

October 16, 2018
New Business

**BUDGET,
FINANCE, AND
AUDIT STANDING
COMMITTEE**



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1100
DETROIT, MICHIGAN 48226
PHONE: 313-224-3203
FAX: 313-224-2135
WWW.DETROITMI.GOV

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October 12, 2018

The Honorable Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: Bond Authorizing Resolution – UTGO Bonds, Series 2018 and Refunding Bonds

Dear Honorable Detroit City Council Members:

The CFO's Office respectfully submits the proposed Bond Authorizing Resolution – UTGO Bonds, Series 2018 and Refunding Bonds. The City's credit profile has been improving and there are strong market conditions that support a return to the capital markets at this time. A UTGO financing will provide the City with the necessary capital to make needed investments that will improve the quality of life for Detroiters and help spur economic growth. In addition, there may be an opportunity for the City to repurchase and refinance a portion of outstanding LTGO bonds that will create savings and help the City proactively address rising debt service costs.

Should you have any questions, please do not hesitate to contact me or my office.

Best regards,

John W. Hill
Chief Financial Officer

Att: Bond Authorizing Resolution – UTGO Bonds, Series 2018 and Refunding Bonds

Cc: Mayor Michael E. Duggan
David P. Massaron, Chief Operating Officer and Senior Counsel to the Mayor
Katie Hammer, Deputy Chief Operating Officer
John Naglick, Chief Deputy CFO/Finance Director
John H. Hageman, Chief of Staff to the Chief Financial Officer
Tanya Stoudemire, Deputy CFO/Budget Director
Christa McLellan, Deputy CFO/Treasurer
Stephanie Washington, City Council Liaison

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DETROIT, COUNTY OF WAYNE, STATE OF MICHIGAN: (1) AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$255,000,000 UNLIMITED TAX GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES FOR THE PURPOSE OF PAYING THE COSTS OF CERTAIN PUBLIC IMPROVEMENTS; (2) AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$500,000,000 FINANCIAL RECOVERY REFUNDING BONDS IN ONE OR MORE SERIES FOR THE PURPOSE OF PAYING THE COSTS OF REFUNDING ALL OR A PORTION OF THE CITY'S OUTSTANDING FINANCIAL RECOVERY BONDS, SERIES 2014B, FINANCIAL RECOVERY INCOME TAX REVENUE AND REFUNDING BONDS, SERIES 2014A, AND FINANCIAL RECOVERY INCOME TAX REVENUE AND REFUNDING BONDS, SERIES 2014B (FEDERALLY TAXABLE); (3) AUTHORIZING THE REPURCHASE BY TENDER OR NEGOTIATED PURCHASE OF SUCH PRIOR FINANCIAL RECOVERY BONDS; (4) AUTHORIZING AND DELEGATING TO THE AUTHORIZED OFFICERS THE AUTHORITY TO MAKE CERTAIN DETERMINATIONS AND TO TAKE CERTAIN ACTIONS IN CONNECTION WITH THE REPURCHASE OF SUCH PRIOR FINANCIAL RECOVERY BONDS; (5) AUTHORIZING EXECUTION OF DOCUMENTS AND AGREEMENTS NECESSARY TO EFFECTUATE THE ISSUANCE OF AND SECURITY FOR SAID BONDS; AND (6) AUTHORIZING AND DELEGATING TO THE AUTHORIZED OFFICERS 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: (1) AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$255,000,000 UNLIMITED TAX GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES FOR THE PURPOSE OF PAYING THE COSTS OF CERTAIN PUBLIC IMPROVEMENTS; (2) AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$500,000,000 FINANCIAL RECOVERY REFUNDING BONDS IN ONE OR MORE SERIES FOR THE PURPOSE OF PAYING THE COSTS OF REFUNDING ALL OR A PORTION OF THE CITY'S OUTSTANDING FINANCIAL RECOVERY BONDS, SERIES 2014B, FINANCIAL RECOVERY INCOME TAX REVENUE AND REFUNDING BONDS, SERIES 2014A, AND FINANCIAL RECOVERY INCOME TAX REVENUE AND REFUNDING BONDS, SERIES 2014B (FEDERALLY TAXABLE); (3) AUTHORIZING THE REPURCHASE BY TENDER OR NEGOTIATED PURCHASE OF SUCH PRIOR FINANCIAL RECOVERY BONDS; (4) AUTHORIZING AND DELEGATING TO THE AUTHORIZED OFFICERS THE AUTHORITY TO MAKE CERTAIN DETERMINATIONS AND TO TAKE CERTAIN ACTIONS IN CONNECTION WITH THE REPURCHASE OF SUCH PRIOR FINANCIAL RECOVERY BONDS; (5) AUTHORIZING EXECUTION OF DOCUMENTS AND AGREEMENTS NECESSARY TO EFFECTUATE THE ISSUANCE OF AND SECURITY FOR SAID BONDS; AND (6) AUTHORIZING AND DELEGATING TO THE AUTHORIZED OFFICERS 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, at elections held on November 2, 2004 (the "2004 Election") and February 24, 2009 (the "2009 Election," and together with the 2004 Election, the "Prior Elections"), the qualified electors of the City of Detroit, County of Wayne, State of Michigan (the "City") authorized the issuance and sale of unlimited tax general obligation bonds of the City to finance certain public improvements of the City as more particularly described herein; and

WHEREAS, pursuant to the authorizations provided by the 2004 Election, the City Charter, Act 279, Public Acts of Michigan, 1909, as amended ("Act 279") and Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), the City issued certain unlimited tax general obligation bonds (collectively, the "Prior UTGO Bonds"); and

WHEREAS, as a result of the issuance of the portion of the Prior UTGO Bonds, the City has \$58,288,829 of remaining authorization pursuant to the 2004 Election (the "2004 Authorization") to issue its unlimited tax general obligation bonds for purposes described in the 2004 Ballot Proposals (the "2004 Voter Authorized Purposes"); and

WHEREAS, the City has \$228,000,000 of remaining authorization pursuant to the 2009 Election (the "2009 Authorization," and together with the 2004 Authorization, the "Voter

Authorization”) to issue its unlimited tax general obligation bonds for the purposes described in the 2009 Ballot Proposals (the “2009 Voter Authorized Purposes,” and together with the 2004 Voter Authorized Purposes, the “Voter Authorized Purposes”); and

WHEREAS, the Council deems it advisable and necessary at this time to authorize the issuance of bonds in one or more series (hereinafter defined as the “UTGO Bonds”) to finance certain of the Voter Authorized Purposes in accordance with the Voter Authorization, including reimbursement of funds spent by the City prior to the issuance of the UTGO Bonds, in an amount not to exceed \$255,000,000 (the “UTGO Bonds Maximum Principal Amount”), bearing interest as determined by an Authorized Officer (as defined herein) within the parameters of this Resolution and confirmed at the time of sale of such bonds in a UTGO Sale Order (as defined herein); and

WHEREAS, on March 1, 2013, the Governor of the State of Michigan (the “State”) determined that a financial emergency existed within 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 October 22, 2014, the Emergency Manager filed on behalf of the City an Eighth 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, 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, \$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,” and together with the Series 2014B Bonds and the Series 2014A Income Tax Bonds, the “Prior Bonds”)); and

WHEREAS, Act 182, Public Acts of Michigan, 2014 amended Act 279 by creating the position of Chief Financial Officer with certain powers, including but not limited to the power to supervise all financial and budget activities of the City, and coordinate the City’s activities relating to budgets, financial plans, financial management, financial reporting, financial analysis and compliance with the budget and financial plan of the City; and

WHEREAS, the Council deems it advisable and in the best interest of the City to authorize the repurchase of all or a portion of the outstanding Prior Bonds and the issuance of the Refunding Bonds (as defined herein) in one or more series in the aggregate principal amount of not to exceed Five Hundred Million Dollars (\$500,000,000) (the “Refunding Bonds Maximum

Principal Amount”), bearing interest at rates within the parameters of this Resolution and determined at the time of sale of such bonds in a Refunding Sale Order (as defined herein) for the purpose of providing funds for the repurchase of all or a portion of the outstanding Prior Bonds; and

WHEREAS, the Council deems it advisable and necessary at this time to authorize, at a time and in an amount to be determined by the Chief Financial Officer of the City: (i) the extension of an invitation to the holders of the Prior Bonds to tender such Prior Bonds to the City for repurchase, or the negotiation of one or more private repurchases from such holders of such Prior Bonds (such Prior Bonds actually repurchased by the City pursuant to a tender or private purchase, collectively, the “Repurchased Bonds”), (ii) the repurchase by the City of the Repurchased Bonds, and (iii) the issuance of the Refunding Bonds to provide funds to pay all or a portion of the costs of repurchasing the Repurchased Bonds; and

WHEREAS, based on the recommendation of the Chief Financial Officer of the City, the Council has determined to sell (i) the UTGO Bonds by negotiated sale to the Underwriters (as defined herein) pursuant to one or more bond purchase contracts between the City and the Underwriters and (ii) the Refunding Bonds by negotiated sale either to (a) the Michigan Finance Authority, which will sell its bonds (secured by the Refunding Bonds) to the Underwriters or (b) directly to the Underwriters pursuant to one or more bond purchase contracts between the City and the Underwriters; and

WHEREAS, the Council desires to authorize the submission of disclosure information in connection with the distribution of one or more preliminary official statements (together with any supplements thereto, each a “Preliminary Official Statement”) and final official statements (together with any supplements thereto, each an “Official Statement”) in connection with the offering for sale of the Bonds.

