



**APPROVAL OF THE LDFA MINUTES OF NOVEMBER 16, 2016**

RESOLVED, that the minutes of the Special meeting of November 16, 2016 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.

May 18, 2017

**LOCAL DEVELOPMENT FINANCE AUTHORITY  
BOARD OF DIRECTORS SPECIAL MEETING  
WEDNESDAY, NOVEMBER 16, 2016  
9:00 A.M.**

**BOARD MEMBERS PRESENT:** Furquan Ahmed  
Dolores Brown  
Irma Clark-Coleman  
Derek Dickow  
Linda Forte  
James Jenkins III  
Greer Love  
Katrina McCree  
William Ritsema

**BOARD MEMBER ABSENT:** Mariann Sarafa  
Felicia Venable

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



**MINUTES OF THE LOCAL DEVELOPMENT FINANCE AUTHORITY  
BOARD OF DIRECTORS SPECIAL MEETING  
WEDNESDAY, NOVEMBER 16, 2016  
DETROIT ECONOMIC GROWTH CORPORATION  
500 GRISWOLD STREET, SUITE 2200 - 9:00 A.M.**

**GENERAL**

**CALL TO ORDER**

Noting that a quorum was present, Chairperson Forte called the regular meeting of the LDFA Board of Directors to order at 9:04 a.m. Ms. Forte welcomed new Board member, Greer Love, and asked that those around the table introduce themselves.

**APPROVAL OF MINUTES**

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the May 24, 2016 Special Board meeting. Hearing none, the Board took the following action:

On a motion by Ms. Clark-Coleman, seconded by Mr. Ritsema, Resolution Code LDFA 16-11-02-49 was unanimously approved.

**ACCEPTANCE OF TREASURER’S REPORT**

Mr. Long reviewed the Treasurer’s Report of Receipts and Disbursements for the period May – June 2016 and July – September, 2016 for the benefit of the Board and responded to questions.

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

On a motion by Ms. Brown, seconded by Mr. Ritsema, Resolution Codes LDFA 16-11-03-33 and 16-11-03-34 were unanimously approved.

**ADMINISTRATION**

**Employing and Fixing the Compensation of a Director**

Ms. Kanalos advised that on July 1, 2016, she was designated Acting Director of the Local Development Finance Authority (the “LDFA”) by the President and CEO of the Detroit Economic Growth Corporation (the “DEGC”), per resolution code 97-05-01-02 which authorizes the President and CEO of the DEGC to designate an Acting Director in the absence of a Director. Ms. Kanalos stated that she subsequently took the LDFA’s Constitutional Oath of Office and is covered by the DEGC’s insurance which is comparable to a bond in the penal sum of \$20,000.00.

A resolution was included with the memorandum designating Jennifer Kanalos as Director of the LDFA.

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

On a motion by Mr. Ritsema, seconded by Ms. Brown, Resolution Code LDFA 16-11-01-129 was unanimously approved.

### **Adoption of FY 2016-2017 Budget**

Ms. Kanalos stated that on May 24, 2016, the LDFA Board of Directors authorized LDFA staff to submit the attached LDFA budget for FY 2016-2017 to City Council for approval prior to its adoption by the LDFA Board.

On June 14, 2016, the City Council approved the LDFA budget, which is subsequently submitted to the LDFA Board for adoption.

A resolution adopting the budget for FY 2016-2017 was included for the Board's consideration and approval.

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

On a motion by Mr. Ritsema, seconded by Ms. Clark-Coleman, Resolution Code LDFA 16-11-01-127 was unanimously approved.

### **LDFA Audited Financial Statements and Management Report as of June 30, 2016**

Ms. Kanalos advised that copies of the above-referenced materials were distributed to each Board member under separate cover on October 4, 2016.

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

The resolution included with the Board material indicates the Board's formal receipt of the LDFA Audited Financial Statements and Management Report as of June 30, 2016, with comparative totals as of June 30, 2015, as prepared by George Johnson & Company, Certified Public Accountants.

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

On a motion by Mr. Ritsema, seconded by Ms. Brown, Resolution Code LDFA 15-11-01-128 was unanimously approved.

