NOTICE TO THE MSRB OF A MATERIAL EVENT

Name of Obligated Person: City of Detroit Downtown Development Authority

Names of Bond Issues: Tax Increment Bonds (Development Area No. 1 Projects) Series 1996C, issued April 1, 1996

Tax Increment Refunding Bonds (Development Area No. 1 Projects) Series 1998A, issued September 1, 1998

(collectively, the “Bonds”)

NOTICE IS HEREBY GIVEN that on November 24, 2014 the City of Detroit Downtown Development Authority (the “Authority”) approved a Second Supplemental Resolution to its Amended and Restated Bond Resolution adopted on April 2, 1996, as supplemented by a First Supplemental Resolution adopted on August 18, 1998 (collectively, the “Master Resolution”), pursuant to which the above-captioned Bonds were issued. The Second Supplemental Resolution was adopted to (i) cure an ambiguity or formal defect or omission in the Master Resolution, (ii) add to the covenants and agreements of the Authority in the Master Resolution or (iii) make other changes in the Master Resolution which, in the opinion of U.S. Bank National Association, as Trustee, in reliance upon an opinion of counsel, shall not prejudice in any material respect the rights of the owners of any series of outstanding Bonds, or to serve more than one of the foregoing purposes.


CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

Dated: December 15, 2014
SECOND SUPPLEMENTAL RESOLUTION
TO
AMENDED AND RESTATE
RESOLUTION OF THE CITY OF DETROIT DOWNTOWN DEVELOPMENT
AUTHORITY AUTHORIZING THE ISSUANCE OF CITY OF DETROIT
DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BONDS
AND TAX INCREMENT REFUNDING BONDS
(DEVELOPMENT AREA NO. 1 PROJECTS)

WHEREAS, on April 2, 1996, the Authority adopted its Amended and Restated Resolution Authorizing the Issuance of City of Detroit Downtown Development Authority Tax Increment Bonds and Tax Increment Refunding Bonds (Development Area No. 1 Projects) (the "Resolution"), pursuant to which the Authority authorized the issuance and sale of its Series 1996 Bonds and the future issuance and sale of one or more series of Additional Bonds, subject to certain terms and conditions stated therein; and

WHEREAS, on April 11, 1996, the Secretary/Treasurer of the Authority executed an Order of Secretary/Treasurer authorizing the sale and execution and delivery of multiple series of the Series 1996 Bonds; and

WHEREAS, Section 12.02 of the Resolution provides for the adoption of Supplemental Resolutions, subject to certain terms and conditions stated therein; and

WHEREAS, on August 18, 1998, the Authority adopted its First Supplemental Resolution to the Resolution and a Series Resolution (the "Series 1998 Resolution") authorizing the Authority's issuance and sale of multiple series of its Tax Increment Refunding and Tax Increment Bonds (Development Area No. 1 Projects), Series 1998 (the "Series 1998 Bonds"); and

WHEREAS, on August 27, 1998, the Secretary/Treasurer of the Authority executed an Order of Secretary/Treasurer (the "Series 1998 Order") authorizing the sale and execution and delivery of the Series 1998A Bonds, the Series 1998B Bonds and the Series 1998C Bonds, each as defined in the Series 1998 Order; and

WHEREAS, pursuant to the terms of the Resolution, the Series 1998 Resolution and the Series 1998 Order, the Authority obtained separate debt service reserve surety bonds issued by MBIA Insurance Corporation to fund a portion of the Debt Service Reserve Requirement for the Series 1998A Bonds and all of the Debt Service Reserve Requirement for the Series 1998B Bonds, which surety bonds remain in effect as of the date hereof in their respective original stated amounts, but as obligations of National Public Finance Guarantee Corporation ("NPFG"), as successor to MBIA Insurance Corporation with respect to such obligations; and
WHEREAS, it is proposed that the Authority obtain two additional debt service reserve surety bonds to be issued by NPFG (the "2014 NPFG Surety Bonds"), to be delivered to the Trustee pursuant to Section 6.12(a) of the Resolution, in substitution for the cash and permitted investments currently on deposit in the Debt Service Reserve Fund, representing (i) the amount specified in the Resolution and Series 1996 Order as the Debt Service Reserve Requirement applicable to the Series 1996C Bonds and (ii) the portion of the amount specified in the Series 1998 Resolution and Series 1998 Order as the Debt Service Reserve Requirement applicable to the Series 1998A Bonds, less the amount of the NPFG Surety Bond currently securing such Debt Service Reserve Requirement for the Series 1998A Bonds; and