WHEREAS, the Underwriters will require, as a condition precedent to purchasing the Bonds or the MFA Bonds (as defined herein), that the City agree to provide continuing disclosure as required by Section (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended; and

WHEREAS, the Council desires to delegate to the Authorized Officers the authority to make certain determinations with respect to the Bonds, if necessary, within the parameters of this Resolution and to take such other actions and make such other determinations as may be necessary to accomplish the delivery of the Bonds and the transactions contemplated by this Resolution, as shall be confirmed in one or more UTGO Sale Orders and/or Refunding Sale Orders.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DETROIT, WAYNE COUNTY, MICHIGAN, PURSUANT TO THE CHARTER, ACT 34 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:

“2004 Authorization” means the \$58,288,829 of remaining authorization pursuant to the 2004 Election.

“2004 Ballot Proposals” means the ballot proposals included in the 2004 Election identified on the ballot as Proposal N, Proposal S, Proposal R and Proposal T.

“2004 Election” means the election held in the City on November 2, 2004.

“2004 Voter Authorized Purposes” means the purposes described purposes described in the 2004 Ballot Proposals.

“2009 Authorization” means the \$228,000,000 of remaining authorization pursuant to the 2009 Election.

“2009 Ballot Proposals” means the ballot proposals included in the 2009 Election identified on the ballot as Proposal C, Proposal N, Proposal S and Proposal T.

“2009 Election” means the election held in the City on February 4, 2009.

“2009 Voter Authorized Purposes” means the purposes described in the 2009 Ballot Proposals.

“2009 Voter Authorized Purposes” means

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

“Act 284” means Act 284, Public Acts of Michigan, 1964, as amended.

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

“Additional Security” means, individually, collectively or in any combination, Distributable State Aid, Income Tax Revenues, any other source of additional security pledged for the payment of principal of and interest on the Bonds.

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

“Ballot Proposal” means a 2004 Ballot Proposal or 2009 Ballot Proposal, and shall be used herein in connection with provisions which apply to any of the 2004 Ballot Proposals or 2009 Ballot Proposals.

“Board” means the Local Emergency Financial Assistance Loan Board established pursuant to Act 243

“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.

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

“Bond Insurer” means the issuer of a Municipal Bond Insurance Policy with respect to the Bonds, if any, named in the Sale Order.

“Bond Purchase Agreement” means each purchase contract between the City and the Underwriters providing for the terms and conditions of the purchase of the Bonds.

“Bond Registry” means the books for the registration of Bonds maintained by the applicable Transfer Agent.

“Bonds” means, collectively, the UTGO Bonds and the Refunding Bonds.

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

“Chief Financial Officer” means the chief financial officer of the City or his/her designee.

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

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

“Constitution” means the Constitution of the State of Michigan of 1963, 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.

“Distributable State Aid” has the meaning given it in Act 80.

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

“Income Tax Revenues” means revenues collected by the City from a levy of an excise tax on income pursuant to Act 284 or pursuant to any other applicable State or local law.

“Initial Refunding Issuance” the initial series of Refunding Bonds issued pursuant to this Resolution.

“Initial UTGO Issuance” the initial series of UTGO Bonds issued pursuant to this Resolution.

“Mayor” means the mayor of the City or the designee thereof.

“MFA” means the Michigan Finance Authority, as successor to the Michigan Municipal Bond Authority.

“MFA Bonds” means bonds issued by the MFA, secured by the Municipal Obligation.

“Municipal Bond Insurance Policy” means one or more policies of municipal bond insurance, if any, issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds determined to be insured as set forth in a Sale Order.

“Municipal Obligation” means the Refunding Bonds, in the event any of the Refunding Bonds are sold to the MFA.

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

“Prior Bonds” means, collectively, the Series 2014B Income Tax Bonds, the Series 2014B Bonds and the Series 2014A Income Tax Bonds.

“Projects” mean those projects set forth in Exhibit A hereto and any additional projects constituting Voter Authorized Purposes.

“Purchase Contract” means the purchase contract between the City and the MFA providing for the terms and conditions of the delivery of the Municipal Obligation to the MFA in connection with the refunding of the Repurchased Bonds.

“Refunding Bond Issuance Fund” means the fund so designated and established under Section 601 hereof.

“Refunding Bonds” means the City’s Financial Recovery Refunding Bonds, authorized by Article III of this Resolution.

“Refunding Bonds Interest Payment Date” has the meaning given such term in Section 305.

“Refunding Bonds Maximum Interest Rate” means a rate of interest not to exceed the maximum rate permitted by law.

“Refunding Bonds Maximum Principal Amount” means an amount not to exceed Five Hundred Million Dollars (\$500,000,000).

“Refunding Sale Order” means the order or orders executed by both the Mayor and the Chief Financial Officer approving the sale of any series of Refunding Bonds and making certain determinations and/or confirming the final details of such Refunding Bonds upon the sale thereof in accordance with the parameters of this Resolution and the terms of the Bond Purchase Agreement.

“Regular Record Date” has the meaning given such term in Section 304.

“Repurchased Bonds” has the meaning given such term in Section 202.

“Repurchase Agent” means any broker-dealer, dealer-manager, tender agent, repurchase agent or similar party facilitating the repurchase of the Repurchased Bonds.

“Repurchase Agreement” means, collectively, one or more repurchase agreements, broker-dealer agreements, dealer-manager agreements, tender agent agreements or equivalent agreements executed by both the Mayor and Chief Financial Officer in connection with the repurchase of any Repurchased Bonds.

“Repurchase Escrow Agreement” has the meaning given such term in Section 604.

“Repurchase Escrow Fund” means the fund so designated and established under Section 601 hereof.

“Repurchase Escrow Trustee” has the meaning given such term in Section 604.

“Resolution” means this Resolution, as supplemented by one or more Sale Orders.

“Sale Order” means a Refunding Sale Order or a UTGO Sale Order, and shall be used herein in connection with provisions which apply to either a Refunding Sale Order or a UTGO Sale Order.

“Series 2014B Bonds” means the City’s Financial Recovery Bonds, Series 2014B, issued on December 10, 2014 in the original principal amount of \$631,964,145.

“Series 2014A Income Tax Bonds” means the City’s Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014A, issued on December 10, 2014 in the original principal amount of \$134,725,000.

“Series 2014B Income Tax Bonds” means the City’s Financial Recovery Income Tax Revenue Bonds, Series 2014B (Federally Taxable), issued on December 10, 2014 in the original principal amount of \$140,275,000.

“State” means the State of Michigan.

“State Treasurer” means the Treasurer of the State.

“Transfer Agent” means a bank or trust company to be selected by the City to serve as the transfer agent or paying agent, or as trustee if any of the Bonds shall be sold through the MFA, for each series of the Bonds.

“Trustee” means U.S. Bank National Association or such other bank or trustee company selected by the City to serve as trustee for any series of Bonds sold to the MFA.

“Underwriters” means Goldman Sachs & Co. LLC, as representative on behalf of itself, Citigroup Global Markets Inc. and Siebert Cisneros Shank & Co., L.L.C.; or such financial institution or institutions as shall be determined by an Authorized Officer to serve as underwriter or underwriters for any series of the Bonds.

