

**MINUTES OF THE  
SPECIAL MEETING  
OF THE HIGHLAND PARK CITY COUNCIL**

**September 17, 2014**

**Council convened at 6:07 p.m. with Council President Christopher Woodard presiding.**

**Present: Council Pro Tem Lewis, Councilmember Moore, Councilmember Patrick, Councilmember McClary and President Woodard. (5)**

**Absent: None (0).**

**A quorum being present, Council was declared in session.**

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**The Clerk read the following notice.**

**City Council voted at their regular Meeting held Monday, September 15, 2014 to schedule a Special/Closed Session meeting on Wednesday, September 17, 2014 at 6:00 p.m.**

**The purpose of the meeting:**

- 1. To discuss and vote on the Emergency Loan Agreement**
- 2. Closed Session re: Letter to the Governor**

**Moved by Councilmember McClary**

**To approve the Emergency Loan Agreement**

**Supported by Councilmember Patrick to discuss.**

**There was a lengthy discussion amongst citizen, councilmembers, legal and other interested parties.**

**Councilmember Patrick withdrew his SUPPORT.**

**Moved by Council Pro Tem Lewis  
Supported by Councilmember Patrick**

**To table the Emergency Loan Agreement. Yeas (4), Nays (1)  
Councilmember McClary, Absent (0).**

**(SEE ATTACHMENT)**

**Moved by Council Pro Tem Lewis  
Supported by Councilmember Patrick**

**To recess this meeting until Thursday, September 18, 2014 at 6:00  
p.m. Yeas (5), Nays (0), Absent (0).**

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**Moved by Council Pro Tem Lewis  
Supported by Councilmember Moore**

**BE IT RESOLVED, that the Highland Park City Council shall hold a  
closed session, pursuant to the Michigan Open Meetings Act, MCL 15.268(8)  
(h), to discuss final steps and procedures under the Neutral Evaluation  
Process as outlined in Section 25 of Public Act 436.**

**Yeas (5), Nays (0), Absent (0).**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND PARK APPROVING ISSUANCE OF THE CITY OF HIGHLAND PARK'S EMERGENCY LOAN NOTE TO THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD, PRESCRIBING THE FORM OF THE NOTE, PROVIDING FOR THE RIGHTS OF THE HOLDER OF THE NOTE, RATIFYING THE TERMS OF THE LOAN, DETERMINING OTHER MATTERS RELATING TO THE ISSUANCE OF THE NOTE AND DELEGATING TO THE MAYOR, THE CITY ATTORNEY, THE FINANCE DIRECTOR AND THE TREASURER OF THE CITY THE AUTHORITY TO MAKE CERTAIN DETERMINATIONS WITH RESPECT TO THE NOTE AND RELATED DOCUMENTATION.

A special meeting of the City Council of the City of Highland Park, Wayne County, Michigan (the "City") was held in the City offices on September 17, 2014 at \_\_\_\_:00 p.m., local time.

PRESENT: Council Members: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ABSENT: Council Members: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The following preamble and resolutions were offered by Council Member \_\_\_\_\_ and seconded by Council Member \_\_\_\_\_:

WHEREAS, the City of Highland Park, a municipal corporation (the "City") of the State of Michigan (the "State"), has been duly created under the provisions of The Home Rule City Act of the State, Act 279, Public Acts of 1909, as amended from time to time ("Act 279"), pursuant to which the City has the comprehensive home rule power conferred upon it by Act 279 and the Constitution of the State of 1963 (the "Constitution"), subject only to the limitations on the exercise of that power contained in the Constitution, by statute of the State or by City Charter provisions (the "City Charter"); and

WHEREAS, pursuant to the City Charter, the City may borrow money for any purpose within the scope of its powers, and may issue notes or other evidences of indebtedness therefor; and

WHEREAS, the State has enacted the Revised Municipal Finance Act, Act 34, Public Acts of 2001, as amended from time to time ("Act 34"), relative, inter alia, to the borrowing of money and the issuance of certain debt and securities, providing for tax levies, authorizing the

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issuance of certain debt and securities and to generally govern municipal finance practices in the State; and

WHEREAS, the City is defined to be a "municipality" under Act 34 that has the power to issue a security such as bonds, notes, contracts, obligations or other similar instruments; and

WHEREAS, pursuant to the provisions of the Local Financial Stability and Choice Act, Act 436, Michigan Public Acts of 2012 ("Act 436"), a financial emergency has been determined to exist within the City; and

WHEREAS, pursuant to Act 436, the City elected to engage in a neutral evaluation process with its creditors; and

WHEREAS, the City has determined that, to resolve its financial emergency, it is necessary and in the best interest of the City to obtain a loan from the Michigan Local Emergency Financial Assistance Loan Board (the "Board") established pursuant to the Emergency Municipal Loan Act, Act 243, Michigan Public Acts of 1980, as amended ("Act 243") in an amount not to exceed Three Million Dollars (\$3,000,000); and

