RECOVERY INCOME TAX REVENUE AND REFUNDING BONDS, SERIES 2014A, FINANCIAL RECOVERY INCOME TAX REVENUE AND REFUNDING BONDS, SERIES 2014B (FEDERALLY TAXABLE), DISTRIBUTABLE STATE AID FIRST LIEN REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) SERIES 2016B-1 (FEDERALLY TAXABLE), AND DISTRIBUTABLE STATE AID REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) SERIES 2016B-2 (FEDERALLY TAXABLE); AUTHORIZING THE OPTIONAL REDEMPTION OF THE CITY'S FINANCIAL RECOVERY BONDS, SERIES 2014C; AUTHORIZING AND DELEGATING TO THE CHIEF DEPUTY CFO/FINANCE DIRECTOR AND OTHER AUTHORIZED OFFICERS TO MAKE CERTAIN DETERMINATIONS AND TO TAKE CERTAIN ACTIONS IN CONNECTION WITH THE REPURCHASE, AND/OR OPTIONAL REDEMPTION OF SUCH PRIOR BONDS USING UNRESTRICTED FUNDS ON HAND OF THE CITY IN AN AMOUNT NOT TO EXCEED \$55,000,000; APPROPRIATING FUNDS AND AMENDING THE CITY'S FISCAL YEAR 2017-2018 BUDGET.

BY COUNCIL MEMBER \_\_\_\_\_:

WHEREAS, on March 1, 2013, the Governor of the State of Michigan (the "State") determined that a financial emergency existed within the City of Detroit, County of Wayne, State of Michigan (the "City") pursuant to the Local Government Fiscal Responsibility Act, Act 72, Public Acts of Michigan, 1990, as amended; and

WHEREAS, on July 18, 2013, the Emergency Manager of the City (the "Emergency Manager") filed on behalf of the City a petition for relief pursuant to Chapter 9 of title 11 of the United States Code, 11 U.S.C. Sections 101-1532 (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court"); and

WHEREAS, on September 16, 2014, the Emergency Manager filed on behalf of the City a Seventh Amended Plan of Adjustment of the Debts of the City of Detroit (now and as subsequently amended, the "Plan of Adjustment") in the Bankruptcy Court to provide for the adjustment of the debts of the City pursuant to and in accordance with Chapter 9 of the Bankruptcy Code; and

WHEREAS, on December 10, 2014, in accordance with the Plan of Adjustment and pursuant to Section 36a of Act 279, Public Acts of Michigan, 1999 ("Act 279"), the City issued \$631,964,145 of its Financial Recovery Bonds, Series 2014B (the "Series 2014B Bonds") secured by and payable from the limited tax pledge of the City; \$88,430,021 of its Financial Recovery Bonds, Series 2014C (the "Series 2014C Bonds"), \$134,725,000 of its Financial



Recovery Income Tax Revenue and Refunding Bonds, Series 2014A (the "Series 2014A Income Tax Bonds") and \$140,275,000 of its Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014B (Federally Taxable) (the "Series 2014B Income Tax Bonds" together with the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014A Income Tax Bonds, the "2014 Bonds"); and

WHEREAS, on August 11, 2016 pursuant to the Charter of the City of Detroit (the "Charter"), Act 279 and Act 34, Public Acts of Michigan, 2001, as amended, the City issued \$240,965,000 of its Distributable State Aid First Lien Refunding Bonds (Limited Tax General Obligation), Series 2016B-1 (Federally Taxable); \$123,175,000 of its Distributable State Aid Third Lien Refunding Bonds (Limited Tax General Obligation), Series 2016B-2 (Federally Taxable) (collectively with the 2014 Bonds, the "Prior Bonds", a consolidated list of which is set forth at Exhibit A) and sold them to the Michigan Finance Authority under Act 227, Public Acts of Michigan, 1985, as amended; and

WHEREAS, the City Council of the City (the "Council") deems it advisable and in the best interest of the City to authorize the repurchase of a portion of the outstanding Prior Bonds (such Prior Bonds to be repurchased, the "Repurchased Bonds"), the optional redemption of the Series 2014C Bonds (such Series 2014C Bonds to be optionally redeemed, the "Redeemed Bonds") or such combination thereof which produces the greatest economic benefit to the City; and