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

“UTGO Bonds” means the City’s Unlimited Tax General Obligation Bonds authorized by Article III of this Resolution, or bonds bearing such other designations as determined by an Authorized Officer, evidencing the unlimited tax full faith and credit general obligation of the City, authorized to be issued pursuant to Act 279, Act 34, this Resolution and the Sale Order relating thereto.

“UTGO Bonds Interest Payment Date” has the meaning given such term in Section 304 hereof.

“UTGO Bonds Maximum Interest Rate” means a rate of interest not to exceed the maximum rate permitted by law.

“UTGO Bonds Maximum Principal Amount” means the amount not to exceed \$255,000,000.

“UTGO Sale Order” means the order or orders executed by both the Mayor and the Chief Financial Officer approving the sale of any series of UTGO Bonds and making certain determinations and/or confirming the final details of such UTGO Bonds upon the sale thereof in accordance with the parameters of this Resolution and the terms of the Bond Purchase Agreement.

“Voter Authorized Purposes” means, collectively, the 2004 Voter Authorized Purposes and the 2000 Voter Authorized Purposes.

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. (a) UTGO Bonds: Finding, and Declaration of Need to Borrow. The Council hereby finds and declares that it is necessary for the City to borrow hereunder such sum as shall be determined by an Authorized Officer not in excess of the UTGO Bonds Maximum Principal Amount, provided that the amount thereof allocated to Projects authorized by the 2004 Voter Authorized Purposes shall not exceed the 2004 Authorization, and the amount thereof allocated to Projects authorized by the 2009 Voter Authorized Purposes shall not exceed the 2009 Authorization, and to evidence such borrowing by the issuance of the UTGO Bonds not in excess of the UTGO Bonds Maximum Principal Amount, in minimum denominations of \$1,000 or such greater minimum denominations as determined by an Authorized Officer, pursuant to and in accordance with the provisions of Act 34 and Act 279, for the purposes of providing funds to finance the Projects, including reimbursement to the City for amounts spent prior to the issuance of the UTGO Bonds and capitalized interest, if any, to pay for a Municipal Bond Insurance Policy, if necessary, and to pay legal, financial, advisory, accounting, printing and other expenses related to the issuance of the UTGO Bonds, all as finally confirmed by an Authorized Officer in the UTGO Sale Order.

(b) UTGO Bonds 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 and Act 279, a sum not to exceed the UTGO Bonds Maximum Principal Amount and the UTGO Bonds shall bear interest on a fixed and/or variable rate and tax-exempt or taxable basis as provided herein and in the UTGO Sale Order, and the City shall issue the UTGO Bonds as hereinafter provided and as finally confirmed by an Authorized Officer in the UTGO Sale Order, secured by the unlimited tax full faith, credit and resources of the City which will be payable from ad valorem taxes levied on all taxable property within the City without limitation as to rate or amount, to provide funds for the purposes stated herein.

Section 202. (a) Refunding Bonds: Finding, and Declaration of Need to Borrow. The Council hereby finds and declares that it is necessary for the City to borrow hereunder such sum as shall be determined by an Authorized Officer not in excess of the Refunding Bonds Maximum Aggregate Principal Amount and to evidence such borrowing by the issuance of the Refunding Bonds not in excess, in aggregate principal amount, of such Refunding Bonds Maximum Aggregate Principal Amount, in minimum denominations of \$1,000 or such greater minimum denominations as determined by an Authorized Officer, pursuant to the Charter and in accordance with the provisions hereof, for the purposes of providing funds (i) to repurchase through tender or otherwise and refund all or portions of the outstanding Prior Bonds (such Prior Bonds to be repurchased and refunded, the "Repurchased Bonds"); and (ii) to pay legal, financial, advisory, brokerage, accounting, printing and other expenses related to the issuance of the Refunding Bonds and the repurchase of the Repurchased Bonds, all as finally confirmed by an Authorized Officer in the Refunding Sale Order.

(b) Refunding Bonds Declaration of Borrowing. The City shall, under this Resolution on the authority of and in accordance with the provisions of the Charter, Act 80, Act 181, and Act 279, issue the Refunding Bonds in a sum not to exceed the Refunding Bonds Maximum Aggregate Principal Amount; each series of Refunding Bonds shall bear interest on a fixed and/or variable rate and tax-exempt or taxable basis as provided herein and in the Refunding Sale

Order; and the City shall issue each series of Refunding Bonds as hereinafter provided and as finally confirmed by an Authorized Officer in the Refunding Sale Order, secured by the limited tax full faith, credit and resources of the City which will be payable from ad valorem taxes levied on all taxable property within the City, subject to applicable constitutional, statutory and Charter tax rate limitations.

ARTICLE III AUTHORIZATION; PLEDGE; SECURITY; DESIGNATIONS; REDEMPTION OF THE BONDS

Section 301. Authorization of UTGO Bonds; Unlimited Tax Pledge; Security. (a) The City hereby authorizes the issuance of the UTGO Bonds in such series and in such principal amounts as shall be confirmed in the Sale Order, not in excess of the remaining Voter Authorization and UTGO Bonds Maximum Principal Amount. The City hereby pledges its unlimited tax full faith and credit for the prompt payment of the UTGO Bonds. All proceeds from taxes levied for the UTGO Debt Retirement Fund established under Section 501 hereof shall be deposited into the UTGO Debt Retirement Fund as collected. Commencing with the year 2019 (or such other year as shall be necessary to first levy taxes to pay debt service on any series of the UTGO Bonds), there shall be levied upon the tax rolls of the City for the purpose of the UTGO Debt Retirement Fund each year, in the manner required by the provisions of Act 34, Public Acts of Michigan, 2001, as amended (“Act 34”), an amount sufficient so that the estimated collection therefrom will be sufficient to promptly pay, when due, the principal of and interest on the UTGO Bonds becoming due prior to the next annual tax levy; provided, however, that if at the time of making any such annual tax levy there shall be other funds available or surplus moneys on hand in the UTGO Debt Retirement Fund for the payment of principal of and interest on the UTGO Bonds, then credit therefor may be taken against such annual levy for the UTGO Debt Retirement Fund. The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors’ rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

(b) UTGO Bonds of the City in the aggregate principal amount of not to exceed the UTGO Bonds Maximum Principal Amount shall be issued for the purpose of financing certain portions of the costs of the City relating to the Voter Authorized Purposes and allocated to the 2004 Ballot Proposals and 2009 Ballot Proposals as shall be set forth in the Sale Order; provided, that the Initial UTGO Issuance shall not exceed One Hundred Thirty-Five Million Dollars (\$135,000,000).

Each Authorized Officer is hereby authorized to allocate the proceeds of the UTGO Bonds to finance those Projects or portions thereof as he may determine, and to make such changes or cause such changes to be made in the allocation of the amount of the proceeds of the UTGO Bonds required for the respective purposes of the Projects as may become necessary and are permitted by law within the limitations of the authorizations of the Prior Elections and subject to previous or future appropriations of Council or both.

Section 302. Authorization of Refunding Bonds; Pledge; Security. The City hereby authorizes the issuance of the Refunding Bonds in such series and in such principal amounts as shall be confirmed in a Sale Order not exceeding the Refunding Bonds Maximum Principal Amount. The City hereby pledges its limited tax full faith and credit for the payment of the principal of and interest on the Refunding Bonds, including the proceeds of an annual levy of ad valorem taxes on all taxable property in the City, subject to applicable constitutional, statutory and Charter tax rate limitations.

As additional security for the payment of principal of and interest on the Refunding Bonds, the City may pledge (i) pursuant to the authorization provided in Act 227, Distributable State Aid payments that the City is eligible to receive, with such priority of lien and pursuant to such terms as shall be determined in each Sale Order; (ii) pursuant to Section 36a(7) of Act 279, Income Tax Revenues with such priority of lien and pursuant to such terms as shall be determined in each Sale Order and (iii) any Additional Security.

Each Authorized Officer is hereby authorized to negotiate and execute any indenture or indentures, or agreements for the pledge and intercept of Distributable State Aid, or such other agreements as shall be deemed necessary by an Authorized Officer and confirmed in a Sale Order for and on behalf of the City with U.S. Bank National Association, Detroit, Michigan, as Trustee, and, as applicable, the MFA and the State Treasurer, to provide for the pledge of Additional Security to secure payment of the Refunding Bonds.