WHEREAS, the City has applied for a loan from the Board in the principal amount not to exceed Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000); and

WHEREAS, the Board, at a meeting to be held on September 23, 2014, is expected to approved a loan to the City in the principal amount not to exceed Three Million Dollars (\$3,000,000) (the "Loan") together with other matters related thereto; and

WHEREAS, it is now necessary for the City to ratify, confirm, and approve the conditions of the Loan and other matters related thereto; and

WHEREAS, the City is defined to be a "municipality" under Act 243 which may receive a loan under Act 243; and

WHEREAS, pursuant to Act 34, Act 279 and Act 243, the City may approve the issuance of municipal securities to finance an operating deficit and pay necessary operating expenditures of the City; and

WHEREAS, pursuant to Act 34, the City Council may approve the issuance of a municipal security which order or resolution shall contain an irrevocable provision for the levying of a tax in order to repay the municipal security from the receipt of such taxes; and

WHEREAS, the City desires to delegate to the Mayor, the Treasurer, the Finance Director and the City Attorney of the City the power to make certain delegable determinations for and on behalf of the City Council in the best interest of the City, which determinations by the Mayor, the Treasurer, the Finance Director and the City Attorney shall be in writing and filed with the City Clerk and included along with all other documentation of the Loan, as hereinafter defined.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Highland Park, that:

Section 1. A note of the City designated "Emergency Loan Note (General Obligation Limited Tax), 2014 Series I" (the "Note") shall be issued in the principal amount not to exceed Three Million Dollars (\$3,000,000), as determined by an Authorized Officer (defined below) at the time of issuance of the Note. The Note shall evidence the obligation of the City to repay the Loan to the State pursuant to the provisions of the Act 243. The Note shall be dated as of the date of delivery thereof to the State of Michigan. Principal of the Note shall be payable at such times and in such amounts as determined by an Authorized Officer at the time of issuance of the Note. The Note shall bear interest at a rate per annum determined by an Authorized Officer at the time of the issuance of the Note, and shall be payable at such times as are determined by an Authorized Officer at the time of issuance of the Note. Interest on the Note shall be computed on the basis of a 365/366-day year and the actual number of days elapsed. Principal and interest on the Note shall be payable to the office of the State Treasurer of the State.

Section 2. The Note shall be a limited tax general obligation of the City and the full faith and credit of the City shall be pledged to the payment of the principal of and interest on the Note as and when due. The Note shall be payable out of the general funds of the City, including collection of ad valorem taxes the City may levy on all taxable property within the City within Constitutional, statutory and City Charter limitations. As additional security for the payments due and owing under the Note, the City shall acknowledge, assign and pledge to repayment of principal of and interest on the Note, the State's statutory right to withhold the amount of all delinquent payments due on the Note from (a) the State payments owed to the City under the Glenn Steil State Revenue Sharing Act of 1971, Act 140, Public Acts of 1971 as amended ("Act 140"), (b) the City's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, Act 94, Michigan Public Acts of 1937 as amended and payable by the Michigan Department of Treasury to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, Act 86, Michigan Public Acts of 2014, for distribution to the City and other governmental entities, and authorizes the State to withhold such funds and apply such funds to the repayment of principal of or interest on the Note which are delinquent according to the Note. The City may also cause all or any portion of its outstanding Financial Recovery Bond (the "Financial Recovery Bond") and/or all or any portion of taxes levied by the City relating to the Financial Recovery Bond, which original issuance was approved by the Board pursuant to Act 279, Michigan Public Acts of 1909, as amended, and Act 243, as such Financial Recovery Bond may be amended by the Board and the City, to be assigned to the Board, as agent for the State, as security for the repayment of the Note, as determined by an Authorized Officer at the time of the issuance of the Note.

Section 3. The Mayor and the City Clerk shall execute the Note on behalf of the City and the City's seal or facsimile thereof shall be imprinted or affixed thereon, and upon receipt of the principal amount of the Loan, the fully executed Note shall be delivered to the Board as agent for the State.

Section 4. The Note shall be in substantially the form attached hereto as Exhibit A.

Section 5. The City also hereby acknowledges the conditions of the Loan and agrees to comply with the requirements of the Board's Order of Approval of Loan (the "Order"). A copy of the Order is attached to this Resolution as Exhibit B.

Section 6. The City hereby approves the Loan Agreement between the City and the Board, in the form attached hereto as Exhibit C (the "Loan Agreement") and authorizes and directs an Authorized Officer to execute and deliver the Loan Agreement, with such revisions thereto as the Authorized Officer shall approve, in his or her discretion, which approval shall be evidenced by his or her signature thereon.

Section 7. The City hereby resolves that the proceeds of the Loan shall be disbursed in accordance with the Certificate of Receipt of Loan and Direction to Disburse Loan Proceeds to be delivered by an Authorized Officer of the City at the time of the issuance of the Note.

