

October 23, 2018
New Business

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



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

2 WOODWARD AVE., SUITE 1100
DETROIT, MICHIGAN 48226
PHONE: 313-224-1219
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WWW.DETROITMI.GOV

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October 19, 2018

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

Re: Resolution Authorizing Notice of Intent and Issuance of Bond for Joe Louis
Arena Demolition

Dear Honorable Detroit City Council Members:

The CFO office submits the proposed Resolution Authorizing Notice of Intent and Issuance of Bond for Joe Louis Arena Demolition. The Michigan Strategic Fund has offered a loan to the City in an amount not to exceed \$12 million for the purpose of demolishing Joe Louis Arena and related activities. In order to accept the loan, the City must undertake a statutorily authorized method of borrowing money. In this case, the appropriate form of borrowing is the issuance of a general obligation capital improvement bond, which would be delivered to the MSF in exchange for the loan. The resolution authorizes the issuance of the bond under terms that reflect the terms of the MSF loan. The resolution also authorizes the publication of a notice of intent to issue the bond, which triggers a 45-day referendum period required by state law. The issuance of the bond (and therefore the closing of the MSF loan) will proceed only after that 45-day period has expired without the filing of a referendum petition signed by 15,000 registered City electors.

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

Best regards,


John Nagliek, Jr.

Deputy Chief Financial Officer

Att: Resolution Authorizing Notice of Intent and Issuance of Bond for Joe Louis Arena
Demolition

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

**RESOLUTION AUTHORIZING NOTICE OF INTENT AND
ISSUANCE OF
BOND FOR JOE LOUIS ARENA DEMOLITION**

City of Detroit
County of Wayne, State of Michigan

WHEREAS, the City Council of the City of Detroit (the "City") does hereby determine that it is necessary to pay all or part of the cost of capital improvement items in the City, consisting of the demolition of Joe Louis Arena and related structures and facilities within the City and related improvements (the "Project"); and

WHEREAS, to finance the cost of the Project, the Michigan Strategic Fund (the "MSF") has offered a loan to the City (the "Loan") according to terms approved by the MSF and presented to the City; and

WHEREAS, in exchange for the Loan, the City Council deems it necessary to issue and deliver to the MSF a bond in an amount of not to exceed Twelve Million Dollars (\$12,000,000) pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"); and

WHEREAS, a notice of intent to issue a bond must be published before the issuance of the aforesaid bond in order to comply with the requirements of Section 517 of Act 34, Public Acts of Michigan, 2001, as amended, and said bond may be issued without a vote of the electors of the City unless a proper petition for an election on the question of the issuance of the bond is filed with the City Clerk within a period of forty-five (45) days from the date of the notice of publication.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Notice of Intent; Publication. The City Clerk is hereby authorized and directed to publish a notice of intent to issue a bond in a newspaper of general circulation in the City.
2. Notice of Intent; Form. Said notice of intent shall be published as a one-quarter (¼) page display advertisement in substantially the following form:

NOTICE TO ELECTORS
OF THE CITY OF DETROIT
OF INTENT TO ISSUE A BOND SECURED BY THE TAXING
POWER OF THE CITY AND RIGHT OF REFERENDUM THEREON

PLEASE TAKE NOTICE that City of Detroit, Michigan (the "City"), intends to issue a bond, pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in an amount not to exceed Twelve Million Dollars (\$12,000,000) for the purpose of paying all or part of the cost of capital improvement items in the City, consisting of the demolition of Joe Louis Arena and related structures and facilities within the City and related improvements. The City expects said bond will be delivered to the Michigan Strategic Fund (the "MSF") in exchange for a loan from the MSF.

SAID BOND will be payable in annual installments not to exceed twenty (20) in number and will bear interest at the rate or rates to be determined at a public or private sale but in no event to exceed the maximum rate permitted by law on the balance of the bonds from time to time remaining unpaid.

SOURCE OF PAYMENT OF BOND

THE PRINCIPAL OF AND INTEREST ON SAID BOND SHALL BE PAYABLE from the general funds of the City lawfully available for such purposes including property taxes levied within applicable constitutional, statutory and charter tax rate limitations.