Section 303. Tax Exempt Bonds; Taxable Bonds. The Authorized Officers are each hereby authorized and directed to determine whether all or any portion of the Bonds shall be sold as: (i) bonds the interest on which is excluded from gross income for federal income tax purposes ("Tax-Exempt Bonds"), or (ii) bonds the interest on which, if any, is included in gross income for federal income tax purposes under the Code (the "Taxable Bonds"), or any combination thereof.

Section 304. Designations, Dates, Interest Rates, Maturities, Redemption and Other Terms of the UTGO Bonds.

(a) The UTGO Bonds shall be issued in one or more series to be designated as "UNLIMITED TAX GENERAL OBLIGATION BONDS." The UTGO Bonds shall further bear a series designation corresponding to the year of issuance and other necessary identifying information as shall be provided in the UTGO Sale Order; shall be issued in fully registered form as serial bonds, term bonds, a combination thereof, or as single instrument bond, as provided in the UTGO Sale Order. Each series of UTGO Bonds shall be dated and issued in Authorized Denominations all as determined in the UTGO Sale Order.

(b) In making the determinations set forth in this Resolution with respect to the UTGO Sale Order, the Authorized Officers shall be limited to the parameters as follow:

(1) The first maturity date or mandatory sinking fund redemption date for each series of the UTGO Bonds shall not be later than five (5) years from the date of issuance, and the final maturity dates for the UTGO 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 through such series or (ii) 30 years from their dated date.

(2) The compensation to be paid to the Underwriters in connection with the Initial UTGO Issuance shall not exceed 0.75% of the original principal amount thereof, and for any series of UTGO Bonds thereafter, shall not exceed 0.85% of the original principal amount of the such series of UTGO Bonds.

(3) To the extent permitted by applicable law, each series of the UTGO Bonds may be sold with an original issue premium in an amount as determined by an Authorized Officer.

(4) The maximum rate of interest on the UTGO Bonds shall not exceed the UTGO Bonds Maximum Interest Rate.

(c) The UTGO Bonds shall mature on such dates and shall bear interest at such rates on a fixed and/or variable and tax-exempt or taxable basis not in excess of the legal limit, and payable on such dates (each a "UTGO Bonds Interest Payment Date"), all as shall be provided in the UTGO Sale Order. Unless otherwise provided by an Authorized Officer in a Sale Order, interest on the UTGO Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The UTGO Bonds shall be payable as to principal and interest in lawful money of the United States of America.

(d) Except as may be otherwise provided by an Authorized Officer in a Sale Order, interest on the UTGO Bonds shall be payable on each UTGO Bonds Interest Payment Date to the Registered Owner of record as of the 15th day of the month, whether or not a Business Day (a "Regular Record Date"), prior to each UTGO Bonds Interest Payment Date. Interest on the UTGO Bonds shall be payable to such Registered Owners by check or draft drawn on the Transfer Agent on each UTGO Bonds Interest Payment Date and mailed by first class mail or, upon the written request of the Owner of \$1,000,000 or more in aggregate principal amount of UTGO Bonds (with complete wiring instructions no later than the Regular Record Date for such Interest Payment Date), by wire transfer by the Transfer Agent to such Owner. Such a request may provide that it will remain in effect with respect to subsequent UTGO Bonds Interest Payment Dates unless and until changed or revoked at any time prior to a Regular Record Date by subsequent written notice to the Transfer Agent.

(e) The principal of the UTGO Bonds shall be payable to the Owners of the UTGO Bonds upon the presentation of the UTGO Bonds to the Transfer Agent at the principal corporate trust office of the Transfer Agent.

(f) The UTGO Bonds may be subject to redemption and/or tender for purchase prior to maturity or shall not be subject thereto, upon such terms and conditions as shall be provided by an Authorized Officer in the Sale Order delivered in connection with the UTGO Bonds, provided that any premium payable in connection with the optional redemption of the UTGO Bonds shall not exceed 3%.

Unless waived by any Registered Owner of the UTGO Bonds to be redeemed, official notice of redemption shall be given by the Transfer Agent on behalf of the City. Such notice

shall be dated and shall contain at a minimum the following information: original issue date; maturity dates; interest rates, CUSIP numbers, if any; certificate numbers, and in the case of partial redemption, the called amounts of each certificate; the redemption date; the redemption price or premium; the place where the UTGO Bonds called for redemption are to be surrendered for payment; and that interest on the UTGO Bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date.

In addition, further notice shall be given by the Transfer Agent in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

Section 305. Designations, Dates, Interest Rates, Maturities, Redemption and Other Terms of the Refunding Bonds.

(a) The Refunding Bonds shall be issued in one or more series to be designated as "FINANCIAL RECOVERY REFUNDING BONDS." The Refunding Bonds shall further bear a series designation corresponding to the year of issuance and other necessary identifying information as shall be provided in the Refunding Sale Order; shall be issued in fully registered form as serial bonds, term bonds, a combination thereof, or as single instrument bond, as provided in the Refunding Sale Order. Each series of Refunding Bonds shall be dated and issued in Authorized Denominations all as determined in the Refunding Sale Order.

(b) In making the determinations set forth in this Resolution with respect to the Repurchase Agreement and Refunding Sale Order, the Authorized Officers shall be limited to the parameters as follow:

(1) The compensation to be paid to the Underwriters in connection with the Initial Refunding Issuance shall not exceed 0.50% of the original principal amount thereof, and for any series of Refunding Bonds thereafter, shall not exceed 0.60% of the original principal amount of the such series of Refunding Bonds.

(2) The compensation of the Repurchase Agent shall not exceed 0.25% of the principal amount of the Repurchased Bonds.

(3) To the extent permitted by applicable law, the Refunding Bonds may be sold with an original issue premium in an amount as determined by an Authorized Officer and confirmed in the Refunding Sale Order.

(4) The maximum rate of interest on the Refunding Bonds shall not exceed the Refunding Bonds Maximum Interest Rate.

(5) The issuance of the Refunding Bonds shall produce a net present value savings.

(c) The Refunding Bonds shall mature on such dates and shall bear interest at such rates on a fixed and/or variable and tax-exempt or taxable basis not in excess of the legal limit,

and payable on such dates (each a "Refunding Bonds Interest Payment Date"), all as shall be provided in Refunding Sale Order. Unless otherwise provided in a Sale Order, interest on the Refunding Bonds shall be calculated on the basis of a 360-day year consisting of twelve, 30 day months. The Refunding Bonds shall be payable as to principal and interest in lawful money of the United States of America.

Except as may be otherwise provided in a Sale Order, interest on the Refunding Bonds shall be payable on each Refunding Bonds Interest Payment Date to the Registered Owner of record as of the 15th day of the month, whether or not a Business Day (a "Regular Record Date"), prior to each Refunding Bonds Interest Payment Date. Interest on the Refunding Bonds shall be payable to such Registered Owners by check or draft drawn on the Transfer Agent (or the Trustee if the Refunding Bonds are sold to the MFA) on each Refunding Bonds Interest Payment Date and mailed by first class mail or, upon the written request of the Owner of \$1,000,000 or more in aggregate principal amount of Refunding Bonds (with complete wiring instructions no later than the Regular Record Date for such Interest Payment Date), by wire transfer by the Transfer Agent (or the Trustee if the Refunding Bonds are sold to the MFA) to such Owner. Such a request may provide that it will remain in effect with respect to subsequent Refunding Bonds Interest Payment Dates unless and until changed or revoked at any time prior to a Regular Record Date by subsequent written notice to the Transfer Agent (or the Trustee if the Refunding Bonds are sold to the MFA).

(f) The principal of the Refunding Bonds shall be payable to the Owners of the Refunding Bonds upon the presentation of the Refunding Bonds to the Transfer Agent (or the Trustee if the Refunding Bonds are sold to the MFA) at the principal corporate trust office of the Transfer Agent (or the Trustee if the Refunding Bonds are sold to the MFA).

(g) The Refunding Bonds may be subject to redemption and/or tender for purchase prior to maturity or shall not be subject thereto, upon such terms and conditions as shall be provided in the Refunding Sale Order.

Unless waived by any Registered Owner of the Refunding Bonds to be redeemed, official notice of redemption shall be given by the Transfer Agent (or the Trustee if the Refunding Bonds are sold to the MFA) on behalf of the City. Such notice shall be dated and shall contain at a minimum the following information: original issue date; maturity dates; interest rates, CUSIP numbers, if any; certificate numbers, and in the case of partial redemption, the called amounts of each certificate; the redemption date; the redemption price or premium; the place where the Refunding Bonds called for redemption are to be surrendered for payment; and that interest on the Refunding Bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date.

