



Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1126
Detroit, Michigan 48226

Phone 313•224•3400
Fax 313•224•4128
www.detroitmi.gov

July 13, 2020

Detroit City Council
1340 Coleman A. Young Municipal Center
Detroit, MI 48226

RE: Plan Summary - Proposal Authorizing Neighborhood Improvement Bonds

Honorable City Council:

I am attaching by reference the submittal of the Chief Financial Officer David Massaron "Resolution submitting bond proposal and authorizing Neighborhood Improvement Bonds".

The attached plan summary labeled "Proposal N for Neighborhoods" represents an overview of the City's plan to expend the bond funds authorized by this resolution, if passed by the Detroit electorate in the November 3rd, 2020 election.

I have asked Budget Finance & Audit (BFA) Chair, Council Member Janeé Ayers if Ms. Lajuan Counts, OCFO representatives and I can present details of this proposal at the BFA committee meeting Wednesday at 1:00 p.m.

Thank you for your time and attention. We look forward to seeing you Wednesday.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Arthur Jemison'.

Arthur Jemison
Group Executive-Planning, Housing & Development

cc: Legislative Policy Division
David Massaron, Chief financial Officer
Deputy Mayor Conrad Mallett

Attachment 1: "Proposal N for Neighborhoods"

Attachment 2: DLBA Memo quantifying the number of homes in need of demolition or
Securement

Attachment 3: Resolution

Proposal “N” for Neighborhoods

A plan to save and renovate every vacant house possible, to eliminate the blight from those that can’t be saved, and to stimulate the growth of Detroit companies employing Detroit residents in the construction-related industry.

Detroit’s Blight Efforts in the Last 6 Years

Detroit’s abandoned house demolitions have been primarily funded by \$265 million in federal funds through the Hardest Hit Fund (HHF). There has been little financial support for rehabbing vacant houses, but the Land Bank auctions/sales and Nuisance Abatement Program (NAP) have encouraged private owners to save and fix up many homes. Detroit’s blight removal efforts have had a dramatic effect on many neighborhoods:

21,000 **abandoned houses demolished**
8,000 **formerly vacant homes saved with rehab underway or completed**
29,000 **fewer abandoned houses in Detroit neighborhoods**

Detroit’s Blight Removal Efforts are not Complete

While the job of blight removal is more than half done, the current analysis indicates we still have approximately 22,000 abandoned houses still remaining

8,000 **vacant houses that can still be rehabbed and saved**
14,000 **houses requiring demolition**
22,000 **abandoned houses remaining**

The Potential for Neighborhood Improvement Bonds

The City of Detroit could sell up to \$250 million in Neighborhood Improvement Bonds without increasing the annual property tax levies from current levels, based on analysis from the City’s financial advisors. Because the City would no longer be under the restrictions on federal funding, the Neighborhood Improvement Bonds can prioritize seven goals that were not allowable under the federal HHF program:

- 1) Save every house possible from demolition by prioritizing the rehab of vacant homes.
- 2) Give preference to Detroit companies in all rehabilitation and demolition related contracts **with a goal of 50%+ work performed by Detroit contractors.**
- 3) Give preference to companies who commit to train and employ Detroiters with a goal of getting these companies to employ at least 51% Detroit residents
- 4) Partner with Detroit Community Development Organizations (CDO's) and other qualified groups to rehab homes and redevelop property in the neighborhoods
- 5) Give preference to Detroit residents to acquire and reuse the vacant land in their neighborhoods
- 6) Combine the Neighborhood Improvement Bonds with other funding sources for broader neighborhood redevelopment
- 7) Bring Accountability for the Demolition back under the oversight of City Government
- 8) Keep the property tax rate at current levels while supporting a \$250 million reinvestment in the neighborhoods

Neighborhood Improvement Bond Plan

The plan to meet these 8 goals is as follows:

Goal 1: Save every house possible from demolition by prioritizing the rehab of vacant homes.

As noted above, our estimate on the abandoned houses left in the City:

8,000 vacant houses that can still be rehabbed and saved
14,000 houses requiring demolition
22,000 abandoned houses remaining

Neighborhood Improvement Plan Five Year Goals

8,000 vacant houses rehabbed and saved
8,000 houses requiring demolition
16,000 blighted houses addressed

Prioritizing rehab over demolition would still require the City to seek alternative sources of funding for the remaining 6,000 houses requiring demolition.