Section 8. The Mayor, the Treasurer, the Finance Director and the City Attorney, or any one of them acting alone (each, an "Authorized Officer") are hereby authorized to make such determinations, take such action or execute such documents and certificates as directed in this Resolution or as may be necessary or desirable and in the best interest of the City in connection with the delivery of the Note and the City's receipt of the proceeds of the Loan, including, but not limited to, the execution and delivery of the Loan Agreement and any exhibits to the Loan Agreement.

Section 9. This Resolution shall be effective immediately upon adoption.

Section 10. All orders and resolutions and parts of orders or resolutions insomuch and insofar as they conflict with the provisions of this Resolution be and the same are hereby rescinded.

AYES:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

NAYS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Resolutions declared adopted.

\_\_\_\_\_  
City Clerk, City of Highland Park, Michigan

The undersigned duly qualified and acting City Clerk of the City of Highland Park, Michigan, hereby certifies that the foregoing is a true and complete copy of resolutions adopted by the City Council of the City of Highland Park held on September 17, 2014, the original of which is part of the City Council's minutes, and further certifies that notice of the meeting was given to the public pursuant to the provisions of the Open Meeting Act, Act 267, Public Acts of Michigan, 1976, as amended.

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City Clerk, City of Highland Park, Michigan

## EMERGENCY LOAN AGREEMENT

This emergency loan agreement is dated September 23, 2014, and is between the LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD, a Michigan state board (the "Board"), and the CITY OF HIGHLAND PARK, a Michigan public body corporate (the "City").

As a result of a neutral evaluation process between the City and its creditors under section 25 of the Local Financial Stability and Choice Act, 2012 PA 436, MCL 141.151 to 141.1575 ("Act 436"), which began on May 29, 2014, the City and Fifth Third Bank ("Fifth Third") have entered into a settlement agreement dated September 2, 2014 (the "Settlement Agreement").

Under the Settlement Agreement, Fifth Third agreed to settle in full claims of approximately \$18,000,000.00 asserted against the City by: (1) accepting a payment of \$750,000.00 from the City by September 2, 2014; (2) accepting an additional payment of \$3,750,000.00 from the City by September 30, 2014; (3) entering into mutual general releases with the City; and (4) releasing to the City all collateral, including distributable state aid, effective upon the payment by the City of those two amounts (totaling \$4,500,000.00) to Fifth Third by September 30, 2014 (collectively the "Settlement Terms").

Fifth Third also has agreed under the Settlement Terms to transfer and assign to the Michigan Department of Treasury ("Treasury") all of its right, title, and interest in and to the City's Variable Rate Demand Financial Recovery Bonds, Series 2008 (General Obligation Unlimited Tax) (Federally Taxable) issued by the City on June 26, 2008 (the "2008 Bonds") upon Fifth Third's receipt of the \$3,750,000.00 payment from the City by September 30, 2014.

Given the City's current financial condition, the City and Treasury project that sufficient money will be available to comply with the Settlement Terms, including the two required payments to Fifth Third, only if dedicated tax revenue is supplemented by an emergency loan from the state of Michigan to the City of \$3,000,000.00 (the "Emergency Loan") under the Emergency Municipal Loan Act, 1980 PA 243, MCL 141.931 to 141.942 ("Act 243").

The state treasurer intends to transfer and assign Treasury's right, title and interest in and to the 2008 Bonds to the state of Michigan as security for the repayment of the Emergency Loan.

The parties acknowledge that the Emergency Loan is necessary and in the best interests of the City.

The parties therefore agree as follows:

1. **Loan Terms.** (a) The amount of the Emergency Loan authorized by the Board is \$3,000,000.00. The Emergency Loan is a general obligation of the City.
  - (b) The principal amount outstanding under the Emergency Loan will bear interest initially at the rate of 2.45% per year, or such other rate as determined by the Board. Interest will be computed on the basis of actual number of days elapsed in a calendar year.
  - (c) The City shall issue notes evidencing the Emergency Loan, with the notes substantially in the form as exhibit A ("Note"). The Note will be for a term not to exceed 25 years.

2. Repayment. (a) The City shall make an initial payment of principal and interest on November 1, 2014. After the initial payment and until the Emergency Loan is repaid, the City shall make a payment of interest only then owing on each May 1, or the next succeeding business day and a payment of principal and interest then owing on each November 1, or the next succeeding business day, with a date of final maturity of November 1, 2038. Payments satisfying the City's obligations under this subdivision (a) may be made as provided under subdivision (b).

(b) By September 24, 2014, the City shall execute and provide to U.S. Bank National Association ("US Bank") an amended and restated 2008 Instruction Letter as a supplemental exhibit to the Debt Retirement Trust Agreement between the City and US Bank dated June 1, 2008 (the "Trust Agreement"), in the form detailed in exhibit B (the "Amended Instruction Letter"). The City shall deposit or cause to be deposited revenue pledged by the City for debt service on the 2008 Bonds in an amount sufficient to pay the obligations under subdivision (a) consistent with the payment schedule under the Note, with the revenue deposited used to repay obligations under subdivision (a) consistent with the payment schedule under the Note. The City shall not amend the Trust Agreement without the approval of the state treasurer.

