



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

**LOCAL DEVELOPMENT FINANCE AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
TUESDAY, JUNE 19, 2018
3:00 P.M.**

BOARD MEMBERS PRESENT: Furquan Ahmed
Delores Brown
Irma Clark-Coleman
Derek Dickow
Linda Forte
James Jenkins III
Felicia Venable

BOARD MEMBER ABSENT: Katrina McCree
Mariann Sarafa
Two Vacancies (Ritsema and Love resignations)

OTHERS PRESENT: Peter Ecklund (Clark Hill)
Gay Hilger (DEGC/LDFA)
Malinda Jensen (DEGC/LDFA)
Kevin Johnson (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
TUESDAY, JUNE 19, 2018
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD STREET, SUITE 2200 - 3:00 P.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 3:10 p.m.

Ms. Forte recognized that the new DEGC CEO, Kevin Johnson, was in attendance and asked the Board members to go around the table and introduce themselves. Mr. Johnson thanked the Board and gave a brief background on himself.

APPROVAL OF MINUTES

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the December 12, 2017 Special Board meeting. Hearing none, the Board took the following action:

On a motion by Ms. Clark-Coleman, seconded by Mr. Dickow, Resolution Code LDFA 18-06-02-53 was unanimously approved.

ACCEPTANCE OF TREASURER'S REPORT

Mr. Long reviewed the Treasurer's Report of Receipts and Disbursements for the months of November 2017 through May 2018 for the benefit of the Board and responded to questions.

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

On a motion by Mr. Jenkins, seconded by Ms. Clark-Coleman, Resolution Code LDFA 18-06-03-39 was unanimously approved.

ADMINISTRATION

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.

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 2016 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 for Fiscal Year End 2017, which were submitted to the City Council and to the Michigan Department of Treasury, 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 2018.

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

Approval and Adoption of FY 2018-2019 Budget

Ms. Kanalos advised that Public Act 281 of 1986 requires the LDFA Director to submit a budget for the operation of the City of Detroit Local Development Finance Authority (the “LDFA”) to the City Council for its approval prior to adoption by the LDFA Board.

On June 6, 2018, LDFA staff submitted the attached LDFA operating budget for FY 2018-2019 (the “18-19 Operating Budget”) to City Council for approval prior to its adoption by the LDFA Board.

On June 19, 2018, the City Council approved the LDFA budget, which is being submitted to the LDFA Board for adoption subsequent to such approval.

Staff is also seeking LDFA Board approval of the LDFA program budget for FY 2018-2019 (the “18-19 Program Budget”).

A resolution approving and adopting the 18-19 Operating Budget and approving the 18-19 Program Budget was included in the Board material for consideration and approval.

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

On a motion by Mr. Jenkins, seconded by Ms. Clark-Coleman, Resolution Code LDFA 18-06-01-139 was unanimously approved.

Amendment/Extension to the FY 2018-2019 LDFA/DEGC Professional Services Agreement

Ms. Kanalos stated that in July 1995, the City of Detroit Local Development Finance Authority (the "LDFA") entered into a Professional Services Agreement (the "Agreement") with the Detroit Economic Growth Corporation (the "DEGC") for provision by the DEGC of administrative services on behalf of the LDFA. This Agreement was last amended in July 2017 to extend its term to June 30, 2018.

Included in the Board material for review as Exhibit A, is the FY 2018-2019 Amendment/Extension to the LDFA/DEGC Professional Services Agreement Extension (the "Amendment")

Also included for the Board's review and approval is a resolution approving the proposed Amendment.

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

On a motion by Ms. Clark-Coleman, seconded by Mr. Dickow, Resolution Code LDFA 18-06-01-140 was unanimously approved.

Election of Officers

Ms. Kanalos advised that the LDFA Act 281 of Michigan Acts 1986, as amended, requires that the Officers of the Board of Directors be elected at its annual meeting.

The current Officers are as follows:

Linda Forte, Chairperson
Irma Clark-Coleman, Vice Chairperson
Felecia Venable, Secretary
Vacancy, Treasurer

Staff proposes that the Chairperson open the floor to nominations.