WHEREAS, the Uniform Budgeting and Accounting Act, Act 2, Public Acts of Michigan, 1968, as amended ("Act 2") 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, in accordance with Act 2 and the Charter, the Council desires to amend the Fiscal Year 2017-2018 budget and appropriate unrestricted funds in an amount of Fifty-Five Million Dollars (\$55,000,000) for the repurchase of the Repurchased Bonds, the optional redemption of the Redeemed Bonds, or such combination thereof which produces the greatest economic benefit to the City; and

WHEREAS, the Council desires to delegate to the Authorized Officers (as defined herein) the authority to make certain determinations, execute and deliver certain documents, enter into certain agreements and take all other actions necessary or appropriate to effect the repurchase of the Repurchased Bonds, the optional redemption of the Redeemed Bonds, or such combination thereof which produces the greatest economic benefit to the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DETROIT, WAYNE COUNTY, MICHIGAN, PURSUANT TO THE CHARTER 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 unless a different meaning clearly appears from the context:

“Act 2” means Act 2, Public Acts of Michigan, 1968, as amended.

“Act 181” means Act 181, Public Acts of Michigan, 2014, as amended.

“Approval Order” means, to the extent necessary, the order or orders of an Authorized Officer making certain determinations and confirming the final details of the repurchase of the Repurchased Bonds and/or the optional redemption of the Redeemed Bonds in accordance with the parameters of this Resolution.

“Authorized Officer” means (i) the Mayor of the City, the Chief Financial Officer, the Chief Deputy CFO/Finance Director or their respective designees, or (ii) any other person authorized by a certificate of an Authorized Officer to act on behalf of or otherwise represent the City in any legal capacity, which such certificate shall be delivered, if at all, in the City’s sole discretion.

“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 transactions contemplated in this Resolution.

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

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

“Council” means the City Council of the City.

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

“Prior Bonds” means the prior bonds of the City listed at Exhibit A.

“Redeemed Bonds” means such portions of the outstanding Series 2014C Bonds determined to be optionally redeemed by an Authorized Officer in an Approval Order.

“Repurchased Bonds” means such portions of the outstanding Prior Bonds determined to be repurchased by an Authorized Officer in an Approval Order.

“Resolution” means this Resolution of the Council, as supplemented by each Approval Order.





"State" means the State of Michigan.

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. Finding, and Declaration of Need. (a) The Council hereby finds and declares that it is necessary for the City to either (i) repurchase the Repurchased Bonds, (ii) optionally redeem the Redeemed Bonds or (iii) effect such combination thereof which produces the greatest economic benefit to the City; and to pay legal, financial and other expenses related to the repurchase of the Repurchased Bonds and/or the optional redemption of the Redeemed Bonds, all as finally confirmed by an Authorized Officer in one or more Approval Orders.

(b) Based upon the recommendation of Chief Financial Officer of the City, the Council estimates that utilizing up to \$55,000,000 for the repurchase of the Repurchased Bonds, the optional redemption of the Redeemed Bonds, or a combination thereof, will result in an aggregate net present value savings to the City or otherwise allow the City to improve its consolidated debt repayment schedule for outstanding general obligation limited tax bonds.

## ARTICLE III

### REPURCHASE AND/OR OPTIONAL REDEMPTION OF PRIOR BONDS

Section 301. Method of Repurchase; Optional Redemption. In accordance with Sections 302 and 303, the Authorized Officers are hereby authorized to effect any of the following: (i) the repurchase of the Repurchased Bonds by means of one or more indirect open market repurchases under the Repurchase Agreement, (ii) the optional redemption of the Redeemed Bonds in accordance with their terms or (iii) or such combination thereof which produces the greatest economic benefit to the City. The repurchase of the Repurchased Bonds, the optional redemption of the Redeemed Bonds or combination thereof shall be accomplished using

unrestricted funds on hand of the City in an amount not to exceed Fifty-Five Million Dollars (\$55,000,000).