(c) As additional security for the repayment, the City hereby acknowledges, pledges, and assigns to the repayment of principal of or interest on the Emergency Loan, the state treasurer's right to withhold delinquent payments due on the Emergency Loan from (1) state payments owed to the City under the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140, MCL 141.901 to 141.921 ("Act 140"), and (2) the City's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, 1937 PA 94, MCL 205.91 to 205.111, and payable by Treasury to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, 2014 PA 86, MCL 123.1341 to 123.1362, for distribution to the City and other governmental entities.

3. Loan Proceeds. (a) The City shall use the proceeds of the Emergency Loan to satisfy the requirement under the Settlement Terms to pay Fifth Third \$3,750,000.00 by September 30, 2014.

(b) On September 26, 2014, the City shall deposit or cause to be deposited into the 2014 ELB Note Account established under the Amended Instruction Letter the proceeds of the Emergency Loan. As provided in the Amended Instruction Letter, the City shall require US Bank to pay the proceeds of the Emergency Loan to Fifth Third on September 30, 2014, as required under the Settlement Terms and consistent with a Certificate of Receipt of Loan and Direction to Disburse Loan Proceeds signed by the City and dated September 26, 2014. The City shall not use the proceeds of the Emergency Loan to finance any costs associated with a special assessment or special assessment district or to pay the costs of issuance of the Emergency Loan.

4. City Certifications. The City states all of the following:

- (1) that a deficit is projected for the City's general fund in the City's fiscal year ending June 30, 2015;
- (2) that Treasury has denied the City's request to issue tax anticipation notes or revenue sharing notes under the Revised Municipal Finance Act, 2001 PA 34, MCL 141.201 to 141.281 ("Act 34");
- (3) that at the time the City submitted the application for the Emergency Loan, the City had two or more emergency loans outstanding and its "income tax revenue growth rate" (as defined under section 1 of Act 243) is 1.3 or less;

- (4) that the City has submitted with its application for the Emergency Loan a five-year plan approved by the City Council and acceptable to Treasury that will balance future expenditures with anticipated revenues; and
- (5) that the City has fully complied with all statutory requirements concerning use of the uniform chart of accounts and audits.

5. **Five-Year Plan.** (a) The Board acknowledges that the City has submitted a five-year plan, that has been approved by the City Council, and that will balance future City expenditures with anticipated City revenues (the "Five-Year Plan").

(b) The City shall update the Five-Year plan for a new five-year period annually and before the adoption of each annual budget for the City. Each Five-Year must balance future City expenditures with anticipated City revenues.

(c) On December 31, 2014, and on each subsequent June 30 and December 31, the City shall submit to the Board an evaluation of the City's performance against the original Five-Year Plan and subsequent Five-Year Plan.

6. **Professional Assistance.** As required by section 7(1)(a) of Act 243, the City shall employ a full-time professional administrator or contract with a person ("Administrator") with expertise in municipal finance and administration to direct or participate directly in the management of the City's operations until otherwise ordered by the Board. An Administrator employed by the City under this section 6 must possess professional qualifications as prescribed by the state treasurer and be approved by the state treasurer. By October 15, 2014, the City shall adopt, with the approval of the state treasurer, a position description for the Administrator. Any amendments to the position description must be approved by the state treasurer. By December 15, 2014, the City shall enter into a contract with the Administrator. A vacancy in the position of Administrator may only be filled by the City with the approval of the state treasurer.

7. **Reports.** (a) Beginning on December 31, 2014, and on each subsequent March 31, June 30, September 30, and December 31, the City shall submit to the Board, in a form prescribed by the state treasurer, all of the following:

- (1) a statement of actual Revenues received by the City in the prior quarter and in the current fiscal year to date;
- (2) a statement of total Revenues estimated to be received by the City in the current fiscal year;
- (3) a statement of Expenditures made and encumbrances entered into by the City in the prior quarter and in the current fiscal year to date;
- (4) a statement of Revenues that were estimated to be received and Expenditures that were estimated to be made by the City during the current fiscal year and through the end of the last quarter; and
- (5) a balance sheet indicating whether total estimated City Expenditures for the current fiscal year and for the last quarter exceed the total estimated City Revenues for the current fiscal year and for the last quarter, respectively.

(b) For purposes of this section 7 and section 8, "Expenditure" and "Revenue" mean those terms as defined in sections 2c and 2d of the Uniform Budgeting and Accounting Act, 1968 PA 2, MCL 141.421 to 141.440a ("Budget Act").

8. Budget. (a) The City shall adopt and adhere to a budget for each City fiscal year consistent with applicable law and the Five-Year Plan. Each budget must comply with all of the following:

- (1) be prepared, presented, and adopted in compliance with the Budget Act and 1963 (Ex Sess) PA 43, MCL 141.411 to 141.415; and
- (2) be based upon a forecast of monthly cash demands necessary to satisfy the Expenditures authorized in the budget, with an appropriation not being a mandate to spend.