Ms. Forte asked the Board for nominations to the Officer positions. Ms. Brown nominated the current slate of officers for re-election.

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

On a motion by Ms. Clark-Coleman, seconded by Ms. Brown, Resolution Code LDFA 18-06-01-141 was unanimously approved.

Schedule of LDFA Regular Meetings for FY 2018-2019

Ms. Kanalos stated that included in the Board material for review and approval is a resolution adopting a schedule indicating dates for the LDFA Board's Regular meetings for the fiscal year 2018-2019. Ms. Kanalos noted that a time change to 9:30 a.m. is proposed. The proposed schedule of regular meetings for the LDFA Board of Directors' for its fiscal year beginning July 1, 2018 and ending June 30, 2019 is the fourth Tuesday of October and June at **9:30 a.m.** in the offices of the Detroit Economic Growth Corporation, 500 Griswold Street, Suite 2200, as follows:

October 23, 2018

June 25, 2019

With there being no objection to the proposed meeting schedule and new time, the Board took the following action:

On a motion by Mr. Dickow, seconded by Mr. Jenkins, Resolution Code LDFA 18-06-01-142 was unanimously approved.

Election of Officers

Ms. Jensen advised Ms. Forte that the Board needs to elect a Treasurer. Ms. Forte opened the floor to nominations. Ms. Clark-Coleman suggested asking for a volunteer and Mr. Ahmed volunteered to serve in the capacity of Treasurer.

On a motion by by Ms. Clark-Coleman, seconded by Ms. Brown, Resolution Code LDFA 18-06-01-141 was unanimously approved, as amended.

Debt Service Coverage Projections

Ms. Kanalos reviewed the table which was included in the Board agenda book noting that the current projections show a shortfall of \$10,391,000. We have a balance in the debt reserve funds of \$8,599,559 so there is a projected deficit at the end of the term of \$1,792,000. She asked the Board to keep in mind that these are just projections. Anything can happen in revenues-- assessments can go up or we could receive more tax increment financing revenues than projected.

Ms. Forte asked if nothing happened, what are the options for resolving the potential deficit. Mr. Ecklund responded that we are servicing the debt currently. We are releasing these numbers in your audited financials each year so the market is definitely aware of it. This is an issue coming into that final year of debt payment. As you look at your taxable value, you can kind of see what the trend has been. I don't think you are going to see the answer as the taxable value goes up so you can capture that deficit. So that would be something that you would be looking to your parent incorporator to help you service. This will be something over the next three years that will need to be addressed with the City of Detroit. Whether they want to bite it all off at the very end or if they want to start putting something away each year, that is an internal financial choice. Currently, you are getting enough from the State which you are capturing to service the debt.

Ms. Forte questioned how and when does this come before the parties so that they can start to strategize. Mr. Ecklund stated that it is never too soon to begin to strategize. Mr. Long advised that we have had discussions with the City's Finance Department and we are trying to identify a

plan B. Basically, the thought process here is to identify another source of economic development funds to utilize to make up the gap, and we have some candidates for that. Another option would be to extend the Plan. Obviously, we don't want to end up with a default and will look at all options. Staff will continue to work with the City Finance staff to try to finalize this. Ultimately, if we are able to identify other sources of economic development funds, this Board will be asked to reprogram fund, to accept funds, from another economic development entity, possibly in the form of a grant, or possibly in the form of a loan. Again, we can extend the program another year if necessary. We will have some kind of official "Plan B" by October.

Report of Actions Taken Under the Delegation of Authority

Ms. Kanalos advised that in April 2006, the Board approved a Delegation of Authority resolution allowing staff to enter into contracts under \$50,000. On June 13, 2018, staff entered into a contract with Grace Management Services for the maintenance of the St. Jean Berm landscape for the summer in the amount of \$6,500. This report was for the Board's information only 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 3:35 p.m.