If all 8,000 houses were saved, that would provide another 8,000 housing in the City of Detroit, beautifying the neighborhoods, increasing available housing opportunities and easing pressures

on rents, and providing jobs across the city for those fixing up the houses. But every month that goes by, these houses continue to deteriorate, typically secured only by plywood if at all.

DLBA is currently successfully selling an average of 200 vacant houses per month to individuals who buy them with a commitment to rehabilitate them. That is a remarkable accomplishment, but even at that rate, it would take 4 years to find owners for every house. In another 4 years, we estimate that at least 3,000-4,000 of these currently salvageable houses will have deteriorated to the point they would have to be demolished. This is the cycle the City has been unable to break for 60 years.

A recent analysis by Robert Linn, Inventory Director at DLBA, showed the waste of housing stock when abandoned houses aren't secured. In 2019, unboarded houses that had been classified as salvageable became unsalvageable through deterioration from squatters, fire, vandalism, and weather at a net rate of 16%. The city's recent plywood board-up effort has cut that net deterioration to 8% a year. We believe that a more secure method than plywood would save even more of our structures. 8,000 currently abandoned houses could be rehabbed and occupied over the next 5 years if we act now to fully secure the structures.

The Neighborhood Improvement Bonds would give the City the tools to move to physically secure the structurally sound vacant homes until a buyer is found. We expect 2,000 of the houses to sell in the next year, but we would like to actively preserve another 6,000 houses with steps such as (but not limited to) the following:

- 1) Fully clean out trash and debris inside
- 2) Thoroughly secure exterior windows and doors with metal, Clearview, or comparable materials
- 3) Repair or secure roofing from water leakage

The target budget estimate would be the following:

Estimate the cost of securing vacant houses	\$ 90 Million
Estimate for 8,000 demolitions	<u>\$160 Million</u>
Total	\$250 Million

The bond funds are not the exclusive source of funding for the Neighborhood Improvement Plan. There are many other sources of funding, including HUD Funds of various kinds Detroit General Fund blight funding, philanthropy, and others. The allocation of bond fund proceeds will be approved by Council, based on these other sources. For example, if the city were to receive significant HUD funding for rehab, the allocation needed from the bond issue would be lower. If U.S. Treasury were to reinstitute HHF, the allocation for demolition would be lower.

Regardless of the different funding sources, the Neighborhood Improvement Plan is committed to assuring that funding the physical security of all salvageable publicly owned vacant houses will be accomplished as the first priority. Demolition will be done from funds not needed to secure these salvageable vacant houses.

Goal 2: Implement a program that gives the maximum legally allowable preferences and opportunities to Detroit companies with a goal to have more than 50% of all work performed be done by Detroit certified companies under the Neighborhood Improvement Plan.

A 7 point Rehabilitation/Demolition procurement inclusion plan will stimulate economic growth and employment for Detroit companies:

- 1) Use the City of Detroit ordinance to apply the equalization factors for Detroit-based and Detroit-headquartered businesses. These Detroit preferences were not allowed under the rules of the federal HHF program, but we can lawfully use city bond funds to help grow Detroit companies.
- 2) Target demolition bid packages to maximize participation of small and growing companies through OCP bidding process along these lines:
 - 30 demo packages of 45 demos will be bid once a year with 335 days to complete these packages
 - Contractors limited to 6 groups (20% of total awards)
- 3) Expand Detroit contractor capacity for rehabbing houses through inclusion of practices of Bridging Neighborhoods program
 - Bid packages broken into small groups to maximize number of companies who can participate
 - Provide for steadily increasing size of bid packages available for companies as they grow
 - Of the 49 Bridging Neighborhood contracts awarded through May, 2020, 42 are to companies that are Detroit certified (86%). The Neighborhood bonds would dramatically expand those opportunities.
- 4) Set aside 30% of contracts for Detroit Small Businesses and Detroit Based Micro Businesses to maximize the opportunity to grow new successful Detroit companies in the demolition, rehabilitation, and construction related business.
- 5) Run extensive outreach efforts to Detroit businesses to participate in all aspects of the Neighborhood Improvement plan, including rehabs, demolition, testing, environmental remediation, trucking, landscaping, and sidewalk repairs.
- 6) Implement a prompt payment process to contractors in the program so that small and growing companies can participate without undue cash flow problems.

