



CODE LDFA 19-06-02-55

APPROVAL OF THE LDFA MINUTES OF OCTOBER 23, 2018

RESOLVED that the minutes of the Regular meeting of October 23, 2018 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Local Development Finance Authority.

June 25, 2019

**LOCAL DEVELOPMENT FINANCE AUTHORITY
BOARD OF DIRECTORS REGULAR, MEETING
TUESDAY, OCTOBER 23, 2018
9:30 A.M.**

BOARD MEMBERS PRESENT: Furquan Ahmed
Derek Dickow
Linda Forte
Damon Hodge
Arthur Jackson
Katrina McCree
Felicia Venable

BOARD MEMBER ABSENT: Irma Clark-Coleman
James Jenkins III
Mariann Sarafa
(Vacancy)

OTHERS PRESENT: Peter Ecklund (Clark Hill)
Gay Hilger (DEGC/LDFA)
Malinda Jensen (DEGC/LDFA)
Paul Kako (DEGC/LDFA)
Jennifer Kanalos (DEGC/LDFA)
Glen Long (DEGC/LDFA)
Rebecca Navin (DEGC/LDFA)



**MINUTES OF THE LOCAL DEVELOPMENT FINANCE AUTHORITY
BOARD OF DIRECTORS REGULAR, MEETING
TUESDAY, OCTOBER 23, 2018
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD STREET, SUITE 2200 - 9:30 A.M.**

GENERAL

CALL TO ORDER

Noting that a quorum was present, Chairperson Forte called the Special meeting of the LDFA Board of Directors to order at 9:39 a.m.

Ms. Forte welcomed the two new Board members in attendance and asked that we go around the table and introduce ourselves.

APPROVAL OF MINUTES

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the June 19, 2018 Special Board meeting. Hearing none, the Board took the following action:

On a motion by Ms. McCree, seconded by Mr. Hodge, Resolution Code LDFA 18-10-02-54 was unanimously approved.

ACCEPTANCE OF TREASURER'S REPORT

Mr. Long reviewed the Treasurer's Report of Receipts and Disbursements for the months of June 2018 and July through September 2018 for the benefit of the Board. With there being no questions, the Board took the following action:

On a motion by Mr. Dickow, seconded by Ms. McCree, Resolution Codes LDFA 18-10-03-40 and 18-10-03-41 were unanimously approved.

ADMINISTRATION

Acceptance of UDAG Funds and Plan of Supplemental Funding for Debt Service

Mr. Long stated that as most of the Board members are aware, the City of Detroit Local Development Finance Authority (the "LDFA") issued tax increment revenue bonds in 1997 and 1998 in support of Fiat Chrysler's Jefferson North Assembly Plant ("JNAP") (the "LDFA Bonds"). The LDFA Bonds are repaid from tax increment revenues generated by JNAP. With depreciation of taxable values over the life of the LDFA Bonds, staff has anticipated a need for supplemental funding in order to service the LDFA Bonds through their maturity in May, 2021. At the request of the Board, staff has identified supplement funding sources to support LDFA's remaining debt service obligations. Specifically, LDFA staff has identified certain proceeds from the Urban Development Action Grant program ("UDAG") that were received by the Economic Development Corporation of the City of Detroit (the "EDC") as repayments of loans and/or other advances made

by the EDC using UDAG grants and/or proceeds of UDAG grants ("UDAG Proceeds") that could be utilized for this purpose.

Pursuant to the terms of certain transfer agreements between the City of Detroit, acting through its Community and Economic Development Department, now known as the Housing and Revitalization Department ("HRD") and the EDC, the EDC is in possession of certain UDAG Proceeds, which are now available for certain economic development purposes, subject to the provisions of the original UDAG grants and transfer agreements. LDFA previously accepted a grant of UDAG Proceeds from the EDC and has approximately \$600,000 of such proceeds on hand. In addition, EDC has an additional \$2.5 Million in UDAG Proceeds that, subject to applicable restrictions and consents, could be transferred to the LDFA by the EDC, and be reimbursed to the EDC to the extent of any available proceeds.