In addition, further notice shall be given by the Transfer Agent (or the Trustee if the Refunding Bonds are sold to the MFA) in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

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

(1) Each series of Refunding 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 Refunding Bonds, payable in principal installments serially as finally determined at the time of sale of the Refunding Bonds and approved by the MFA and an Authorized Officer. Final determination of the principal amount of a series and the payment dates and amounts of principal installments of a series of Refunding Bonds shall be evidenced by execution of a Purchase Contract between the City and the MFA providing for sale of the Refunding Bonds, and an Authorized Officer shall negotiate the terms of, approve the form of and to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above. An Authorized Officer shall approve of a series designation with respect to each series of Refunding Bonds.

(2) The Refunding Bonds or principal installments thereof will be subject to prepayment prior to maturity in the manner and at the prices and times as provided in the form of the Refunding Bonds contained in this Resolution or as may be approved by an Authorized Officer at the time of sale of the Refunding Bonds or by the MFA at the time of prepayment.

(3) The Refunding Bonds shall bear interest at the rates specified in the Purchase Contract and approved as evidenced by execution of the Purchase Contract, and an Authorized Officer shall deliver the Refunding Bonds in accordance with the delivery instructions of the MFA.

(4) The Refunding Bonds shall not be convertible or exchangeable into more than one fully-registered bond. Principal of and interest on the Refunding Bonds shall be payable as provided in the Refunding Bond form in this Resolution as the same may be amended to conform to MFA requirements.

(5) The Transfer Agent (or the Trustee if the Refunding Bonds are sold to the MFA) shall record on the registration books 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 Refunding Bond, the MFA shall deliver the respective Refunding Bond to the City for cancellation.

Section 306. 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 Transfer Agent, or a trustee if an indenture is executed in connection with the issuance of the Bonds, 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 to the purchasers thereof upon receipt of the purchase price.

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 UTGO Bonds. The UTGO 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 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
UNLIMITED TAX GENERAL OBLIGATION BOND, SERIES 2018

Interest	Maturity	Date of	
<u>Rate</u>	<u>Date</u>	<u>Original Issue</u>	<u>CUSIP</u>
	[] 1, _____	_____, 2018	

Registered Owner:

Principal Amount: _____ Dollars

The CITY OF DETROIT, County of Wayne, State of Michigan (the "City"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on _____ 1, 20__ and semiannually thereafter. Principal of this bond is payable at the corporate trust office of _____, _____, _____, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the City kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged.

[This bond is one of a series of bonds aggregating the principal sum of \$ _____, issued for the purpose of paying [a portion of the cost of acquiring, constructing and installing improvements _____, paying capitalized interest] and paying costs incidental to the issuance of the bonds in pursuance of a vote of the qualified electors of the City voting thereon at certain elections duly held on November 2, 2004 and February 24, 2009.]

Bonds of this issue maturing in the years 20__ to _____, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds of this issue in multiples of \$5,000 maturing in the year _____ and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after _____ 1, _____, at par and accrued interest to the date fixed for redemption.

[Insert any term bond provisions, if applicable]

In case less than the full amount of an outstanding bond is called for redemption, the Transfer Agent, upon presentation of the bond called in part for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Transfer Agent to redeem said bond or portion thereof.

This bond is transferable only upon the registration books of the City kept by the Transfer Agent 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 Transfer Agent 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.

This bond, including the interest thereon, is payable out of the City's Debt Retirement Fund for this issue and the City is required to levy ad valorem taxes on all taxable property in the City for the payment thereof, without limitation as to rate or amount.

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, does not exceed any constitutional, statutory or charter debt limitation.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

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

Certificate of Authentication

This bond is one of the bonds described in the within-mentioned resolution.

_____, Michigan
Transfer Agent

By _____
Its: Authorized Signature

Date of Authentication: _____, 2018

Section 309. Form of Refunding Bonds. The Refunding 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 permitted by the Sale Order or as approved by an Authorized Officer and Bond Counsel:

[Form of Refunding Bond]

[TO BE REVISED IF REFUNDING BONDS NOT ISSUED TO MFA]

United States of America
State of Michigan
County of Wayne

CITY OF DETROIT
FINANCIAL RECOVERY REFUNDING BOND
SERIES 20__

REGISTERED OWNER: [_____]

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

DATE OF ORIGINAL ISSUE: _____, 20__

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 "MFA"), or registered assigns, the Principal Amount shown above, in lawful money of the United States of America, unless prepaid prior thereto as hereinafter provided. Capitalized terms used herein, but not defined herein, shall have the meanings ascribed to them in the Resolution, as hereinafter defined.

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, or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the [Date of Original Issue] shown above, until paid at the rate [of interest as set forth on the attached Schedule A] [of _____ percent (____%) per annum]. Interest is first payable on _____ 1, 20__, and semiannually thereafter on the first day of _____ and _____ of each year thereafter, and in the amounts, as set forth on Schedule A.

Notwithstanding any other provision of this bond, as long as the MFA 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 U.S. Bank National Association, Lansing, Michigan, or at such other place as shall be designated in writing to the City by the MFA (the "MFA's Depository"); (b) the City agrees that it will cause the Trustee to deposit with the MFA'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 MFA's Depository at least 40 days prior to the date on which such redemption is to be made.

Additional Interest

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA issued to provide funds to purchase this bond, but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the City's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the MFA issued to fund such account, the City shall and hereby agrees to pay on demand only the City's pro rata share (as determined by the MFA) of such deficiency as additional interest on this bond.

This bond is a single, fully-registered, non-convertible bond in the principal sum of \$____,000, issued pursuant to and in accordance with Act 80, Public Acts of Michigan, 1981, as amended, and Act 279, Public Acts of Michigan, 1909, as amended, Act 227, Public Acts of Michigan, 1985, as amended ("Act 227") and pursuant to and in accordance with a Resolution duly adopted by the City Council of the City on _____, 2018 and a Sale Order of the Authorized Officer of the City issued on _____, ____ (together, the "Resolution"). The Bonds are issued for the purpose of refunding [a portion of] the City's outstanding Financial Recovery Bonds, Series 2014[___].

[Optional and/or Mandatory Redemption provisions, as applicable]

Security

This Bond is payable out of the City's Debt Retirement Fund for this issue (which will be held by the Trustee), and the City is obligated to levy annually ad valorem taxes to provide for the payment of the principal of and interest on the bonds of this issue as they mature on all taxable property in the City, subject to applicable constitutional, statutory and Charter tax rate limitations.

[Additional Security provisions as applicable]

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 Mayor, 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

Debt Service Payment Schedule

Section 310. The MFA's Depository. Notwithstanding any other provision herein to the contrary, as long as the MFA is the owner of the Refunding Bonds, the Refunding Bonds are payable as to principal, premium, if any, and interest at the corporate trust office of U.S. Bank National Association, Detroit, Michigan, or such other qualified bank or financial institution as shall be designated in writing to the City by the MFA (the "MFA's Depository"). The City will deposit, or cause the Trustee, to deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on the Refunding 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 Refunding Bonds shall be given by the City and received by the MFA's Depository at least 40 days prior to the date on which such redemption is to be made.

Section 311. Sale of Refunding Bonds to Underwriters or Direct Purchaser. Notwithstanding the provisions of this Resolution setting forth the conditions and requirements of a sale of the Refunding Bonds to the MFA, any series of Refunding Bonds may, if deemed appropriate by an Authorized Officer, be sold to (i) the Underwriters pursuant to a bond purchase agreement or (ii) a bank or other financial institution qualified by law to purchase and take delivery of such Refunding Bonds for its own investment, pursuant to a purchase contract, in which case (A) such purchaser shall deliver an investor letter in a form acceptable to an Authorized Officer and (B) the City's obligations hereunder relating to the Preliminary Official Statement, Official Statement and Undertaking shall not apply.

Section 312. Act 279 Approvals of the Refunding Bonds. The Refunding Bonds shall neither be issued nor delivered unless and only so long as the issuance of the Refunding Bonds as provided herein shall have been authorized and approved by the Board and the State Treasurer in accordance with Section 36a of Act 279.