- 7) Reduce bonding and other legal impediments to the minimum amount necessary to reduce barriers for participation by small and growing companies. Bonding requirements reduced to 25% on large procurements and solely requires E-Bonds

Goal 3: Give preference to companies who commit to train and employ Detroiters with a goal of getting these companies to employ at least 51% Detroit residents

- o Contractors under the Neighborhood Improvement Program will be required to elect one of two options:
 1. Follow Executive Order 2016-1 requiring 51% of the hours worked on the project to be performed by Detroit residents; or
 2. Follow the FCA agreement provisions to interview Detroit candidates screened for the job qualifications by Detroit At Work before interviewing non-Detroiters.
- o Detroit at Work will work with the industry to design and deliver job readiness, screening, and training programs to build a skilled Detroit workforce in construction related jobs in demand under this program.

Goal 4: Partner with Detroit Community Development Organizations (CDO's) and other qualified groups to rehab homes and redevelop property in the neighborhoods

The commitment to rehab 8,000 currently vacant homes will provide opportunities for Detroit's CDO's and other qualified neighborhood groups to participate actively in that process.

We would expect at least three different types of partnerships:

- 1) CDO's take a house or group of houses, rehab them, and sell them to owners who move in.
- 2) CDO's rehab the houses, own and manage the properties, and lease them to qualified tenants
- 3) CDO's, with neighborhood support, engage in a broader plan that encompasses both vacant houses and vacant land

Among the specific partnerships the City will support plans to support Detroit Neighborhood Housing Compact/Building the Engine Housing Rehab Pilot for established community development organizations.

Other qualified groups will also be encouraged to participate, such as the Up From the World Ministries program of Pastor Arric Wilkerson who has rehabbed 25 houses in the Puritan/Livernois area.

Goal 5: Give preference to Detroit residents to acquire and reuse the properties in their neighborhoods

Leverage new DLBA Vacant Land Disposition Policies to promote the sale and stewardship of vacant land to local residents at affordable rates. DLBA is forming a team dedicated to supporting and promoting resident access to land.

BNP, DLBA and HRD will execute a Rehab Academy to prepare Detroiters, through a series of 8 classes, for how to scope necessary repairs, bid and contract out the work and manage, plan for and complete the renovation process, and access resources and DIY tutorials if or when DIY is an option

PDD, DLBA and DON will engage residents on broad rehab strategies for single family structures, commercial corridors and land stewardship in 3-4 areas of the City per year

Goal 6: Combine the Neighborhood Improvement Bonds with other funding sources for broader neighborhood redevelopment

\$250 million in Neighborhood Improvement Bonds will not be enough to completely rebuild the neighborhoods. The City will continually work to supplement the rehab/demolition/improvement programs with other sources of funds as part of the Neighborhood Improvement Plan. There are three sources of funds that can be added immediately:

- \$20+ million of affordable housing and and community development resources in preservation and rehabs of multi-family affordable housing units for existing residents
- \$42 million in Solid Waste funds allocated over 4 years to clean alleys. GSD will manage the program hiring 70 Detroit residents and/or returning citizens.
- Rochelle Riley and ACE will work to leverage Art Fund resources for public art in neighborhoods. Art in installations and locations will be determined through community engagement with ACE and PDD.

Goal 7: Bring Accountability for the Demolition back under the oversight of City Government.

The federal government required, as a condition of HHF funding, that the demolition program be run by a separate agency outside of city government. The lack of traditional city oversight contributed enormously to the problems experienced in the last 5 years. Neighborhood Improvement Bonds will be administered under the traditional city government structure, including the following:

- 1) Administered by a City Department already in place and approved by Detroit City Council as the Demolition Department, but which would be expanded to the Vacant House Management Department to extend its responsibility for installing long-term exterior security improvements on the salvageable houses.
- 2) City Council will receive quarterly reports from the Vacant House Management Department on progress being made and recommendations for changes
- 3) All contracts will go through OCP, governed by city procurement ordinances and subject to review and approval by City Council.
- 4) All funding will go through the city appropriations process administered by the CFO and approved by City Council.
- 5) Mayor and Council will create a joint Neighborhood Improvement Plan Advisory Board made up of three members appointed by the Mayor, three members appointed by City Council, and one jointly appointed member. The Board will review and monitor the goals of the final resolution, review the Quarterly Reports from the Vacant House Management Department and provide recommendations to the Administration and City Council.

Goal 8: Keep the property tax rate at current levels while supporting a \$250 million reinvestment in the neighborhoods.

Detroit's sound financial management over the last several years has put the City in a position that old debt is being paid off. That means the city is in a position to sell these bonds without raising taxes above current levels, similar to a homeowner who pays for home improvements and refinances their house over more years, while keeping the monthly mortgage payment the same.