LDFA Staff proposed utilizing the aggregate of \$3.1 Million in UDAG Proceeds as follows (the "Plan of Supplemental Funding"):

- \$600,000: \$150,000 / year for operating expenses for 2018 - 2021, freeing up \$150,000 / year in tax increment revenues for scheduled debt service
- \$2,500,000: To be transferred to US Bank (Bond Trustee) in order to pay a portion of the May 1, 2019 debt service, which, if feasible, will be paid early, thereby decreasing the interest payable through the May, 2021 maturity. It is expected that with this early defeasance and bridge loan, LDFA should be able to meet its debt service requirements through May, 2021 LDFA Bond maturity using projected and reserved tax increment revenues.

A resolution accepting the additional UDAG Proceeds from the EDC and implementing the Plan of Supplemental Funding, as presented, was provided in the Board material for consideration.

Mr. Long diagramed the debt service payments and expected tax increment revenues year-by-year through 2021 to help the Board members understand the use of the \$2.5 million loan from the EDC. He also explained that the LDFA will have to disclose this material event.

Mr. Ahmed questioned if any other plan for repayment of the bonds had been considered. Mr. Long responded that other than defaulting on the bonds, this was the only solution that staff could come up with. He also pointed out that the EDC Board just approved this transfer of recycled UDAG funds to the LDFA at its Board meeting held immediately before this meeting. LDFA's approval would be the second step in a three-step process. The Director of the City's Housing and Revitalization Department must also give written approval. It is hoped and expected that it will be approved. Ms. Navin added that the letter has been drafted and we anticipate that it will be signed. Mr. Ahmed asked what Plan "C" would be if we do not get approval by the HRD Director. Ms. Navin responded that this is the solution that staff has come up with, and we would have to turn to the City for an alternative solution and that nobody wants to see a default on the bonds.

Subsequent to the discussion, the Board took the following action:

On a motion by Ms. McCree, seconded by Mr. Hodge, Resolution Code LDFA 18-10-01-143 was unanimously approved.

LDFA Audited Financial Statements and Management Report as of June 30, 2018

Ms. Kanalos advised that copies of the above-referenced materials were distributed to each Board member under separate cover on September 24, 2018.

The LDFA staff reviewed the material and recommends formal receipt by the LDFA Board.

The attached resolution indicates the Board's formal receipt of the LDFA Audited Financial Statements and Management Report as of June 30, 2018, with comparative totals as of June 30, 2017, as prepared by George Johnson & Company, Certified Public Accountants.

With there being no questions, the Board took the following action:

On a motion by Mr. Ahmed, seconded by Mr. Jackson, Resolution Code LDFA 18-10-01-144 was unanimously approved.

OTHER MATTERS

PUBLIC COMMENT

ADJOURNMENT

With there being no other business to be brought before the Board, Ms. Forte adjourned the meeting at 9:57 a.m.



CITY OF DETROIT LOCAL DEVELOPMENT FINANCE AUTHORITY

CODE LDFA 18-10-02-54

APPROVAL OF THE LDFA MINUTES OF JUNE 19, 2018

RESOLVED, that the minutes of the Special meeting of June 19, 2018 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Local Development Finance Authority.

October 23, 2018



CITY OF DETROIT LOCAL DEVELOPMENT FINANCE AUTHORITY

CODE LDFA 18-10-03-40

APPROVAL OF TREASURER'S REPORT FOR JUNE 2018

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for June 2018 as presented at this meeting, is hereby in all respects ratified and approved as action of the Local Development Finance Authority.

October 23, 2018



CITY OF DETROIT LOCAL DEVELOPMENT FINANCE AUTHORITY

CODE LDFA 18-10-03-41

APPROVAL OF TREASURER'S REPORT FOR JULY THROUGH SEPTEMBER 2018

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for July through September 2018 as presented at this meeting, is hereby in all respects ratified and approved as action of the Local Development Finance Authority.

