Detroit AFTER Bankruptcy



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I. Transformation begun during bankruptcy continues

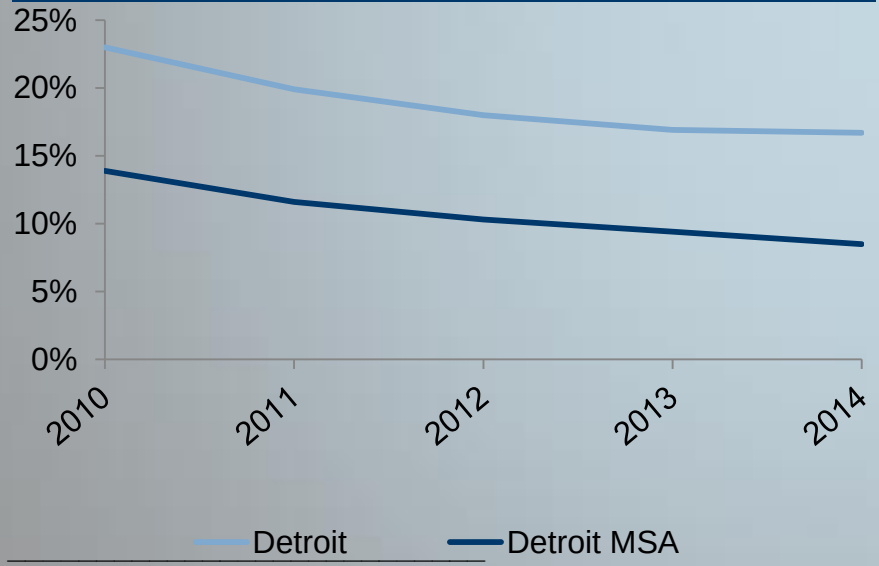
- Continued Restructuring
- Service Enhancement
- Neighborhood Focus
- Revenue Enhancement
- Resident and Business Attraction
- Capital Investment

Detroit At A Glance

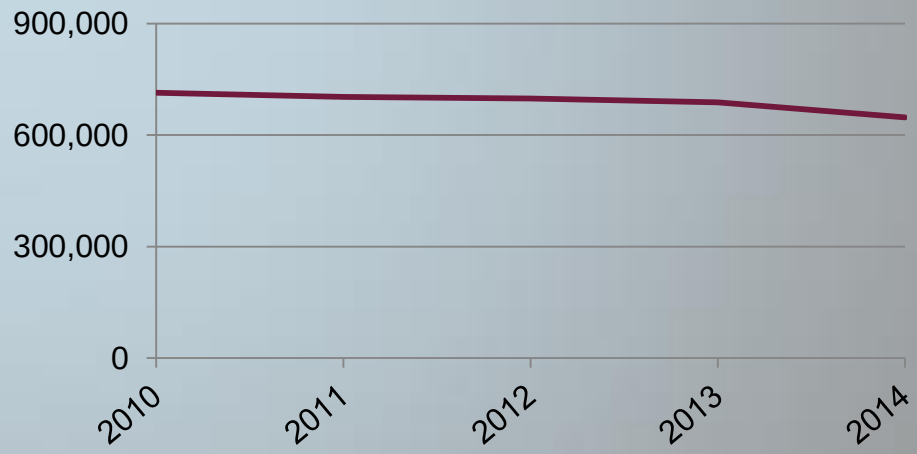
- 138 square miles in southeastern Michigan
- County seat of Wayne County
- Most populous city in Michigan (population 648,000[1])
- 18th largest city in the U.S. in the 2010 Census
- Home rule city governed by an Executive Branch headed by the Mayor and a Legislative Branch headed by the City Council