(b) For the City's 2014-2015 fiscal year, the City shall amend its annual budget for consistency with the Five-Year Plan by October 31, 2014.

(c) If a shortfall in anticipated Revenue occurs in any City fund, the City shall reduce budgeted Expenditures in the adopted annual budget on a timely basis as provided under the Budget Act so that the City may close the fiscal year with a balanced budget. As used in this subdivision (c), "a timely basis" means the time period necessary to adjust budgeted Expenditures or budgeted Revenues, or both, so as to preclude an Expenditure being made for which adequate Revenues are unavailable or are projected to be unavailable.

(d) The City shall not close a fiscal year with an operating deficit in any fund according to the uniform minimum standards of and guidelines for financial accounting and reporting standards for state and local governments issued by the Government Accounting Standards Board ("GASB"), including GASB's hierarchy of generally accepted accounting principles for state and local governments ("Generally Accepted Accounting Principles"), unless both of the following occur:

- (1) the fund in which the operating deficit occurred had a sufficient beginning balance to offset the deficit consistent with the Budget Act; and
- (2) The financial statements of the City indicate that the sufficient beginning balance fairly represents the financial position of the City according to an independent auditor in a qualified or unqualified opinion using Generally Accepted Accounting Principles and the professional standards and guidance included in government accounting standards issued by the Comptroller General of the United States ("Generally Accepted Government Auditing Standards").

(e) The City shall do all of the following:

- (1) submit to the Board the general appropriations act of the City and any amendments adopted under the Budget Act.;
- (2) submit to the Board before adoption any budget change in its 2014-2015 fiscal year or any amendment to the general appropriations act of the City for the 2014-2015 fiscal year; and
- (3) submit to the board before adoption any budget for a City fiscal year after the 2014-2015 fiscal year or the general appropriations act of the City for a fiscal year after the 2014-2015 fiscal year.

9. **Audits.** (a) For each City fiscal year ending after the effective date of this agreement, the City shall retain, with the approval of the state treasurer, a recognized independent certified public accounting firm to perform an annual audit of the City ("Independent Auditor"). If the City fails to retain an Independent Auditor in compliance with this subdivision (a) or the annual audit required under this section 9 is not completed, the state treasurer shall conduct the audit or appoint a firm to perform the audit, with the cost paid by City. The City may continue to retain the auditor under contract with the City to perform an annual audit of the City on the effective date of this agreement for the remainder of the City's agreement with that auditor, but that agreement may not be renewed or extended without the approval of the state treasurer.

(b) The annual audit required under this section 9 shall:

- (1) comply with Generally Accepted Government Auditing Standards;
- (2) include an opinion as to whether the City's financial statements for the fiscal year were prepared in accordance with Generally Accepted Accounting Principles;
- (3) state whether the audit of the City's financial statements was made in accordance with Generally Accepted Government Accounting Standards and accordingly included tests of the City's accounting records and other auditing procedures as considered necessary under the circumstances;
- (4) disclose any fiscal irregularities, including defalcations, misfeasance, nonfeasance, or malfeasance identified by the Independent Auditor;
- (5) note the nature and extent of any variations from Generally Accepted Accounting Principles reflected in the City's financial statements; and
- (6) comply with the requirements of the Uniform Budgeting and Accounting Act, 1968 PA 2, MCL 141.421 to 141.440a, and other applicable law.

(c) The Independent Auditor shall prepare a report of the auditing procedures applied in each annual audit using Treasury Form 496, or a successor form.

(d) The City shall require the Independent Auditor to transmit upon completion a copy of the annual audit and the audit procedures report required under subdivision (c) to the City Council and the state treasurer.

(e) The City shall make available for inspection and duplication all records required by the Independent Auditor to perform the annual audit required under this section. The City shall make its officers and employees available to, and shall cooperate with, the Independent Auditor to facilitate timely completion of the annual audit by the Independent Auditor.

10. **Other Debt.** The City shall not issue or incur Debt other than the Emergency Loan without the approval of the state treasurer. The City may, with the approval of the state treasurer, enter into agreements with creditors or other persons or entities for the payment of existing debts, including the settlement of claims by creditors. The City also may, with the approval of the state treasurer, enter into agreements with creditors or other persons or entities to restructure Debt, on terms, at rates of interest, and with security as agreed among the parties, subject to approval by the state treasurer. Settlement of City obligations to City vendors on terms favorable to the City does not require approval

of the state treasurer under this section 10. As used in this section, "Debt" means that term as defined in section 103 of Act 34, and also includes all of the following:

- (1) capital lease transactions and certificates of participation entered into by or on behalf the City; and
- (2) lease transactions, installment purchase transactions, certificate of participation transactions, or contractual payment obligations supporting indebtedness issued or incurred by or on behalf of the City.

11. **Water Department; Sewer Disposal Services.** (a) By October 15, 2014, after considering proposals from 3 or more consultants, the City shall enter into an agreement with a consultant approved by the state treasurer to prepare a study of the City's water and sewer rates. The state treasurer shall reimburse the City for the costs of the study under this subdivision (a).