Section 302. Authorization to Enter into Repurchase Agent Agreement; Approval of Repurchase Agent. In connection with the repurchase of the Repurchased Bonds, the Authorized Officers are hereby authorized to enter into a repurchase agent agreement (the "Repurchase Agent Agreement") with Barclays Capital, Inc., which is hereby approved as repurchase agent (the "Repurchase Agent") thereunder. The Authorized Officers are authorized to finalize the terms and conditions of the Repurchase Agreement and to take all actions necessary to carry out the obligations of the City thereunder. The authorization to enter into the Repurchase Agreement and approval of the Repurchase Agreement shall not be construed to limit in any way the ability of the Authorized Officers to enter into subsequent or contemporaneous agreements with other parties related to the repurchase of the Repurchased Bonds, subject to the parameters set forth in this Resolution.

Section 303. Delegation of City to, and Authorization of Actions of Authorized Officers. The Authorized Officers are hereby authorized and directed to (i) approve and deliver any and all notices, solicitations and disclosures, (ii) negotiate, execute and deliver any and all agreements, (iii) file any and all documents with state or federal agencies, (iv) seek any and all approvals and (v) take all other actions necessary or appropriate to accomplish the repurchase of the Repurchased Bonds, the optional redemption of the Redeemed Bonds, or such combination thereof which produces the greatest economic benefit to the City, as contemplated by this Resolution.

Section 304. Amendment to Budget; Appropriation; Act 181 Approval. In accordance with the requirements of Act 2 and the Charter, the application of funds on hand to the repurchase of the Repurchased Bonds and/or the optional redemption of the Redeemed Bonds, in accordance with Sections 302 and 303, shall require an amendment to the budget of the City for the applicable Fiscal Year. The Fiscal Year 2017-2018 budget of the City is hereby amended and an amount of Fifty-Five Million Dollars (\$55,000,000) is hereby appropriated from the unrestricted general funds of the City for the purposes set forth in this Resolution. The Authorized Officers are hereby authorized and directed to cause the amendment to the Fiscal Year 2017-2018 budget to be submitted to the Detroit Financial Review Commission for approval, as required, in accordance with the applicable provisions of Act 181.

## ARTICLE IV

### OTHER PROVISIONS OF GENERAL APPLICATION

Section 401. Approval of Other Documents and Actions. The Authorized Officers, Corporation Counsel 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.

Section 402. Approval Orders. Except as otherwise provided herein, all determinations and decisions of an Authorized Officer with respect to repurchase of the Repurchased Bonds and/or optional redemption of the Redeemed Bonds as permitted or required by this Resolution shall be confirmed by an Authorized Officer in an Approval Order or Approval Orders, and such confirmations shall constitute determinations that any conditions precedent to such determinations and decisions of the Authorized Officer have been fulfilled.

Section 403. Appointment of Bond Counsel and Financial Advisors; Engagement of Other Parties. (a) The appointment by the City of the law firm of Miller, Canfield, Paddock and Stone, P.L.C. of Detroit, Michigan, as Bond Counsel in connection with the repurchase of the Repurchased Bonds and/or optional redemption of the Redeemed 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 repurchase of the Repurchased Bonds and/or optional redemption of the Redeemed Bonds. The appointment of Hilltop Securities, Inc. as Financial Advisors in connection with the repurchase of the Repurchased Bonds and/or optional redemption of the Redeemed Bonds is hereby ratified and confirmed. The fees and expenses of Bond Counsel, the Financial Advisors, the Repurchase Agent and other accumulated bond related fees and expenses shall be payable from available funds in accordance with the letter of each such firm on file with the Chief Deputy CFO/Finance Director.

(b) The Authorized Officers are authorized to engage other consultants, financial advisors, or other parties as they deem necessary and appropriate in connection with the repurchase of the Repurchased Bonds and/or optional redemption of the Redeemed Bonds.

Section 404. 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 any claim based on the terms of the Repurchase Agreement or on this Resolution against any councilperson, member, officer or employee of the City or any person executing the Repurchase Agreement or any document related thereto in his or her official individual capacity.

Section 405. 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 406. Cover Page and Article and Section Headings. The cover page 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 407. 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 408. Governing Law and Jurisdiction. This Resolution shall be governed by and construed in accordance with the laws of the State.

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Section 409. Effective Date. This Resolution shall take effect immediately upon its adoption by the Council.