The City of Detroit could sell up to \$250 million in Neighborhood Improvement Bonds without increasing the annual property tax levies from current levels, based on analysis from the City's financial advisors.



MEMORANDUM

TO: LaJuan Counts, Director, Demolition Department

FROM: Robert Linn, Inventory Director, Detroit Land Bank Authority

DATE: July 13, 2020

RE: Quantifying the number of homes in need of demolition or securement

INTRODUCTION

This memo outlines the process and findings of recent analysis aimed at quantifying the number of vacant and blighted residential structures in Detroit likely to require securement or demolition. The methodology finds that more than 22,000 vacant homes likely require intervention.

THE IMPACT OF BOARDING

To assess the net degradation rate of vacant structures, we continually analyze the change among properties between the demolition and sales pipelines in the land bank's inventory. As the DLBA receives re-inspection results, we have typically found that many saleable homes deteriorate to unsalvageable condition due to the impact of vandalism, scrapping, fire, squatters, or weather. The longer an abandoned house sits, the more likely it is to become unsalable. In 2019, following extensive board-up of vacant homes across the city, we analyzed the rate of deterioration of the boarded houses vs. the unboarded houses during the year.

We were pleased to discover that the saleable boarded homes deteriorated to unsalvageable status at only an 8% net rate, compared to a nearly 16% net rate for unboarded homes. In short, boarding the homes with plywood cut the number of required new demolitions in half. More extensive securing of the properties has the potential to prevent far more demolitions and preserve more homes in the neighborhoods.

Boarding Status	Homes	12-Month Net Loss Rate to Demo
Secured	2,607	8.10%
Unsecured	6,750	15.82%

SETTING A BASELINE FOR THE NUMBER OF VACANT HOMES IN NEED OF INTERVENTION

To assess the needs of land bank structures, we generalized the pipeline data for every residential structure in the land bank's inventory into three categories: Occupied, Sale/Rehab, or Demolition.

Pipeline	Structures
Demolition	8,614
Occupied	3,091
Sale/Rehab	7,991
Grand Total	19,696

Recognizing that the land bank holds a significant portion – but far from all – vacant, blighted homes in the city, staff also analyzed markers for non-DLBA-owned abandoned homes. To quantify this universe, we included homes that were identified as vacant by the U.S. Postal Service and either held by other public agencies, recorded as dangerous by the Buildings, Safety Engineering, and Environmental Department, or had recently been boarded by the General Services Department. We conducted a small randomized sample (n = 60) and extrapolated the results to the population, to determine the number of properties that could be salvaged and consequently would need to be secured, and the number that likely required demolition.

Projected Outcome	Structures
Requiring Securement	1,113
Requiring Demolition	3,799
Grand Total	4,712

To account for field observations beyond the three-factor universe, the table above includes an additional 500 demolition properties.

ANTICIPATING CHANGE IN CONDITION

To estimate changes in this universe over the next 36 months, we analyzed an array of data on fire, foreclosures, market trends, and past condition change data. We anticipate the universe of salable/rehabilitation-worthy structures declining slightly and the universe of demolition structures increasing.

Anticipated Change to DLBA Inventory	Salable Structures	Demolition Structures
Future Tax Foreclosures	250	250
DLBA to Consolidate Public Ownership	275	150
Net Degradation of Salable Structures	-1,200	1,200
Grand Total	-675	1,600

We anticipate similar changes occurring among non-DLBA structures, including many transitioning into the DLBA inventory, as reflected above.

CONCLUSION

Given these baseline figures and anticipated changes, we believe the city is likely to need to fund interventions on approximately 22,015 structures.

Ownership	Requiring Demolition	Requiring Securing	Total
DLBA	10,214	7,316	17,530
Non-DLBA	4,007	478	4,485
Total	14,221	7,794	22,015

The evolving nature of housing conditions, the limited pool of available data, and the market only allow us to estimate the relative need for demolition vs. rehabilitation in the coming years. If property values rise, more people will invest in extensive rehab. If they fall, we will have fewer rehabs. If we act to fully secure all the saleable houses, we will have fewer demolitions and more rehabs. Given our historic data and current market conditions, 14,000 demolitions and 8,000 rehabs is our best estimate of what would be required to eliminate the abandoned house problem across the City of Detroit.



Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1100
Detroit, Michigan 48226

Phone: 313 -628-2535
Fax: 313 -224-2135
www.detroitmi.gov

July 13, 2020

Re: Resolution submitting bond proposal and authorizing Neighborhood Improvement Bonds

Dear Honorable Detroit City Council Members:

The Office of the Chief Financial Officer respectfully submits the attached resolution proposing that a \$250 million Neighborhood Improvement Bond Issue be placed on the November 2020 Ballot and authorized for the City Council's consideration.