(b) By December 1, 2014, after considering proposals from 3 or more consultants, the City shall enter into an agreement with an engineering firm approved by the state treasurer to prepare a request for proposals for an entity, public or private, to operate the City's water department and provide within the City the sewer disposal and treatment services provided by the City on the effective date of this agreement, including billing, collection, assessment of capital needs, improvement, repair, and maintenance. The state treasurer shall reimburse the City for the costs of the agreement with an engineering firm under this subdivision (b).

(c) By June 30, 2015, the City shall enter into an agreement with an entity, public or private, to operate the City's water department and provide within the City the sewer disposal and treatment services provided by the City on the effective date of this agreement, including billing, collection, assessment of capital needs, improvement, repair, and maintenance (the "Water and Sewer Agreement"). Before entering into the Water and Sewer Agreement, the City shall seek and obtain the approval of the state treasurer. The City's water department will be operated, and any sewer disposal and treatment services will be provided, in a manner that complies with applicable state and federal environmental laws and regulations. The City, including the City Council, shall use Reasonable Efforts to take action necessary to effectively implement and comply with the Water and Sewer Agreement. An entity providing services under this subdivision (c) also may provide services under subdivision (d).

(d) By June 30, 2015, the City shall enter into a collection agreement with an entity, public or private, to enforce liens and collect amounts owed to the City for the provision of water or sewer disposal or treatment services by the City. Before entering into the collection agreement under this section 11, the City shall seek and obtain the state treasurer's approval of the collection agreement. An entity providing services under this subdivision (d) also may provide services under subdivision (c).

(e) The City will use Reasonable Efforts, including through the agreements described in subdivisions (c) and (d), to (1) demonstrate to the Detroit Water and Sewerage Department, or any successor entity ("DWSD") that the City has the capability to enforce liens, establish one or more payment assistance plans, and collect amounts owed to the City for the provision of water or sewer disposal or treatment services, and (2) reach a settlement agreement with DWSD for DWSD to forgive amounts owed to DWSD by the City.

(f) The parties shall negotiate an amendment of this agreement as authorized by section 18 if the City's water department secures additional but currently unanticipated funding of \$5,000,000.00 or more after the effective date of this agreement.

(g) Nothing in this section 11 alters the authority of Treasury or other state departments or agencies relating to the City's water treatment plant.

(h) For purposes of this section 11 and section 12, "Reasonable Efforts" with respect to an obligation means the efforts consistent with the practice of other Michigan cities with a similar population with respect to governmental action that a reasonable person in the City's position would use to comply with that obligation as promptly as possible.

12. **Retiree Health Care Benefits.** The City shall use Reasonable Efforts to implement the recommendations on retiree health care benefits included in the final report of the neutral evaluator for the City dated September 6, 2014, including continuation of the work of the City's OPEB Task Force. The City, with the approval of the state treasurer, shall enter into an agreement with a person or entity, with expertise relating to medical benefit costs to assist the City in reducing medical benefit costs. State assistance for implementing this section 12 is detailed in exhibit C.

13. **Noncompliance; Remedies.** (a) Consistent with section 7(2) of Act 243, if the state treasurer determines that the City is not in compliance with sections 5(c), 6, 7, or 8(c), the state treasurer may modify the terms of the Emergency Loan to require a higher interest rate or to accelerate the repayment of the loan. If the state treasurer determines that the City is otherwise not in compliance with this agreement, the City hereby consents to withholding by the state treasurer of some or all of the state payments otherwise owed to the City under Act 140 until the state treasurer determines that the City is in compliance with this agreement.

(b) If the City does not pay principal or interest, or both, when due under the Note, the state treasurer may declare all amounts under the Note to be due and payable immediately, without notice or demand. The City hereby waives presentment, demand, notice of dishonor, protest, and notice of non-payment with respect to the Note.

(c) The City hereby consents to an entry of judgment against the City for unpaid amounts owed under the Note and enforcement of that judgment under section 6093 of the Revised Judicature Act of 1961, 1961 PA 236, MCL 600.6093, if the City defaults on the Emergency Loan.

14. **Due Dates.** If a due date under this agreement falls on a Saturday, Sunday, or legal holiday, then the due date will be the next day that is not a Saturday, Sunday, or legal holiday.

15. **Governing Law.** The laws of the state of Michigan, without giving effect to its principles of conflicts of law, govern all adversarial proceedings arising out of this agreement.

16. **Entire Agreement.** This agreement constitutes the entire understanding between the parties as to the subject matter of this agreement and supersedes all other agreements, whether written or oral, between the parties.

17. **Non-assignment.** No party may assign any of that party's rights or delegate any of that party's obligations under this agreement without the prior written consent of the other parties. Any purported assignment or delegation in breach of this section 17 will be void.

18. **End Date.** This agreement ends upon the repayment in full by the City of all amounts due under the Emergency Loan.