CITY OF DETROIT LOCAL DEVELOPMENT FINANCE AUTHORITY

CODE LDFA 18-06-02-53

APPROVAL OF THE LDFA MINUTES OF DECEMBER 12, 2017

RESOLVED, that the minutes of the Special meeting of December 12, 2017 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 19, 2018



CITY OF DETROIT LOCAL DEVELOPMENT FINANCE AUTHORITY

CODE LDFA 18-06-03-39

APPROVAL OF TREASURER'S REPORT FOR NOVEMBER 2017 THROUGH MAY 2018

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for November 1027 through May 2018 as presented at this meeting, is hereby in all respects ratified and approved as action of the Local Development Finance Authority.

June 19, 2018



ADMINISTRATION: APPROVAL AND ADOPTION OF FY 2018-2019 LDFA OPERATING BUDGET AND APPROVAL OF FY 2018-2019 LDFA PROGRAM BUDGET

WHEREAS, Public Act 281 of 1986 requires the LDFA Director to submit a budget for the operation of the City of Detroit Local Development Finance Authority (the "LDFA") to the City Council for its approval prior to adoption by the LDFA Board; and

WHEREAS, on June 6, 2018 LDFA staff submitted the attached LDFA operating budget for FY 2018-2019 (the "18-19 Operating Budget") to City Council for approval prior to its adoption by the LDFA Board; and

WHEREAS, on June 19, 2018, the City Council approved the LDFA operating budget for FY 2018-2019 attached as Exhibit A (the "18-19 Operating Budget"); and

WHEREAS, Staff has also submitted to the LDFA Board for approval the LDFA program budget for FY 2018-2019 attached as Exhibit B (the "18-19 Program Budget").

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the LDFA hereby approves and adopts the 18-19 Operating Budget.

BE IT FURTHER RESOLVED, that the Board of Directors of the LDFA hereby approves and adopts the 18-19 Program Budget.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any Officer, Authorized Agent or the Director 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.

June 19, 2018



ADMINISTRATION: AMENDMENT/EXTENSION TO THE FY 2018-2019 LDFA/DEGC PROFESSIONAL SERVICES AGREEMENT

WHEREAS, the City of Detroit Local Development Finance Authority (the "LDFA") entered into a Professional Services Agreement (the "Agreement") with the Detroit Economic Growth Corporation (the "DEGC") for provision by the DEGC of administrative services on behalf of the LDFA; and

WHEREAS, the Agreement is extended from year to year, subject to appropriation of funds by the LDFA Board of Directors and in an amount as the Board of the LDFA and the DEGC shall mutually agree upon in writing.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the LDFA hereby authorizes the Amendment/Extension of the FY 2018-2019 LDFA/DEGC Professional Services Agreement to June 30, 2019.

BE IT FURTHER RESOLVED, that any LDFA Officer, LDFA Director, or Authorized Agent is hereby authorized by the LDFA Board of Directors to execute the Amendment/Extension to of the FY 2018-2019 LDFA/DEGC Professional Services Agreement.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any Officer, Authorized Agent or the Director 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.

June 19, 2018



CODE LDFA 18-06-01-141

ADMINISTRATION: ELECTION OF OFFICERS

RESOLVED, that the following are hereby elected as Officers of the Board of Directors of the Local Development Finance Authority:

Linda Forte, Chairperson
Irma Clark-Coleman, Vice Chairperson
Felicia Venable, Secretary
Furquan Ahmed, Treasurer

June 19, 2018



ADMINISTRATION: SCHEDULE OF LDFA REGULAR MEETINGS FOR FY 2018-2019

RESOLVED, that the Board of Directors of the Local Development Finance Authority (the "LDFA") hereby adopts the following as its schedule of regular meetings for its fiscal year beginning July 1, 2018 and ending June 30, 2019. Unless otherwise posted, such meetings will be held the fourth Tuesday of October and June at 9:30 a.m. in the offices of the Detroit Economic Growth Corporation, 500 Griswold Street, Suite 2200, as follows:

October 23, 2018

June 25, 2019

June 19, 2018