Sincerely,

David P. Massaron
Chief Financial Officer

CC: Michael E. Duggan, Mayor
Conrad Mallet, Deputy Mayor
Arthur Jemison, Group Executive for Planning, Housing & Development
Katie Hammer, Chief Deputy CFO
John Naglick, Chief Deputy CFO/ Finance Director
Christa McLellan, Treasurer
Boysie Jackson, Chief Procurement Officer

**RESOLUTION SUBMITTING BOND PROPOSAL
AND
AUTHORIZING NEIGHBORHOOD IMPROVEMENT BONDS**

**CITY OF DETROIT
COUNTY OF WAYNE, STATE OF MICHIGAN**

WHEREAS, the City Council (the “City Council”) of the City of Detroit (the “City”) has determined that it is necessary to secure additional resources to continue to pay the cost of neighborhood improvements in the City through property rehabilitation, demolition and other blight remediation activities (the “Project”); and

WHEREAS, pursuant to the Housing Law of Michigan, Act 167, Public Acts of Michigan, 1917, as amended, and the City’s police powers, the City has the authority to conduct all of the activities that comprise the Project, and pursuant to the Home Rule City Act, Act 279, Public Acts of Michigan, 1909, as amended (“Act 279”), the City has the authority to issue bonds for any purpose within the scope of its powers; and

WHEREAS, the City Council has determined that a proposal to approve unlimited tax general obligation bonds for the Project in the principal amount of not to exceed Two Hundred Fifty Million Dollars (\$250,000,000) (the “Bond Proposal”) shall be submitted to the qualified electors of the City at the primary election to be held in the City on Tuesday, November 3, 2020 (the “Election Date”); and

WHEREAS, in order for the Bond Proposal to be submitted to the qualified electors, it is necessary for the City Council to certify the ballot wording of the Bond Proposal to the City Clerk and to the County Clerk of the Charter County of Wayne (the “County Clerk”), as required by Act 116, Public Acts of Michigan, 1954, as amended (the “Michigan Election Law”); and

WHEREAS, it is the determination of the City Council that, in the event a majority of the qualified electors of the City voting approve the Bond Proposal, unlimited tax general obligation bonds in the principal amount of not to exceed Two Hundred Fifty Million Dollars (\$250,000,000) shall be issued pursuant to the City Charter, Act 279, and Act 34, Public Acts of Michigan, 2001, as amended (“Act 34”), and pursuant to this Resolution for the purpose of paying all or part of the costs of the Project; and

WHEREAS, the City desires to negotiate the sale of said bonds to one or more underwriters or purchasers within the parameters established by this Resolution.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Approval of Bond Proposal. The Bond Proposal attached hereto as Exhibit A is hereby approved and shall be submitted to a vote of the qualified electors of the City on the Election Date.

2. Certification of Bond Proposal; Submission to County Clerk. The ballot wording of the Bond Proposal is hereby certified to the City Clerk and the County Clerk for submission to the City's electors on the Election Date. The City Clerk is hereby authorized and directed to file this Resolution and/or complete any such forms, certificates or documents as may be required by the County Clerk to evidence the foregoing certification and/or submission by no later than 4:00 p.m. on Tuesday, August 11, 2020.

3. Publication of Notice; Preparation of Ballots. The City Clerk and the County Clerk are hereby directed to (a) post and publish notice of last day of registration and notice of election as required by the Michigan Election Law; and (b) have prepared and printed, as provided by the Michigan Election Law, ballots for submitting the Bond Proposal at the election, which ballots shall contain the Bond Proposal, or the proposition shall be stated as a proposal on the voting machines, which ballots may include other matters presented to the electorate on the same date.

4. Estimated Millage. The estimated millage rate in the first year and simple average annual millage rate set forth in the Bond Proposal, which have been prepared for the City by Public Resources Advisory Group, Inc., municipal financial advisors to the City, are reasonable estimates of such millage rates based on current assumptions.

5. Reimbursement Declarations. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended (the "Code"):

- (a) If the Bond Proposal is approved by the electors, the City reasonably expects to reimburse itself with proceeds of bonds for certain costs of the Project which were paid or will be paid from the general funds of the City subsequent to sixty (60) days prior to today.
- (b) The maximum principal amount of debt expected to be issued for the Project, including issuance costs, is \$250,000,000.
- (c) A reimbursement allocation of the capital expenditures described above with the proceeds of the 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 Project is 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.