19. **Modification; Waiver.** No amendment to this agreement will be effective unless it is in writing and signed by the parties. Unless prohibited by Act 243, the state treasurer may waive a provision of this agreement not relating to the payment of principal and interest on the Emergency Loan if the state treasurer determines that the City demonstrates good cause for the waiver. No waiver of satisfaction of a condition or failure to comply with an obligation under this agreement will be effective unless it is in writing and signed by the state treasurer and no such waiver will constitute a waiver of satisfaction of any other condition or failure to comply with any other obligation.

20. **Severability.** If any provision of this agreement is held to be unenforceable, then that provision is to be construed either by modifying it to the minimum extent necessary to make it enforceable (if permitted by law) or disregarding it (if not). If an unenforceable provision is modified or disregarded under this section 20, the rest of the agreement is to remain in effect as written, and the unenforceable provision is to remain as written in any circumstances other than those in which the provision is held to be unenforceable.

21. **Counterparts.** If the parties sign this agreement in several counterparts, each will be deemed an original but all counterparts together with will constitute one instrument.

The parties are signing this agreement on the date stated in the introductory clause.

*[signatures on next page]*

LOCAL EMERGENCY FINANCIAL ASSISTANCE  
LOAN BOARD

By: \_\_\_\_\_  
R. Kevin Clinton  
State Treasurer

CITY OF HIGHLAND PARK

By: \_\_\_\_\_  
\_\_\_\_\_  
[Printed Name]

Its: \_\_\_\_\_  
[Title]

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DRAFT 09/17/2014

EXHIBIT A

UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
CHARTER COUNTY OF WAYNE

CITY OF HIGHLAND PARK

EMERGENCY LOAN NOTE  
(General Obligation Limited Tax)  
2014 Series I

**Registered Owner:** State of Michigan  
**Principal Amount:** Three Million Dollars  
**Date of Original Issue:** September 25, 2014

The CITY OF HIGHLAND PARK, Charter County of Wayne, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the State of Michigan, the Principal Amount specified above, in lawful money of the United States of America, in 25 consecutive annual installments as set forth on Schedule 1, unless prepaid prior thereto as hereinafter provided, with interest on the unpaid principal balance hereof from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the rates per annum determined as set forth herein, first payable on November 1, 2014 and annually on each May 1 and November 1 thereafter. Both the principal of and interest on this note are payable at the Office of the State Treasurer in Lansing, Michigan, or such other place as may be designated in writing to the Issuer by the State Treasurer.

From the Date of Original Issue specified above until November 1, 2038 this note shall bear interest at the rate of 2.45% per annum. Interest on this note shall be computed on the basis of the actual number of days elapsed in a calendar year.

This note is issued pursuant to a resolution of the City Council of the Issuer, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 243, to evidence the obligation of the Issuer to make repayment of an emergency loan made by the State of Michigan for the purpose of enabling the Issuer to meet its financial obligations.

The Issuer shall have the right to pay at any time or times prior to maturity, without penalty or premium, all or any portion of this note. Prepayments shall be credited to principal payments in direct order of maturity.

This note, including the interest thereon, is payable as a first budget obligation from the general funds of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on

all taxable property in the Issuer for the payment thereof, subject to applicable constitutional, charter and statutory tax rate limitations.

As additional security for payment of the note and in the event of the delinquency of the Issuer on the payment of required principal or interest hereon, the State Treasurer is authorized to withhold all delinquent amounts of principal or interest due on this note from (1) state payments to the Issuer otherwise required to be made to the Issuer pursuant to the provisions of the Glenn Steil State Revenue Sharing Act of 1971, Act 140, Public Acts of 1971 as amended from time to time by the State; and (2) the Issuer's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, Act 94, Public Acts of 1971, as amended from time to time by the State and payable by the State Treasurer to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, Act 86, Public Acts of 2014, as amended from time to time by the State, for distribution to the Issuer and other governmental entities. All right, title, and interest in and to the City's Variable Rate Demand Financial Recovery Bonds, Series 2008 (General Obligation Unlimited Tax) (Federally Taxable) issued by the City on June 26, 2008 (the "2008 Bonds") has been transferred and assigned to the State as additional security for the repayment of this note.

The Issuer covenants that it shall perform and meet all requirements imposed upon the Issuer as a result of receiving this loan pursuant to Act 243 until this note is paid in full.

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 note, 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 Issuer, including this note, does not exceed any constitutional, charter or statutory debt limitation.

IN WITNESS WHEREOF, the Issuer, by resolution of its City Council, has caused this note to be signed in the name of the Issuer by the manual signature of its Mayor and its corporate seal to be hereunto affixed, all as of the Date of Original Issue.