WHEREAS, it is proposed that the cash and investments in the Debt Service Reserve Fund, in substitution for which the 2014 NPFG Surety Bonds are to be delivered to the Trustee, shall be released from the Debt Service Reserve Fund and transferred to temporary accounts within the Bond Fund, to be applied, together with funds provided by the Authority, to redeem all outstanding Series 1998C Bonds and portions of the outstanding principal amounts of certain maturities of the Series 1998A Bonds and Series 1998B Bonds to be designated by the Authority in redemption directions to be submitted to the Trustee; and

WHEREAS, in connection with its issuance of the 2014 NPFG Surety Bonds, NPFG has requested the amendments to the Resolution set forth herein to further protect its interests as a Credit Enhancement Provider under the Resolution (the "Amendments"); and

WHEREAS, for purposes of Section 12.02(b) of the Resolution, the Amendments are not inconsistent with the terms and provisions of the Resolution, and are amendments which either (i) cure an ambiguity or formal defect or omission in the Resolution, (ii) add to the covenants and agreements of the Authority in the Resolution or (iii) make other changes which in the opinion of the Trustee in reliance upon an opinion of counsel shall not prejudice in any material respect the rights of the owners of any series of Bonds then Outstanding.

NOW THEREFORE, be it resolved by the Authority as follows:

1. **Definitions.** All capitalized terms used and not otherwise defined herein, including the recitals hereto, shall have the meanings ascribed to such terms in the Resolution.

2. **Condition Precedent to Effectiveness and Authority for Amendments.** The provisions of this Second Supplemental Resolution shall become effective from and after the date of issuance and delivery of the 2014 NPFG Surety Bonds. This Second Supplemental Resolution is authorized pursuant to Section 12.02(b) (i), (iii) and (vii) of the Resolution.

3. **Amendment to Use of Revenue Fund Monies.** Section 6.06 of the Resolution is hereby amended in its entirety to read as follows:

2
"Section 6.06 Use of Monies in the Revenue Fund. Monies in the Revenue Fund as and when received therein shall be used only in accordance with this Section 6.06, as follows, in the following order of priority; provided, however, that no monies from the School Capture Account of the Revenue Fund shall be used for the purposes specified in Subsections (b), (c), (d), (e), (f), (g), (h), (i) and (j) of this Section 6.06:

(a) for transfer to the Protected Obligations Account and the General Account of the Bond Fund as follows by the Trustee during each period beginning July 2 of any year (except that the first period shall begin on the date of delivery of the first series of Bonds authorized hereunder) to July 1 of the following year, the aggregate amount needed to pay principal or Accreted Value of, premium, if any, and interest on the Bonds (other than Junior Lien Bonds) until the aggregate amount on deposit in the Protected Obligations Account and the General Account of the Bond Fund is equal to the aggregate principal or Accreted Value of, premium, if any, and interest coming due on the Bonds (other than Junior Lien Bonds) on the two Interest Payment Dates occurring within such period or upon the redemption or final maturity of all or a part of the Bonds (other than Junior Lien Bonds) during such period:

(i) all monies in the School Capture Account of the Revenue Fund shall be transferred to the Protected Obligations Account of the Bond Fund and shall be used only to pay Debt Service on Bonds (other than Junior Lien Bonds) which are Protected Obligations;