6. Authorization of Bonds; Bond Terms. Pending the approval of the Bond Proposal by more than the required majority of qualified electors of the City voting thereon, bonds of the City designated **Unlimited Tax General Obligation Bonds** (the "Bonds") are authorized to be issued, in one or more series, in the aggregate principal sum of not to exceed Two Hundred Fifty Million Dollars (\$250,000,000), for the purpose of paying part of the cost of the Project, including the costs incidental to the issuance, sale and delivery of the Bonds. For each series of the Bonds, the above designation will be modified to indicate the year of issuance of such series

and such additional information as may be necessary to designate multiple series or sub-series within a single year, and in the case of delivery of any series of the Bonds delivered pursuant to a HUD Program (as defined herein), such designation may be modified to conform to HUD Program requirements (including but not limited to a designation of such series of Bonds as “notes”). Each issue shall consist of bonds in fully-registered form of the denomination of \$5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, numbered consecutively in order of registration, dated as of the date of delivery.

The Bonds will mature on the dates in the years and amounts determined by the Chief Financial Officer or the Chief Financial Officer’s designee (the “Authorized Officer”) at the time of sale, and be subject to redemption prior to maturity in the manner and at the times and prices as determined by the Authorized Officer at the time of sale.

The Bonds shall bear interest at a rate or rates on a fixed and tax-exempt or taxable basis to be determined upon negotiated sale thereof. Interest on the Bonds shall be payable on the dates and in the years as determined by the Authorized Officer at the time of sale. The record date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the City to conform to market practice in the future. Interest shall be payable to the registered owner of record as of the 15th day of the month preceding the payment date for each interest payment. The principal of the Bonds shall be payable at the corporate trust office of such bank or trust company as may be selected by the Authorized Officer at the time of sale of the Bonds to serve as transfer agent therefor (the “Transfer Agent”); provided, that in connection with Bonds delivered pursuant to a HUD Program, the Transfer Agent may be an entity designated as fiscal agent, trustee or the equivalent under the applicable HUD Program, subject to the laws of the State of Michigan (the “State”).

The Bonds may be issued in book-entry only form through The Depository Trust Company in New York, New York (“DTC”) and the Authorized Officer is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry only form and to make such changes in the Bond form within the parameters of this resolution as may be required to accomplish the foregoing.

7. Tax Exempt Bonds; Taxable Bonds. The Authorized Officer is 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 is included in gross income for federal income tax purposes under the Code, or any combination thereof.

8. Execution of Bonds. The Bonds of this issue 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 Bonds. No Bond shall be valid until authenticated by an authorized officer or representative of the Transfer Agent. The Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser or other person in accordance with instructions from the Finance Director upon payment of the purchase price for the Bonds in accordance with the bid therefor when accepted.

9. Transfer of Bonds. The Transfer Agent shall keep the books of registration for this issue on behalf of the City. Any Bond may be transferred upon such registration books by the registered owner of record, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds for like aggregate principal amount. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. For any series of Bonds issued pursuant to a HUD Program, transfer of such Bonds shall be made in accordance with HUD Program requirements, subject to the laws of the State.

10. Debt Retirement Fund; Unlimited Tax Pledge; Defeasance of Bonds; Early Optional Redemption. For each series of Bonds, the City Treasurer is authorized and directed to open a depository account with a bank or trust company designated by the Authorized Officer, to be designated [YEAR OF ISSUE] UNLIMITED TAX GENERAL OBLIGATION BONDS 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 Bonds as they mature. The City hereby pledges its unlimited tax full faith and credit for the prompt payment of the Bonds. All proceeds from taxes levied for deposit into the Debt Retirement Fund shall be deposited as collected. Commencing with the year 2021 (or such other year as shall be necessary to first levy taxes to pay debt service on the Bonds), there shall be levied upon the tax rolls of the City for the purpose of the Debt Retirement Fund each year, in the manner required by the provisions of 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 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 Debt Retirement Fund for the payment of principal of and interest on the Bonds, then credit for all or a portion thereof may be taken against such annual levy for the Debt Retirement Fund.

In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay at maturity or irrevocable call for earlier optional redemption, the principal of, premium, if any, and interest on the Bonds, shall be deposited in trust, this resolution shall be defeased and the owners of the Bonds shall have no further rights under this resolution except to receive payment of the principal of, premium, if any, and interest on the Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein.