ARTICLE IV SPECIAL COVENANTS

Section 401. Tax Exemption Covenant for Tax-Exempt Bonds. 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 any Tax-Exempt 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 any Tax-Exempt 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 on any Tax-Exempt 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 Tax-Exempt 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 any Tax-Exempt 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
UTGO BONDS FUNDS AND ACCOUNTS; DISPOSITION OF UTGO 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 an Authorized Officer or City's Deputy Chief Financial Officer-Treasurer designates as depository or trustee of the City:

- A. UTGO Debt Retirement Fund;
- B. UTGO 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 UTGO Bonds, if any, to accommodate the requirements of such series of UTGO 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 or the purchase and payment of variable rate bonds. Each Authorized Officer is hereby authorized to allocate any net original issue premium, if any, received upon the sale of the UTGO Bonds to such accounts and in such amounts as permitted by applicable law and the Code.

Section 502. UTGO Debt Retirement Fund. From the proceeds of the sale of the UTGO Bonds there shall be set aside in the UTGO Debt Retirement Fund the accrued interest, if any, received from the purchasers of the UTGO Bonds at the time of delivery of the UTGO Bonds, together with capitalized interest. Proceeds of all taxes levied pursuant to Section 301 hereof and any amounts transferred from the Construction Fund under Section 504 hereof shall be used to pay the principal of and interest on the UTGO Bonds when due. The foregoing amounts shall be placed in the UTGO Debt Retirement Fund, and so long as the principal of or interest on the UTGO Bonds shall remain unpaid, no moneys shall be withdrawn from the UTGO Debt Retirement Fund except to pay such principal and interest. Any amounts remaining in the UTGO Debt Retirement Fund after payment in full of the UTGO Bonds shall be retained by the City to be used for any lawful purpose.

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

UTGO Sale Order for each series of UTGO Bonds shall set forth the allocation of proceeds of the UTGO Bonds set aside in the Bond Issuance Fund among the applicable 2004 Ballot Proposals and 2009 Ballot Proposals.

Section 504. Construction Fund. (a) After making the deposits required by Sections 502 and 503, the proceeds of the UTGO Bonds shall be deposited into the Construction Fund in a manner that provides for the tracking of the allocation of proceeds of the UTGO Bonds among Ballot Proposals corresponding to the applicable Projects.

(b) 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, capitalized interest, if necessary, and, if necessary and upon the advice of Bond Counsel, moneys in either Construction Fund shall be used by the City to rebate arbitrage earnings earned on moneys deposited in the related Construction Fund, if any, to the United States Department of Treasury as required by the Code.

(c) Each Authorized Officer is hereby authorized to expend money from the Construction Fund and the accounts thereof established hereunder, for costs of the related Voter Authorized Purposes, including reimbursement to the City for moneys previously expended on the Projects, to the extent reimbursement for such expenditures has been properly induced by resolution of the City Council in accordance with the Code, if required.

(d) 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 financed with the proceeds of Tax-Exempt Bonds shall be deposited in separate accounts established in the Construction Fund and used in the discretion of an Authorized Officer to pay additional costs of such Projects or transferred to the Debt Retirement Fund and used to pay the principal of or interest on the Bonds. An Authorized Officer 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.

(e) Upon payment of all costs of the Projects, any balance in the Construction Fund shall be transferred to the UTGO Debt Retirement Fund or used in any other manner which in the opinion of nationally recognized bond counsel is permitted by law and which in the case of such balance allocable to Tax-Exempt Bonds will not cause the interest on any Tax-Exempt Bonds to become includible in gross income for federal income tax purposes.

Section 505. Investment of Monies in the UTGO Bonds Funds and Accounts. (a) An Authorized Officer shall direct the investment of monies on deposit in the Funds and Accounts established hereunder.

(b) Monies on deposit in the funds and accounts established under this Article V may be invested in such investments and to the extent permitted by applicable law.

ARTICLE VI
REFUNDING BONDS FUNDS AND ACCOUNTS; DISPOSITION OF REFUNDING
BOND PROCEEDS

Section 601. Establishment of Accounts and Funds. (a) Each Authorized Officer is hereby authorized to establish such accounts, subaccounts or other funds as shall be required for the Refunding Bonds, including but not limited to:

- A. Refunding Bonds Debt Retirement Fund;
- B. Refunding Bond Issuance Fund; and
- C. Repurchase Escrow Fund.

Each Authorized Officer is hereby authorized to establish such accounts, subaccounts or funds as shall be required for the repurchase of the Repurchased Bonds and the issuance and delivery of the Refunding Bonds, if any, to accommodate the requirements of such series of Refunding Bonds, including, but not limited to, such accounts, subaccounts or funds necessary to facilitate the purchase and payment of variable rate bonds. Each Authorized Officer is hereby authorized to allocate any net original issue premium, if any, received upon the sale of the Refunding Bonds to such accounts and in such amounts as permitted by applicable law.

Section 602. Refunding Bonds Debt Retirement Fund. From the proceeds of the sale of the Refunding Bonds there shall be set aside in the Refunding Bonds Debt Retirement Fund the accrued interest, if any, received from the purchaser of the Refunding Bonds at the time of sale and delivery of the Refunding Bonds. Any general funds of the City and proceeds of all taxes levied pursuant to Section 302 hereof deposited in the Refunding Bonds Debt Retirement Fund, monies constituting Additional Security, and any amounts transferred from the Repurchase Escrow Fund under Section 604 hereof shall be used to pay the principal of and interest on the Refunding Bonds when due. The foregoing amounts shall be placed in the Debt Retirement Fund and held in trust by the Trustee, and so long as the principal of or interest on the Bonds shall remain unpaid, no moneys shall be withdrawn from the Debt Retirement Fund except to pay such principal and interest. Any amounts remaining in the Debt Retirement Fund after payment in full of the Refunding Bonds shall be retained by the City to be used for any lawful purpose.

Section 603. Refunding Bond Issuance Fund. From the proceeds of the Refunding Bonds there shall be set aside in the Bond Issuance Fund a sum sufficient to pay the costs of issuance of the Refunding Bonds. Moneys in the Refunding Bond Issuance Fund shall be used solely to pay expenses of issuance of the Refunding Bonds. Any amounts remaining in the Refunding Bond Issuance Fund after payment of issuance expenses shall be transferred to the Refunding Bonds Debt Retirement Fund.

Section 604. Repurchase Escrow Fund. If the repurchase of the Repurchased Bonds necessitates the establishment of an escrow fund, then after making the deposits required by Sections 602 and 603, there shall be deposited from the remainder of the proceeds of the sale of the Refunding Bonds and any moneys transferred by the City at the time of delivery of the Bonds from the debt retirement funds for the Repurchased Bonds, into the Repurchase Escrow Fund (which shall be maintained in cash or invested in direct obligations of or obligations guaranteed by the United States of America, not redeemable at the option of the issuer), an amount, as

hereinafter described, sufficient to pay the principal of and interest on the Repurchased Bonds as they become due and, except as otherwise herein provided, shall be used only for such purposes. The Repurchase Escrow Fund shall be irrevocably held by U.S. Bank National Association, Detroit, Michigan as repurchase escrow trustee (the "Repurchase Escrow Trustee") in trust pursuant to a repurchase escrow deposit agreement between the City and the Repurchase Escrow Trustee (the "Repurchase Escrow Agreement"), which Repurchase Escrow Agreement shall irrevocably direct the Repurchase Escrow Trustee to take all necessary steps to pay the principal of and interest on the Repurchased Bonds when due and to provide for the City's repurchase of the Repurchased Bonds in whole or in part, as and when specified in the Repurchase Escrow Agreement. The amounts, including the investments thereof, held in the Repurchase Escrow Fund shall be such that the cash and investments and income received thereon will be sufficient, without any reinvestment, to pay the purchase price of the Repurchased Bonds as required by this Section. Any balance remaining in the Repurchase Escrow Fund after payment in full of the purchase price of the Repurchased Bonds shall be transferred to the Refunding Bonds Debt Retirement Fund.

The Repurchase Escrow Trustee means and includes any company into which the Repurchase Escrow 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 Repurchase Escrow Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor to the Repurchase Escrow Trustee as determined by an Authorized Officer, shall be authorized by law to perform all the duties imposed upon it by this Resolution, shall be the successor to the Repurchase Escrow Trustee without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

The Council hereby authorizes each Authorized Officer to approve the form of and to execute the Repurchase Escrow Agreement with the Repurchase Escrow Trustee for and on behalf of the City.