CITY OF HIGHLAND PARK  
Charter County of Wayne  
State of Michigan

By \_\_\_\_\_  
DeAndre Windom  
Mayor

[SEAL]

SCHEDULE 1

UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
CHARTER COUNTY OF WAYNE

CITY OF HIGHLAND PARK

EMERGENCY LOAN NOTE  
(General Obligation Limited Tax)  
2014 Series I

11/1/2014	5,000
11/1/2015	95,000
11/1/2016	95,000
11/1/2017	95,000
11/1/2018	100,000
11/1/2019	100,000
11/1/2020	105,000
11/1/2021	105,000
11/1/2022	110,000
11/1/2023	115,000
11/1/2024	115,000
11/1/2025	120,000
11/1/2026	120,000
11/1/2027	125,000
11/1/2028	130,000
11/1/2029	130,000
11/1/2030	135,000
11/1/2031	135,000
11/1/2032	140,000
11/1/2033	145,000
11/1/2034	150,000
11/1/2035	150,000
11/1/2036	155,000
11/1/2037	160,000
11/1/2038	165,000

EXHIBIT B

SUPPLEMENTAL EXHIBIT A  
to  
DEBT RETIREMENT TRUST AGREEMENT (the "Trust Agreement")  
By and Between  
The City of Highland Park, Michigan  
And  
U.S. Bank National Association, as Agent under the Trust Agreement  
Dated as of June 1, 2008

Amended and Restated  
2008 Instruction Letter  
To  
U.S. Bank National Association, as Depository

On June 1, 2008, U.S. Bank National Association received a 2008 Instruction Letter from the Emergency Financial Manager of the City of Highland Park, Michigan providing you, as Depository, with instructions for payment of ELB Notes and 2008 Bonds.

Prior to the date hereof, the 2008 Bonds were held by the Bank, as collateral for Reimbursement Obligation, and Section 5.04 of the Trust Agreement provides for payment of Reimbursement Obligations from the Escrow Fund.

As of the date hereof, the City is executing with the State an additional Emergency Loan Note (the "2014 ELB Note"), the 2008 Bonds are being assigned by the Bank to the State of Michigan as security for the 2014 ELB Note, and upon receipt by the Bank of the sum of \$3,750,000.00, all Reimbursement Obligations to the Bank are being satisfied.

Accordingly, you are hereby directed to establish a new account in the Escrow Fund, entitled the "2014 ELB Note Account." On September 26, 2014, the City shall deposit or cause to be deposited into the 2014 ELB Note Account proceeds of the 2014 ELB Note. On September 30, 2014, the Agent shall cause Receipts that are ELB Note Account proceeds to be paid to the Bank in accordance with the wire instructions attached as Exhibit A.

You are advised that from and after the date hereof, no further Reimbursement Obligations are due and owing and no further Reimbursement Obligations are to be paid under the Trust Agreement.

You are directed that, from and after the date hereof, and until the Trust Agreement is amended and restated (a) 2008 Bond Taxes shall be received in accordance with the Trust Agreement, (b) Debt Service on the 2008 Bonds is to be made to the State of Michigan in the amounts, on the dates and in accordance with the wire instructions attached as Exhibit B, along with any excess Distributable Aid and Delinquent Property Taxes under Section 5.04(d) of the Trust Indenture.

EXHIBIT B

You are further advised that the City contemplates the issuance of future emergency loan notes to the State, proceeds of which are expected to be used to refinance the 2000 Bonds, the 2003 Bonds, the 2004 Bonds and certain other obligations of the City. In connection with the issuance of those loans and the refinancing of the outstanding obligations of the City, the City and the State intend to request the amendment and restatement of the Trust Indenture.

Sincerely,

CITY OF HIGHLAND PARK, MICHIGAN

By: \_\_\_\_\_

Acknowledged:

STATE OF MICHIGAN

By: \_\_\_\_\_

362468.3



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ZRICK SNYDER  
GOVERNOR

R. KEVIN CLINTON  
STATE TREASURER

September 23, 2014

DeAndre Windom, Mayor  
City of Highland Park  
12050 Woodward Avenue  
Detroit, MI 48203-3577

Dear Mayor Windom and Members of the City Council:

The Michigan Department of Treasury has allocated up to \$250,000 to be used solely to assist the City in achieving the benchmarks of reducing OPEB costs and liabilities as outlined in the Neutral Evaluator's Final Report dated September 6, 2014. The funds will be made available on a reimbursement basis and are to be used to contract with consulting firms that provide Legal, Actuarial, and Employee Benefits assistance. The consultants that are hired by the City must be approved by the Treasurer. In addition, the City will be required to prepare a scope of work for each service to be acquired which will also be subject to review and approval by Treasury.

The City will be given twelve (12) months from the above listed date to successfully accomplish this task.

Sincerely,

Wayne Workman  
Deputy Treasurer

CERTIFICATE

I, hereby certify that the attached is a true copy of the proposed minutes of the Special Meeting held on the 17<sup>th</sup> day of September 2014 and that said proposed minutes are available for public inspections at the address designated on the posted public notice.

A handwritten signature in cursive script that reads "Brenda J. Green". The signature is written in black ink and is positioned above a horizontal line.

Brenda J. Green  
City Clerk