RIGHT OF REFERENDUM

THE BOND WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OR 15,000 OF THE REGISTERED ELECTORS OF THE CITY, WHICHEVER IS LESS, IS FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BOND MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS OF THE CITY VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 517, Act 34, Public Acts of Michigan, 2001, as amended.

Janice M. Winfrey
City Clerk

3. Authorization of Bond; Bond Terms. Subject to the expiration of the referendum period set forth in the foregoing notice of intent, a bond of the City designated 2018 CAPITAL IMPROVEMENT BOND (the "Bond") is authorized to be issued in the aggregate principal sum of not to exceed Twelve Million Dollars (\$12,000,000), at an interest rate not to exceed two percent (2%) per annum, for the purpose of paying all or part of the cost of the Project, including the costs incidental to the issuance, sale and delivery of the Bond.

The Bond shall be in the form of a single instrument bond, payable in principal installments on such dates as determined by the Mayor, Chief Financial Officer or Chief Deputy CFO/Finance Director (each, an "Authorized Officer") and provided in the Bond as executed and delivered to the MSF. The Bond may be subject to prepayment prior to maturity as determined by an Authorized Officer in cooperation with the MSF and as may be set forth in the documents evidencing the Loan (the "Loan Documents").

4. Notice of Intent; Determinations. The City Council does hereby determine that the foregoing form of notice of intent to issue the Bond and the manner of publication directed is the method best calculated to give notice to the City taxpayers and electors of this City Council's intent to issue the Bond, the purpose of the Bond, the security for the Bond, and the right of referendum relating thereto, and is hereby determined to reach the largest number of persons to whom the notice is directed.

5. Execution of Bond. The Bond shall be executed in the name of the City with the manual or facsimile signatures of the Mayor and Finance Director and shall have the seal of the City, or a facsimile thereof, printed or impressed on the Bond.

6. Transfer of Bond. The Bond may be transferable as provided in the Bond or the Loan Documents.

7. Limited Tax Pledge; Debt Retirement Fund. The City hereby pledges its limited tax full faith and credit for the prompt payment of the Bond. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bond and shall advance as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year.

The Treasurer is authorized to open a depository account with a bank or trust company, to be designated 2018 CAPITAL IMPROVEMENT BOND DEBT RETIREMENT FUND (the "Debt Retirement Fund"), the moneys to be deposited into the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bond as they become due.

8. Project Fund. The Treasurer is authorized and directed to open a depository account with a bank or trust company, to be designated 2018 CAPITAL IMPROVEMENT BOND PROJECT FUND (the "Project Fund") and deposit into said Project Fund the proceeds of the Bond less accrued interest, if any, which shall be deposited into the Debt Retirement Fund. The moneys in the Project Fund shall be used solely to pay the costs of the Project and the costs of issuance of the Bond.

9. Bond Form. The Bond shall be in substantially the form attached hereto as Exhibit A, with such adjustments as may be necessary to conform to the terms of the Loan and the Loan Documents in the discretion of the appropriate Authorized Officer within the parameters of this Resolution:

10. Useful Life of Project. The estimated period of usefulness of the Project is hereby

declared to be not less than twenty (20) years.

11. Negotiated Sale. The City hereby declares that it has pursued a negotiated sale with the MSF because terms of the Bond are expected to best achieve the most advantageous interest rate and lowest overall cost to the City.

12. Approval of Loan and Delivery of Bond to MSF; Other Actions. Each Authorized Officer is hereby authorized to deliver the Bond to the MSF and take all other necessary actions required to receive the Loan from the MSF and effectuate the sale, issuance and delivery of the Bond, subject to the parameters set forth in this Resolution. The Authorized Officers, and such other officials, agents and employees of the City are authorized and directed to take all other actions necessary or advisable, to enter into all necessary agreements with the MSF and other necessary parties, to file one or more applications with the Michigan Department of Treasury (the "Department") for prior approval to issue the Bonds and for a waiver of the requirement under Act 34 for a municipal security to be rated, and to make such other filings with the Department or with other parties, to enable the acceptance of the Loan and the issuance, sale and delivery of the Bond as contemplated herein.