Unless waived by any registered owner of 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; the place where the Bonds called for redemption are to be surrendered for payment; and that interest on the Bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date. Any notice of optional

redemption may provide that such redemption is conditioned upon the occurrence of any event specified in the notice of redemption. If such conditional notice of redemption has been given, and on the scheduled redemption date the event specified in the notice of redemption as a condition to the redemption has not occurred, then Bonds for which conditional notice of redemption was given shall not be redeemed on the scheduled redemption date and shall remain outstanding for all purposes of this resolution.

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.

11. Project Fund; Proceeds of Bond Sale; Appropriation. The City Treasurer is authorized and directed to open a separate depository account with a bank or trust company designated by the City Council, to be designated UNLIMITED TAX GENERAL OBLIGATION BONDS PROJECT FUND (the "Project Fund") and deposit into said Project Fund the proceeds of the Bonds 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, capitalized interest, if any, and the costs of issuance of the Bonds.

The proceeds of the Bonds are hereby appropriated, upon receipt, to appropriation 21003 UTGO Blight Bonds for the purpose of paying all or part of the cost of the Project, capitalized interest, if any, and the costs of issuance of the Bonds.

The City Treasurer is further authorized to open such account or accounts as may be required for the deposit or transfer of proceeds in connection with the issuance of any Series of Bonds issued pursuant to a HUD Program, provided such accounts and any deposits made therein are consistent with the laws of the State and this resolution.

12. Bond Form. Any Bonds not delivered pursuant to a HUD Program shall be in substantially the following form. Any series of Bonds delivered pursuant to a HUD Program shall be in such form as shall be necessary to conform to HUD Program requirements, subject to the laws of the State.

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WAYNE

CITY OF DETROIT

UNLIMITED TAX GENERAL OBLIGATION BOND, SERIES 20__

Interest	Maturity	Date of	
<u>Rate</u>	<u>Date</u>	<u>Original Issue</u>	<u>CUSIP</u>
	[_____] 1, ____	_____, 20__	

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 \$_____, constituting the ___ series of bonds of a total authorization of \$_____ issued for the

purpose of paying the cost of neighborhood improvements in the City through property rehabilitation, demolition and other blight remediation activities[, 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 a certain election duly held on November 3, 2020.

Bonds of this issue maturing in the years 20__ to 20__, 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 mandatory sinking fund redemption/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. Neither the City nor the Transfer Agent shall be required to transfer or exchange this bond during the period fifteen (15) days immediately preceding the date of mailing any notice of redemption or (except as to the unredeemed portion, if any, of this bond) after this bond or any portion of this bond has been selected for redemption.

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: _____, 20__

13. Useful Life of Project. The estimated period of usefulness of the Project is hereby declared to be not less than thirty (30) years.

14. Negotiated Sale. The City Council has considered the option of selling the Bonds through a competitive sale and a negotiated sale and, pursuant to the requirements of Act 34, based on the advice of its financial advisor, determines that a negotiated sale of the Bonds will result in the most efficient and expeditious means of selling the Bonds to best achieve the most advantageous interest rates and costs to the City and will provide the City with greater flexibility in structuring bond maturities and adjusting terms for the Bonds.

15. Tax Covenant. The City shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds issued as Tax-Exempt Bonds from gross income for federal income tax purposes under the Code, including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of Bond proceeds and moneys deemed to be Bond proceeds.

16. Sale of Bonds; Bond Purchase Agreement; Sale Order; Adjustment of Bond Details. The Authorized Officer is hereby authorized to (a) select one or more financial institutions to (i) serve as underwriter or underwriters for any series of Bonds or (ii) purchase any series of Bonds directly or (b) take all actions necessary to participate in a financing program under the authority of the United States Department of Housing and Urban Development (“HUD”; such program being a “HUD Program”), in connection with which one or more series of Bonds may be delivered. The Authorized Officer is, subject to the parameters set forth in this Resolution, further authorized to approve the sale of any series of the Bonds to (a) an underwriter pursuant to a bond purchase agreement, (b) a direct purchaser pursuant to a direct purchase agreement or the equivalent thereof or (c) HUD or a registered holder, agent or trustee designated to purchase or take delivery of Bonds delivered in connection with a HUD Program.