## **PROJECTS**

### **Director's Report**

Ms. Kanalos reported that on October 21, 1998, the Local Development Finance Authority (the "LDFA") issued its 1998 Series A Tax Increment Tax Exempt Bonds of par amount of \$52,205,000.00. After the appropriate deduction for underwriter's discount, debt service reserve and cost of issuance, the net amount of \$45,461,044.14 was paid to the City of Detroit as additional reimbursement for the City's identifiable public facilities expenditures of \$118,745,000.00.

The LDFA to date, through the issuance of its 1991 Series A Bonds, the 1997 Series A-B-C Bonds and the 1998 Series A Bonds, has reimbursed the City a total amount of approximately \$99,000,000.00, leaving a balance of unreimbursed City expenditures of approximately \$19,745,000.00.

As the Board knows, on April 30, 2009, Chrysler LLC, Chrysler Motors LLC, Chrysler Transport Inc., and 23 other Chrysler subsidiaries and affiliates (collectively, Chrysler) filed for protection under Chapter 11 of U.S. Bankruptcy Code.

Subsequent to that event, and in conformance with the continuous disclosure provisions of the LDFA bond documents, LDFA and LDFA's Trustee, US Bank, issued certain disclosure statements.

With respect to LDFA's Smartzone District, LDFA received an Eight Million Nine Hundred Fifty Thousand & 00/100 Dollars (\$8,950,000.00) core communities grant, from the Michigan Economic Development Corporation to be allocated as follows:

	<u>Amount Allocated</u>	<u>Amount Disbursed</u>
• Wayne State University Research and Technology Park.	\$ 2,000,000.00	\$2,000,000.00
• Tricentennial Park Through SDNR	4,000,000.00	3,640,377.17
• WSU Cultural Center	1,500,000.00	1,462,138.05
• Downtown Development Authority	1,450,000.00	1,450,000.00

LDFA staff prepared its Year 2015 2604 Report (formerly T-1101). This report is submitted to the Michigan Department of Treasury in accordance with the provisions of the LDFA Act 281 of Michigan Acts 1986, as amended, to justify the LDFA's capture of School Tax Increment Revenues.

LDFA staff also completed the LDFA's annual reports to be submitted to the City Council, the Michigan Department of Treasury, and published in a newspaper of general circulation in accordance with Section 14(3) of Act 450 of the Public Acts of Michigan.

Finally, the LDFA's Continuing Disclosure Annual Report was submitted to Nationally Recognized Municipal Securities Information Repositories and the State Information Repository in January 2016.

This report was for the Board's information and no action was taken.

### **Debt Service Coverage Projections 2017 - 2021**

Mr. Long explained the LDFA Debt Service Coverage Projections for 2017 through 2021 for the Board's information and responded to questions.

This report was for the Board's information and no action was taken.

**OTHER MATTERS**

**PUBLIC COMMENT**

**ADJOURNMENT**

With there being no other business to be brought before the Board, Ms. Forte adjourned the meeting at 9:31 a.m.

**LDFA  
DEBT SERVICE COVERAGE PROJECTIONS  
2016-2021**

2009 Taxable Value	184,628,294	
2010 Taxable Value	169,725,633	-8.07%
2011 Taxable Value	115,048,580	-32.21%
2012 Taxable Value	108,522,218	-5.67%
2013 Taxable Value	93,885,371	-13.49%
2014 Taxable Value	80,212,163	-14.56%
2015 Taxable Value	90,746,120	13.13%
2016 Taxable Value	58,109,700	-35.96%

**UTILIZES ACTUAL REVENUE FOR YEAR ENDED 6/30/16**

**Schedule of Maturities of Long-Term Liabilities**

	Principal	Interest	Total	PY Revenue	Projected Revenue	
For the Years Ending June 30:						
2017	6,630,000	1,968,437	8,598,437	4,205,812	4,205,812	11,814,990 Bond Rev Balance 6/30/15
2018	6,810,000	1,596,317	8,406,317	4,205,812	4,205,812	(4,392,625)
2019	6,990,000	1,213,478	8,203,478	4,205,812	4,205,812	(4,200,505)
2020	7,185,000	819,916	8,004,916	4,205,812	4,205,812	(3,997,666)
2021	7,340,000	414,737	7,754,737	4,205,812	4,205,812	(3,799,104)
	<u>\$ 34,955,000</u>	<u>\$ 6,012,885</u>	<u>\$ 40,967,885</u>			<u>(3,548,925)</u>
						<u>(8,123,835) Projected Shortfall</u>

8,525,459 Balance in Debt Service Reserve Funds

401,624 Surplus (Deficit) at end of bond term



APPROVAL OF THE LDFA MINUTES OF MAY 24, 2016

RESOLVED, that the minutes of the Special meeting of May 24, 2016 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.