Section 605. Investment of Monies in the Refunding Bonds Funds and Accounts. (a) An Authorized Officer shall direct the investment of monies on deposit in the Funds and Accounts established hereunder, and the Transfer Agent and the Repurchase Escrow Trustee, upon written direction or upon oral direction promptly confirmed in writing an Authorized Officer, 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 established under this Article VI may be invested in such investments and to the extent permitted by applicable law.

ARTICLE VII REPURCHASE OF THE PRIOR BONDS

Section 701. Method of Repurchase. Each Authorized Officer is hereby authorized to effect the repurchase of the outstanding Prior Bonds by means of one or more tenders, direct or indirect open market repurchases, exchanges of debt (including but not limited to exchanges involving some or all of the Bonds), other means of repurchase or any combination of the

foregoing. The repurchase of the outstanding Prior Bonds may be accomplished using the proceeds of the Refunding Bonds, funds on hand of the City, or both, in the discretion of an Authorized Officer.

Section 702. Authorization to Enter into Repurchase Agreement; Approval of Initial Repurchase Agent. In connection with the repurchase of all or any portion of the outstanding Prior Bonds, the Mayor and Chief Financial Officer are authorized to enter into one or more Repurchase Agreements with the Underwriters, which are hereby approved to serve collectively as the Repurchase Agent under the Repurchase Agreement for the initial repurchase of the Repurchased Bonds. Each Authorized Officer is 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 City to enter into subsequent or contemporaneous agreements with other parties related to the repurchase of any of the outstanding Prior Bonds.

Section 703. Authorization of Actions in Connection with Repurchase. Each Authorized Officer is hereby authorized to (i) approve and deliver any and all notices, solicitations and disclosures (including but not limited to invitations to tender and related information statements), (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 as contemplated by this Article VII.

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. 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 lien of this Resolution for the benefit of such Bonds shall be discharged.

ARTICLE IX REIMBURSEMENT PROVISIONS

Section 901. Advancement of Costs of the Projects. The City may advance certain costs of the Projects from the City's general fund prior to the issuance of the UTGO 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 UTGO Bonds with proceeds of the UTGO 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) The City reasonably expects to reimburse itself with proceeds of the Bonds for certain costs of the Projects which were paid or will be paid from funds of the City subsequent to sixty (60) days prior to the date hereof.

(b) The maximum principal amount of debt expected to be issued for the Projects, including issuance costs, is \$255,000,000.

(c) A reimbursement allocation of the capital expenditures described above with the proceeds of the UTGO Bonds 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 Bonds to reimburse the City for a capital expenditure made pursuant to this resolution.

ARTICLE X OTHER PROVISIONS OF GENERAL APPLICATION

Section 1001. Credit Enhancement. There is hereby authorized to be obtained a Municipal Bond Insurance Policy or other credit enhancement or a combination thereof to secure the payment of all or part of the Bonds, if, and provided that, it shall be determined by an Authorized Officer that such cost of such Municipal Bond Insurance Policy or other credit enhancement or a combination thereof is less than the interest rate savings therefrom or otherwise that it is in the best interest of the City. In the event a commitment for a Municipal Bond Insurance Policy is obtained or a commitment for other credit enhancement is obtained, each Authorized Officer is hereby authorized to approve the terms, perform such acts and execute such instruments that shall be required, necessary or desirable to effectuate the terms of such commitment and the transactions described therein and in this Resolution and the Sale Order provided that such terms are not materially adverse to the City.

Section 1002. Approval of Other Documents and Actions; Treasury Approval. The Authorized Officers, the City Clerk and any other officers or employees of the City 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, including amending the Fiscal Year 2018-2019 budget by decreasing appropriation 20507 CoD Capital Projects 2019 by \$13,099,618 and increasing appropriation 20253 Blight Remediation by \$13,099,618 due to the fact that a portion of the Projects were previously funded with appropriation 20507 CoD Capital Projects 2019. 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 and Act 279

Each Authorized Officer is hereby authorized to file applications with and to pay the related fees, if any, to the Michigan Department of Treasury (the "Department") at his discretion under Act 34 for an Order or Orders of Approval to issue all or a portion of the Bonds; to file applications with the Department for a waiver of the refunding bonds savings requirement and a waiver of the investment grade rating requirement; to enter into a supplement to or amendment of that certain Debt Millage Deposit Escrow Agreement between itself and U.S. Bank National Association, as escrow trustee, dated August 11, 2016, and to enter into one or more dealer-manager agreements, remarketing agreements, indentures, letters of credit and reimbursement agreements, agreements for the pledge and intercept of Distributable State Aid, and 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. Each Authorized Officer is hereby authorized 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 1003. Continuing Disclosure Undertaking. The City shall enter into a continuing disclosure undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") for the benefit of the holders and beneficial owners of the Bonds (or, in the case of the Refunding Bonds, holders and beneficial owners of the MFA Bonds) as to which the Rule is applicable, as more specifically set forth in Exhibit B hereto (the "Undertaking"); provided, however, that the terms of the Undertaking are subject to completion and modification prior to delivery of the Bonds to such extent as an Authorized Officer shall deem necessary to comply with law or market requirements of the Underwriters. Each Authorized Officer is hereby authorized to execute and deliver the Undertaking after completion and modification as provided in this Resolution and the Sale Order.

Section 1004. Delegation to Authorized Officers. (a) Prior to the sale date or dates for the Bonds, an Authorized Officer shall cause the preparation and approve the form and distribution of necessary City disclosure for any Preliminary Official Statement or Official Statement and other offering materials to be used in conjunction with the sale or offering of the Bonds, and an Authorized Officer shall deem the City's disclosure "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission. An Authorized Officer shall also make such information available to the Repurchase Agent for use in solicitation materials in connection with the repurchase of the Repurchased Bonds.

(b) Pursuant to the authority of Section 315(1)(d) of Act 34, each Authorized Officer is hereby authorized to make the following determinations with respect to the Bonds within the parameters of this Resolution: (i) to determine the principal amounts of the Bonds to be issued on a fixed or variable interest rate basis and tax exempt or taxable basis; (ii) to determine the interest rate provisions, tender and other requirements for Bonds issued on a variable rate basis; (iii) to determine and allocate the amount of proceeds of the UTGO Bonds to the various Projects; (iv) to negotiate the terms for the sale of the Bonds to the Underwriters or MFA, as applicable; (v) to cause the Preliminary Official Statement and the final Official Statement for the Bonds to be prepared and circulated; (vi) to file an application or applications to the Department for prior approval to issue the Bonds, to file an application with the Department for a waiver of the refunding bonds savings requirement, to file an application with the Department for a waiver of the ratings requirement and to make such other filings with and to pay any post

issuance fees to the Department as required by Act 34; (vii) to request approval from the Treasurer of the State and the Emergency Loan Board established under Act 243, Public Acts of Michigan, 1980, as amended; and (viii) 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 in the Sale Order.

(c) Each Authorized Officer is hereby authorized 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.

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

Section 1005. 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 Bonds determined by an Authorized Officer to be issued on a tax-exempt basis, the exclusion from gross income of the interest paid thereon from federal and State income taxation only.

Section 1006. Negotiated Sale; Award. (a) Pursuant to Section 309(1) of Act 34 the Council determines to sell the Bonds at a negotiated sale. The UTGO Bonds shall be sold by negotiated sale to the Underwriters pursuant to a Bond Purchase Agreement, at prices and on terms and conditions provided in the Bond Purchase Agreement approved by an Authorized Officer within the parameters established hereby, and confirmed in the Sale Order. Except as provided in Section 311, the Refunding Bonds shall be sold by negotiated sale to the MFA, all as determined by an Authorized Officer in the applicable Purchase Contract, at prices and on terms and conditions provided in the Purchase Contract approved by an Authorized Officer within the parameters established hereby, and confirmed in the Sale Order delivered in connection with such series of Bonds.

The reasons for choosing a negotiated sale instead of a competitive sale include the belief of Council based on recommendation of the Chief Financial Officer 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.

Section 1007. Delivery of Bonds. Subject to the provisions of the Sale Order, each Authorized Officer is hereby authorized to deliver the Bonds to the Underwriters or MFA, as applicable, upon receiving the purchase price therefor in lawful money of the United States.

Section 1008. Official Statement. Each Authorized Officer is hereby authorized to execute the Official Statement or other offering materials with respect to the Bonds in the form approved by him with such changes as an Authorized Officer may authorize. Such Official Statement or other offering materials to be used in conjunction with the sale or offering of the Bonds are hereby authorized to be printed and used by the Underwriters in connection with the sale of the Bonds (or the MFA Bonds) to the public. Circulation of the Preliminary Official Statement, if any, or other preliminary offering materials by the Underwriters is hereby approved.