The Authorized Officer is authorized to execute a sale order approving the final terms of each series of the Bonds (the “Sale Order”), adjust the final bond details set forth herein to the extent necessary or convenient to complete the transactions authorized herein, and in pursuance of the foregoing is 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, redemption rights, the place of delivery and payment, designation of series and other matters; *provided*, that the interest rate on each series of the Bonds shall not exceed the maximum rate of interest permitted by law; the final maturity of each series of Bonds shall be not later than thirty (30) years from the date of delivery thereof; each series of the Bonds shall be sold at a price not less than 100% of the par amount thereof; and the underwriter’s discount on the Bonds shall not exceed 0.75% of the principal amount of that series of the Bonds.

17. Official Statement; Qualification for Insurance; Ratings. The Authorized Officer is hereby authorized and directed to (a) if and as applicable to a series of the Bonds, approve the circulation of a preliminary official statement describing that series of the Bonds and to deem the preliminary official statement “final” for purposes of Rule 15c2-12 of the SEC (the “Rule”); (b) solicit bids for and approve the purchase of a municipal bond insurance policy for any series of

the Bonds, if deemed economically advantageous to the City; (c) apply for ratings on any series of the Bonds; and, (d) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of each series of the Bonds.

18. Approval of Other Documents and Actions; Treasury Approval. The Authorized Officer and any other officers, agents 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.

The Authorized Officer is hereby authorized to file applications with and to pay the related fees, if any, to the Michigan Department of Treasury under Act 34 for an order or orders of approval, or qualifying statements necessary to issue all or a portion of the Bonds, to enter into any 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, as amended, and to enter into one or more remarketing agreements, indentures, letters of credit and reimbursement agreements, and such waivers, including, specifically an application to waive the investment grade rating requirement, 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. The Authorized Officer is hereby authorized and directed to pay any post closing filing fees required by Act 34 to the Michigan Department of Treasury or other specified agency, as a cost of issuance or from other legally available funds.

19. Continuing Disclosure. The City shall enter into a continuing disclosure undertaking pursuant to the Rule for the benefit of the holders and beneficial owners of any series 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 the Authorized Officer shall deem necessary to comply with law or market requirements of an underwriter of the Bonds. The Authorized Officer is hereby authorized to execute and deliver the Undertaking after completion and modification as provided in this Resolution and the Sale Order.

20. 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 initial 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.

The Authorized Officer is hereby authorized to engage other consultants, financial advisors, or other parties as he or she 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.

21. Financial Advisor. The City hereby appoints Public Resources Advisory

Group, Inc. as initial financial adviser with respect to the Bonds.

22. 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.

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

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

Exhibit A

Proposal N

**NEIGHBORHOOD IMPROVEMENT
BOND PROPOSAL**

Shall the City of Detroit issue bonds in an amount of not more than \$250,000,000 for the purpose of paying the cost of neighborhood improvements in the City through property rehabilitation, demolition and other blight remediation activities? The bonds will be payable from taxes the City is allowed to levy in addition to state statutory and City Charter limits.

Yes

No

The total debt millage required to retire this proposed bond issue and all voted bonds of the City is estimated to remain at or below the debt millage levied by the City in 2020. If approved, the estimated millage to be levied in 2021 for the proposed bonds is 3.114 mills (\$3.114 per \$1,000 of taxable value) and the estimated simple average annual millage rate required to retire the proposed bonds is 2.665 mills (\$2.665 per \$1,000 of taxable value). Each series of the bonds shall be payable in not more than 30 years from its date of issuance.

Exhibit B

FORM OF 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 Unlimited Tax General Obligation Bonds, Series 20__ (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.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule. “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, as in effect on the date of this undertaking, including any officiation interpretations thereof issued either before or after the date of this undertaking which are applicable to this undertaking.

“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, 2020, 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 Appendix A of the Official Statement relating to the Bonds as described below:
 - a. Revenues and Expenditures of the General Fund;
 - b. Municipal Income Tax Revenues;
 - c. Property Tax Revenues;
 - d. Distributable State Aid (State Revenue Sharing);
 - e. Annual City Contributions to the Retirement Systems;
 - f. City of Detroit State Equalized Valuations and Taxable Valuations;
 - g. Tax Rates;
 - h. Tax Levies and Collections;
 - i. Ten Largest Property Taxpayers;
 - j. Legal Debt Margins Subject to State Limitations;
 - k. Statement of Direct Tax-Supported and Revenue Indebtedness; and
 - l. Direct and Overlapping Debt.
- (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 to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in paragraph (b)(5)(i)(C) of the Rule with respect to the Bonds (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;
- (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;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, 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) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(h) *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.

(i) *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.

(j) *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.

(k) *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: _____, 20__

34048327.18\022765-00234