(ii) there shall be transferred monies from the General Tax Increment Account of the Revenue Fund to the General Account of the Bond Fund until the amount on deposit in the General Account of the Bond Fund following such transfer bears the same proportion to the Debt Service for such period on all Outstanding Bonds other than Protected Obligations and Junior Lien Bonds that the amount on deposit in the Protected Obligations Account of the Bond Fund following the transfers pursuant to subparagraph (i) above bears to the Debt Service for such period on all Protected Obligations;

(iii) to the extent there are insufficient amounts in the Bond Fund to pay Debt Service for such period on all Outstanding Bonds other than Junior Lien Bonds there shall be transferred from the General Tax Increment Account of the Revenue Fund to the Protected Obligations Account of the Bond Fund and the General Account of the Bond Fund, pro rata, based on the Debt Service for such period on all Protected Obligations and Bonds other than Protected Obligations and Junior Lien Bonds, respectively, the remaining General Tax Increment Revenues;

(b) to replenish the Debt Service Reserve Fund in accordance with Section 8.04 of this Resolution if any deficiency exists in the Debt Service Reserve Requirement, and to reimburse any Credit Enhancement Provider for unreimbursed draws on any surety bond securing the Debt Service Reserve Requirement under Section 6.12(a) of this Resolution;

(c) to make Swap Payments with respect to any Bonds which are not Junior Lien Bonds;

(d) for transfer to the Junior Lien Bond Fund as follows by the Trustee during each period beginning July 2 of any year (except that the first period shall begin on the date of
delivery of the first series of Junior Lien Bonds authorized hereunder) to July 1 of the following year the aggregate amount needed to pay principal or Accreted Value of, premium, if any, and interest on the Junior Lien Bonds until the aggregate amount on deposit in the Junior Lien Bond Fund is equal to the aggregate principal or Accreted Value of, premium, if any, and interest coming due on the Junior Lien Bonds on the two Interest Payment Dates occurring within such period or upon the redemption or final maturity of all or a part of the Junior Lien Bonds during such period;

(e) to replenish the Junior Lien Debt Service Reserve Fund in accordance with Section 8.05 of this Resolution, if any deficiency exists in the Junior Lien Debt Service Reserve Requirement;

(f) to make Swap Payments with respect to any Junior Lien Bonds;

(g) for payment by the Trustee of the fees and expenses of the Credit Enhancement Provider which fees and expenses have been approved by the Authority in accordance with the Series Resolution pursuant to which the Credit Enhancement Device is obtained;

(h) for payment of the fees and expenses of the Trustee in accordance with the provisions of this Resolution;

(i) for payment of the Authority’s obligations under Section 15.07 hereof;

(j) for transfer to a temporary account, which shall be created by the Trustee within the Bond Fund, of an amount equal to (1) the lesser of $3,000,000 or the balance remaining after the foregoing payments and transfers (up to the maximum amount divisible by $5,000), for the purpose of funding the principal portion of the optional redemption of a corresponding principal amount of the Authority’s Outstanding Tax Increment Refunding Bonds (Development Area No. 1 Projects), Series 1998A, if any, scheduled to mature on the earliest Principal Payment Date or Principal Payment Dates, which redemption shall occur on the earliest date or dates for which the requisite notice of redemption can be given by the Trustee, without any further direction from the Authority, plus (2) the amount of interest to accrue on such bonds to be redeemed through such redemption date or dates, all of which funds shall be held by the Trustee until applied to such redemption, provided, that the required transfer set forth above and corresponding principal amount of the Bonds to be so redeemed in any one or more years (1) shall be increased by the cumulative amount of any shortfalls in revenues available for transfer below $3,000,000 in any one or more prior years (excluding amounts added to subsequent transfers by operation of this provision) and (2) may be reduced upon written direction to the Trustee from both the Authority and the Credit Enhancer prior to the issuance of the notice of redemption; and