October 23, 2018



ADMINISTRATION: ACCEPTANCE OF UDAG FUNDS AND PLAN OF SUPPLEMENTAL FUNDING FOR DEBT SERVICE

WHEREAS, the City of Detroit Local Development Finance Authority (the "LDFA") issued tax increment revenue bonds in 1997 and 1998 in support of Fiat Chrysler's Jefferson North Assembly Plant ("JNAP") (the "LDFA Bonds"), payable from tax increment revenues generated by JNAP; and

WHEREAS, with depreciation of taxable values over the life of the LDFA Bonds, staff has anticipated a need for supplemental funding in order to support the debt service of the LDFA Bonds through their maturity in May, 2021 and has identified certain proceeds from the Urban Development Action Grant program ("UDAG") that were received by the Economic Development Corporation of the City of Detroit (the "EDC") as repayments of loans and/or other advances made by the EDC using UDAG grants and/or proceeds of UDAG grants ("UDAG Proceeds") that could be utilized for this purpose: and

WHEREAS, pursuant to the terms of certain transfer agreements between the City of Detroit, acting through its Community and Economic Development Department, now known as the Housing and Revitalization Department ("HRD") and the EDC, the EDC is in possession of certain UDAG Proceeds, which are now available for certain economic development purposes, subject to the provisions of the original UDAG grants and transfer agreements; and

WHEREAS, LDFA previously accepted a grant of UDAG Proceeds from the EDC and has approximately \$600,000 of such proceeds on hand and EDC has an additional \$2.5 Million in UDAG Proceeds that, subject to applicable restrictions and consents, could be transferred to the LDFA by the EDC, and be reimbursed to the EDC to the extent of any available proceeds; and

WHEREAS, LDFA Staff proposes accepting the additional \$2.5 Million of UDAG Proceeds from the EDC and utilizing the aggregate of \$3.1 Million in UDAG Proceeds as follows (the "Plan of Supplemental Funding"):

- \$600,000: \$150,000 / year for operating expenses for 2018 - 2021, freeing up \$150,000 / year in tax increment revenues for scheduled debt service
- \$2,500,000: To be transferred to US Bank (Bond Trustee) in order to pay a portion of the May 1, 2019 debt service, which, if feasible, will be paid early, thereby decreasing the interest payable through the May, 2021 maturity. It is expected that with this early defeasance and bridge loan, LDFA should be able to meet its debt service requirements through May, 2021 LDFA Bond maturity using projected and reserved tax increment revenues.

WHEREAS, the LDFA Board of Directors has reviewed the Plan of Supplemental Funding and determined that it is the best interest of the LDFA and the holders of the LDFA Bonds.

NOW, THEREFORE, BE IT RESOLVED, that the LDFA Board of Directors hereby authorizes the acceptance of \$2.5 Million in UDAG Proceeds from the EDC, subject to applicable restrictions and consents, and subject to reimbursement of such UDAG Proceeds to the EDC from any available proceeds.

BE IT FURTHER RESOLVED that the LDFA Board of Directors hereby approves the Plan of Supplement Funding, including the expenditure of the UDAG Proceeds as described therein.

BE IT FURTHER RESOLVED that the LDFA Board of Directors hereby authorizes any two of its Officers or any two of its Authorized Agents or any one Officer and any one Authorized Agent to negotiate and execute transfer or similar agreements necessary or appropriate to accept the UDAG Proceeds as deemed appropriate by such Authorized Agents and counsel which are not inconsistent with this resolution and do not adversely affect the rights and/or obligations of the LDFA hereunder.

BE IT FURTHER RESOLVED the LDFA Board of Directors hereby authorizes any two of its Officers or any two of its Authorized Agents or any one Officer and any one Authorized Agent to execute and all other documents, contracts and papers and take such other actions necessary or appropriate to implement the provisions and intent of this resolution on behalf of the LDFA.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any Officer or Authorized Agent of the LDFA, in the name and on behalf of the LDFA, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

October 23, 2018



CITY OF DETROIT LOCAL DEVELOPMENT FINANCE AUTHORITY

CODE LDFA 18-10-01-144

ADMINISTRATION: LDFA AUDITED FINANCIAL STATEMENTS AND MANAGEMENT REPORT AS OF JUNE 30, 2018

RESOLVED, that the Board of Directors of the Local Development Finance Authority (the "LDFA") hereby acknowledges receipt of the LDFA Audited Financial Statements and Management Report as of June 30, 2018, with comparative totals as of June 30, 2017, as prepared by George Johnson & Company, Certified Public Accountants.

October 23, 2018