13. Adjustment of Bond Terms. Each Authorized Officer is hereby authorized to adjust the final Bond details to the extent necessary or convenient to complete the transaction authorized in this Resolution, and in pursuance of the foregoing are each authorized to exercise the authority and make the determinations authorized pursuant to Section 315(1)(d) of Act 34, including but not limited to, determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, prepayment rights, the place of delivery and payment, designation of series, and other matters, all subject to the parameters established in this Resolution.

14. Bond Counsel. Miller, Canfield, Paddock and Stone, P.L.C. is hereby confirmed as bond counsel for the Bond, notwithstanding periodic representation in unrelated matters of the MSF.

15. Rescission. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Members _____

NAYS: Members _____

RESOLUTION DECLARED ADOPTED.

City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Detroit, County of Wayne, State of Michigan, at a regular meeting held on October 30, 2018, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

City Clerk

EXHIBIT A
FORM OF BOND

CITY OF DETROIT
CAPITAL IMPROVEMENT BOND, SERIES 2018
(LIMITED TAX GENERAL OBLIGATION)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
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Owner: Michigan Strategic Fund

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 Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the dates and in the amounts as set forth in the documents evidencing a loan from the Michigan Strategic Fund (the "MSF") to the City (the "Loan Documents").

This principal of this bond shall be outstanding in the amounts from time to time delivered to the City in accordance to the Loan Documents.

This bond is issued pursuant to Act 34, Public Acts of Michigan, 2001, as amended, and a resolution duly adopted by the City Council of the City for the purpose of paying all or part of the cost of the demolition of Joe Louis Arena.

This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the City, and the City is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond have been done, exist and have happened in regular and due time and form as required by law, and that the total indebtedness of the City, including this bond, does not exceed any constitutional or statutory debt limitation.

IN WITNESS WHEREOF the City, by its City Council, has caused this bond to be executed with the manual signatures of its Mayor and its Finance Director and its corporate seal or a facsimile thereof to be [impressed/printed] 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

Walk-02

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City of Detroit

CITY COUNCIL

MARY SHEFFIELD
COUNCIL PRESIDENT PRO TEM
DISTRICT 5

MEMORANDUM

TO: Lawrence Garcia, Corporation Counsel, Law Department

FROM: Council President Pro Tem Mary Sheffield (MS)

TRHU: Council Member Ayers, Chair, Budget Finance & Audit Standing Committee ✓

DATE: October 17, 2018

RE: Request for Legal Opinion Regarding Homeowners Property Tax Assistance Program Ordinance

This is to request the legal argument, including relevant statutes and other laws, justifying Corporation Counsel's refusal to approve as to form the Homeowners Property Tax Assistance Program Ordinance with the removal of the notary requirement from the application.

10-17-18 Rec'd @ the table



MEMO

To: Keith Hutchings, Director, Municipal Parking
John Hill, CFO, Office of the Chief Financial Officer

Through: Councilmember Ayers, Chair, Budget Finance and Audit Standing Committee

From: Councilman Andre L. Spivey

Date: October 17, 2018

RE: Parking enforcement and the effects of a 50% discount

Currently there is a proposal before this body requesting the authorization of a 50% discount on parking violations paid within 10 days. Please provide answers to the following questions:

- Has there been conversation to do a graduated discount?
- The estimated annual cost to implement a 50% discount is \$638,000. Will the estimated cost be coming from the general fund's non-departmental appropriation, or any appropriation that currently funds C Note Debt Service obligations?
- If not encumbered, what would normally be done with these funds?
- Should this be discussed and possibly voted on with a pending lawsuit?
- What was the cost to process a ticket before the rate increase to \$45.00?
- What is the cost to process a ticket since the rate increase to \$45.00?
- Since the increase to \$45.00, what is the percentage of tickets written to residents and non-residents?
- Since the increase to \$45.00, what is the collection rate of fines, before the 30 day grace period and after the 30 day grace period, for residents and non-residents?

Further, I request that the Clerk refer this memorandum to Budget, Finance and Audit Standing Committee as a line item.

CC: Stephanie Washington, City Council Legislative Liaison
Louise Jones, Committee Clerk

10-17-18 Res'd @ The table (BFA)