(k) for payment of the balance to the Authority for use by the Authority in accordance with the Development Plan after the Trustee’s payment of all of the sums required to be paid pursuant to subsections (a) through (j) hereof, except that on July 2, 1996 and on each July 2 thereafter, the Trustee shall transfer to the Junior Lien Bond Fund an amount sufficient to pay Debt Service on Junior Lien Bonds payable on the immediately following January 1."
4. Amendment to Pledge and Lien Created by the Resolution. The last sentence of the first paragraph of Section 7.01 is hereby amended in its entirety to read as follows:

“In furtherance of the foregoing, the Authority shall direct the Treasurer of the City, the Treasurer of the Charter County of Wayne and any other applicable officials to remit directly to the Trustee for deposit to the Revenue Fund, immediately after collection, Tax Increment Revenues otherwise payable to the Authority for so long as any Bonds are outstanding and continuing until all amounts due and unpaid under any Credit Enhancement Device shall have been paid in full and a certificate to such effect has been delivered to the Trustee from any Credit Enhancement Provider.”

Section 7.01 is hereby further amended to add the following paragraph following the first paragraph thereof:

“The Tax Increment Revenues subject to the pledge of the foregoing paragraph shall include any and all reimbursements or payments of any description provided to the Authority by the State or any fund or account of the State by reason of any exemption from taxation of personal property, any reduction in operating millage leviable by any local unit of government or taxing authority, or by reason of any reduction in the valuation of property or the percentage of the reduction in the valuation of property or the percentage of the true cash value of property subject to ad valorem taxation, or any credit against taxation or resulting directly or indirectly from any change in the Constitution or laws of the State of Michigan as in effect on the date of this Resolution.”

Section 7.01 is hereby further amended to add the following sentence at the end of the last paragraph thereof:

“It is further the intention of the Authority that by operation of the provisions of Act 197, and to the fullest extent permitted by law, this pledge shall create a valid and binding statutory lien on the Tax Increment Revenues, and that the Tax Increment Revenues so pledged shall constitute "special revenues" within the meaning of Chapter 9 of Title 11 of the United States Code, as amended from time to time, or any successor statute thereto.”
5. Amendment to Replenishment of Debt Service Reserve Fund. Section 8.04 of the Resolution is hereby amended in its entirety to read as follows:

"Section 8.04. Replenishment of Debt Service Reserve Fund. The Authority hereby covenants to replenish the Debt Service Reserve Fund from time to time, beginning upon transfers or withdrawals of monies from the Debt Service Reserve Fund or upon a valuation thereof indicating a deficiency therein, with such sum or sums as shall be required to have in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement which replenishment shall be complete within 120 days following the date of transfer or withdrawal of monies from the Debt Service Reserve Fund or the valuation of the Debt Service Reserve Fund indicating a deficiency therein. The Authority's covenant shall be satisfied solely through the use of Pledged Funds under this Resolution. The Trustee shall promptly notify the Authority in writing whenever the monies on deposit in the Debt Service Reserve Fund are less than the Debt Service Reserve Requirement."

6. Amendment to Events of Default. Section 9.01(d) of the Resolution is hereby amended in its entirety to read as follows:

"Failure by the Authority to replenish the Debt Service Reserve Fund or the Junior Lien Debt Service Reserve Fund as provided in Section 8.04 or Section 8.05, as applicable, of this Resolution, such failure to replenish the Debt Service Reserve Fund being an Event of Default with respect to all series of outstanding Bonds, and such failure to replenish the Junior Lien Debt Service Reserve Fund being an Event of Default with respect to all series of outstanding Junior Lien Bonds."

7. The Resolution shall remain in full force and effect, except as specifically amended and supplemented hereby, and is hereby confirmed.
I, Sonya Delley, Secretary of the City of Detroit Downtown Development Authority, hereby certify that the foregoing Resolution is a true and accurate copy of a Resolution adopted by the Board of Directors of the City of Detroit Downtown Development Authority at its Special meeting on November 24, 2014.

Sonya Delley
Secretary

Subscribed and sworn to before me this 24th day of November, 2014 a Notary Public in and for Wayne County, Michigan.

Gay E. Hilger
Notary Public

My commission expires on: 6/22/20