November 16, 2016





APPROVAL OF TREASURER'S REPORT FOR MAY - JUNE 2016

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for May through June 2016 as presented at this meeting, are hereby in all respects ratified and approved as action of the Local Development Finance Authority.

November 16, 2016



APPROVAL OF TREASURER'S REPORT FOR JULY - SEPTEMBER 2016

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for July through September 2016 as presented at this meeting, are hereby in all respects ratified and approved as action of the Local Development Finance Authority.

November 16, 2016



CODE LDFA 16-11-01-129

**ADMINISTRATION: EMPLOYING AND FIXING THE COMPENSATION OF A DIRECTOR**

WHEREAS, Act 381, Public Acts of Michigan, 1986, as amended ("Act 281") provides that the Board of Directors (the "Board") of the Local Development Finance Authority (the "LDFA"), may employ and fix the compensation of a Director, subject to the approval of the Detroit City Council ("City Council"); and

WHEREAS, pursuant to a contractual agreement between the LDFA and the Detroit Economic Growth Corporation (the "DEGC"), the DEGC provides staffing services to the LDFA and Rodrick T. Miller, President and Chief Executive Officer (the "CEO") of the DEGC, recommends that Jennifer Kanalos serve as Director of the LDFA.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of the LDFA hereby employs Jennifer Kanalos as the Director of the LDFA, whose salary shall be part of a contractual agreement between the LDFA and the Detroit Economic Growth Corporation for services rendered by Ms. Kanalos as Director of the LDFA.
2. Before Entering upon the duties of the office, Ms. Kanalos shall take and subscribe to the LDFA's Constitutional Oath of Office.
3. Before entering upon the duties of the office, Ms. Kanalos shall also post a bond in the penal sum of \$20,000.00 or maintain comparable insurance coverage, which sum was fixed by the City Council in its Resolution of the Detroit City Council establishing a LDFA, prescribing its powers and duties, designating the boundaries of the LDFA district and providing for the bonding of a Director. Such bond or insurance coverage shall be payable to the LDFA for the use and benefit of the LDFA and shall be filed with the Clerk of the City of Detroit. The premium on the bond or insurance coverage shall be considered an operating expense of the LDFA, payable from bonds available to it for expenses of operations.
4. The Director shall be the Chief Executive Officer of the LDFA and shall serve at the pleasure of the Board. She shall supervise and be responsible for the preparation of plans and the performance of the functions of the LDFA in the manner authorized by Act 281.
5. The Director shall attend the meetings of this Board and shall render to the Board and to the City of Detroit covering the activities and financial condition of the LDFA.

6. The Director shall prepare and submit a budget for the operation of the LDFA for each ensuing fiscal year to the City Council before such budget is approved by the LDFA Board.

7. The Director shall also furnish the Board such other information or report governing the operation of the LDFA as this Board may from time to time require.

8. Should Ms. Kanalos become absent or disabled, the Board hereby authorizes the President and CEO of the DEGC to designate an Acting Director to perform the duties of the offices of Director. Before entering upon the duties of the office of Director, such individual shall take and subscribe to the LDFA's Constitutional Oath of Office and shall furnish the same bond or maintain comparable insurance coverage required of the Director.

November 16, 2016



ADMINISTRATION: FY 2016-2017 LDFA BUDGET

RESOLVED, that the LDFA Board of Directors hereby adopts the LDFA Budget for FY 2016-2017 which is attached as Exhibit "A".

November 16, 2016



ADMINISTRATION: LDFA AUDITED FINANCIAL STATEMENTS AND MANAGEMENT REPORT AS OF JUNE 30, 2016

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, 2016, with comparative totals as of June 30, 2015, as prepared by George Johnson & Company, Certified Public Accountants.

November 16, 2016

**LDFA  
DEBT SERVICE COVERAGE PROJECTIONS  
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