Section 1009. Appointment of Bond Counsel; Engagement of Other Parties. The appointment 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 fees and expenses of Miller, Canfield, Paddock and Stone, P.L.C. as Bond Counsel 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 City.

Each Authorized Officer is hereby 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 to pay the fees and expenses thereof from the proceeds of the Bonds or other available funds.

Section 1010. 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 1011. 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 1012. 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 1013. 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 1014. Governing Law and Jurisdiction. This Resolution shall be governed by and construed in accordance with the laws of the State.

Section 1015. Resolution and Sale Order are a Contract. The provisions of this Resolution and the Sale Order shall constitute a contract between the City, the Bondholders (including in the case of MFA Bonds, the MFA), and the Bond Insurer, if any.

Section 1016. Effective Date. This Resolution shall take effect immediately upon its adoption by the Council.

EXHIBIT A
PROJECTS
(Listed by applicable Ballot Proposals)

Recreation (2004 Proposal R; 2009 Proposal C)

- Improvements to catalytic parks, CIP parks, and soccer hubs
- Joe Louis Greenway completion
- Computer replacement at recreation centers
- Recreation center capital improvements
- Belle Isle water line replacement and improvement
- Charles H. Wright Museum roof replacement
- Improvements to City golf courses
- Adams-Butzel Recreation Center
- Northwest Activities Center
- Heilmann Recreation Center
- Patton Recreation Center
- Williams Recreation Center
- Henderson Park
- Rouge Park Horse Stables
- Tindal Recreation Center - City share (partnered with Healthy Kidz, Inc.)
- Aretha Louise Franklin Amphitheatre and Park
- Studies for Riverside & Henderson Marinas, St. Jean Boat Launch, Hart Plaza, Spirit Plaza
- Spirit Plaza improvements
- Library reading rooms at recreation centers

Public Safety (2009 Proposal S)

- Public Safety vehicle purchase plan
- Health PC Replacements
- Police PC Replacements & technology upgrades
- Fire PC Replacements
- Relocation of Fire Apparatus garage
- Fire facilities improvements & energy efficiency upgrades
- Inventory management system
- Public Safety IT
- Police light duty vehicles
- Fire vehicles (light duty, apparatus, and EMS)
- Replace existing mobile clinic & expand fleet to 3
- New animal control trucks
- Teen pregnancy clinic
- Lease Elimination Plan Part 1 - 13335 Lyndon renovation
- Lease Elimination Plan Part 2 - 11631 Mt. Elliott renovation
- Construct new armory
- 20 Atwater renovations
- Grant match funds for camera expansion
- Expand RTCC to accommodate camera expansion
- Stand up two mini-RTCCs on east and west sides of City
- Bulletproof vest replacements
- Unmanned aerial vehicles

Economic Development (2004 Proposal N; 2009 Proposal N)

- Land acquisition and preparation for future industrial development projects

Transportation Facilities (2004 Proposal T; 2009 Proposal T)

- Coolidge facility rebuild

EXHIBIT B
CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the City of Detroit, County of Wayne, State of Michigan (the "City") in connection with the issuance of its _____ (the "Bonds"). The City covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

"Audited Financial Statements" means the City's audited financial statements prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

"Bondholders" shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

"City" means the City of Detroit, County of Wayne, State of Michigan.

"Disclosure Representative" means the CFO of the City or his designee, or such other officer, employee, or agent as the City shall designate from time to time in writing.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

"SEC" means the United States Securities and Exchange Commission.

"Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited by an individual or firm of independent certified public accountants.

(b) *Continuing Disclosure.* The City hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the ninth (9th) month following the end of the fiscal year of the City, commencing with the fiscal year ended June 30, 2018, in an electronic format as prescribed by the MSRB:

- (1) Certain annual financial information and operating data reasonably available to the City in form and substance similar to the information appearing in the sections or tables in the [Main Body and Appendix III] of the Official Statement relating to the Bonds as described below:

[TO BE CONFORMED TO HEADINGS USED IN APPLICABLE OFFICIAL STATEMENT]

- a. Historical Income Tax Rates;
- b. Historical Income Tax Levies and Collections;

- c. Historical Income Tax Revenue;
 - d. Revenues and Expenditures of the General Fund;
 - e. Distributable State Aid;
 - f. City of Detroit Two Year Budget Summary
 - g. State Equalized Valuations and Taxable Valuations;
 - h. Tax Rates and Levies;
 - i. Tax Levies and Collections;
 - j. Ten Largest Property Taxpayers;
 - k. Legal Debt Margins Subject to State Limitations;
 - l. Statement of Direct Tax-Supported and Revenue Indebtedness;
 - m. Direct Debt;
 - n. Annual City Contributions to the Retirement Systems; and
 - o. Largest Principal Employers.
- (2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.
- (3) Such additional financial information or operating data as may be determined by the City and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the City or by specific reference to other documents available to the public through EMMA or filed with the SEC, including official statements of debt issues of the City or related public entities.

If the fiscal year of the City is changed, the City shall send notice of such change to the MSRB through EMMA prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The City agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, notice of a failure by the City to provide the Annual Financial Information with respect to the City described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The City agrees to provide or cause to be provided in a timely manner to the MSRB through EMMA, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds, if applicable, if material (each a "Material Event"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of holders of the Bonds;
- (8) Bond calls;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds; and
- (11) rating changes;

- (12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

[FOR BONDS ISSUED ON OR AFTER FEBRUARY 27, 2019 ONLY, INSERT:

- (15) incurrance of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.]

(e) *Materiality Determined Under Federal Securities Laws.* The City agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Termination of Reporting Obligation.* The obligation of the City to provide Annual Financial Information and notices of Material Events, as set forth above, shall be terminated if and when the City no longer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(g) *Benefit of Bondholders.* The City agrees that its undertaking pursuant to the Rule set forth in this Section is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the City's obligations hereunder and any failure by the City to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds or under the Resolution.

(h) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed

necessary or appropriate in the judgment of the Disclosure Representative on behalf of the City, provided that the City agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including, any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the City in preparing the Audited Financial Statements are modified, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

(i) *Additional Information.* Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Material Event, in addition to that which is required by this Undertaking.

(i) *Municipal Advisory Council of the Michigan.* The City shall also file by electronic or other means any information of notice required to be filed with the MSRB through EMMA pursuant to this Undertaking in a timely manner with the Municipal Advisory Council of Michigan.

(j) *Governing Law.* This Undertaking shall be construed and interpreted in accordance with the laws of the State of Michigan (the "State"), and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; *provided*, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the City has caused this Undertaking to be executed by its authorized officer.

CITY OF DETROIT
County of Wayne
State of Michigan

By _____

Its

Dated: _____

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MEMORANDUM

TO: John Hill, CFO
Lawrence Garcia, Corporation Counsel
Denise Starr, Director, Human Resources

FROM: Scott Benson, City Council District 3 *SRB*

CC: Hon. Janee Ayers, Chair, Budget & Finance Standing Committee
Hon. Roy McCallister, Chair, Internal Operations Standing Committee
Hon. Janice Winfrey, City Clerk
Angelica Jones, Director, DDOT
Fred Westbrook, President, ATU Local 26
Stephanie Washington, Mayor's Office

VIA: Hon. Brenda Jones, President, Detroit City Council

DATE: 11 Oct 2018

RE: **DDOT INCENTIVE PAY FROM LAWSUIT PAYOUT
REDUCTION**

I am requesting an opinion on the legality of providing incentive pay to DDOT drivers if there is a reduction in the City's payouts for DDOT lawsuits. The idea is if DDOT can reduce the amount of payouts to lawsuits from an agreed upon amount then the City will take 50% of the savings and pay that amount out as a bonus to DDOT drivers. This will not only save the City money, but will provide an opportunity to increase the pay of DDOT drivers to a level closer to, or exceeding other drivers within the State of Michigan.

My office is also requesting a formula from the OCFO to clearly layout how a program of this nature will be financially managed and funded.

In addition, I am requesting the HR Department provide an opinion on the impact a policy of this nature will have on contract negotiations and the ability to manage a policy of this nature.

Please respond to this request by 1 Nov 2018. Thank you in advance for your consideration on this matter.

SRB