Unemployment Rates



Population



1. *Source: December 2014, Southeast Michigan Council of Governments ("SEMCOG")*

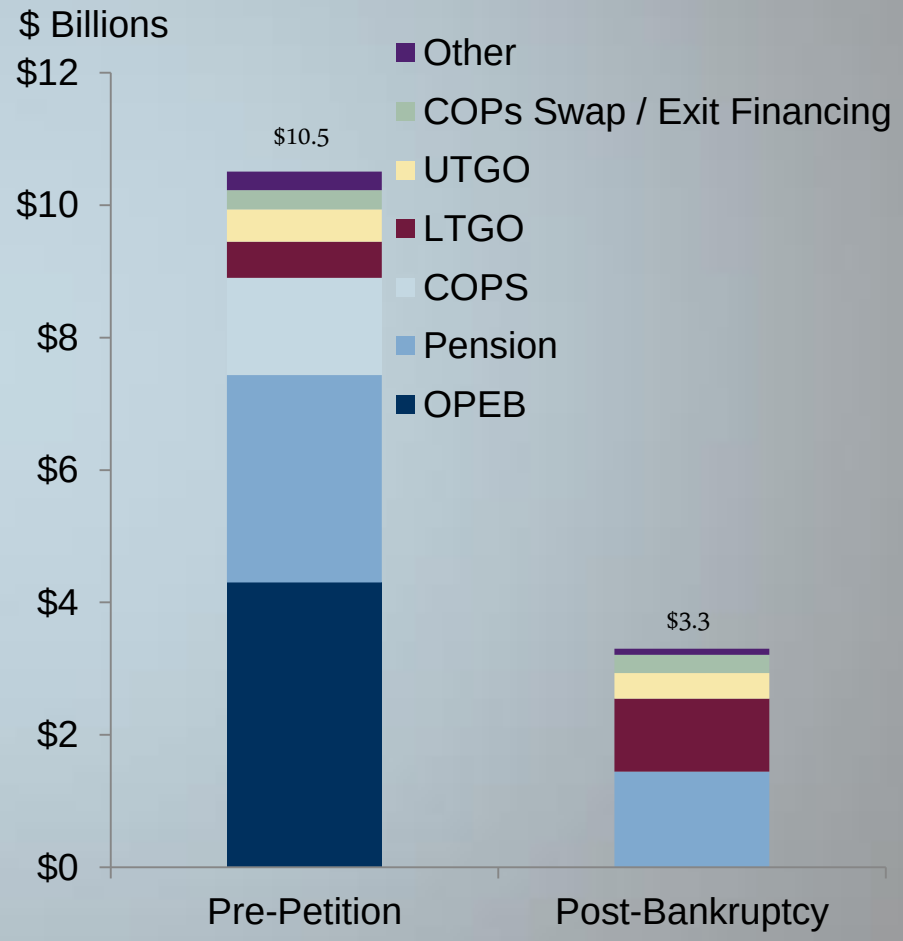
Plan of Adjustment Impact

The POA reduced the City's General Fund obligations by $7.2 billion and positioned the City for growth through significant capital investment and increased oversight

POA Impact

- Extinguished $1.7 billion of funded debt, obligations and payables
- Eliminated $5.5 billion in unfunded pension and OPEB obligations
- Provided $1.4 billion of investment for infrastructure and other revitalization initiatives through FY 2023
- Resolved disputes and preserved key civic assets and operations
  - Detroit Institute of Arts
  - Belle Isle
- Established a Financial Review Commission ("FRC") to provide ongoing financial/strategic guidance and supervision for the City

Obligation Reduction



Restructuring Efforts

- CFO
- Human Resources
- Information Technology
- Law Department

- Centralized
- Coordinated
- Streamlined
- Accessible

CFO

- Budget
- Finance
- Treasury
- Grants
- Purchasing

HR

- Hiring
- Compensation
- Evaluation

IT

- ERP
- Web

Law Department

No Backsliding

- Financial Review Commission
  - Four year financial plan
  - Contracts over $750,000 or more than 2 years
  - Collective Bargaining Agreements
  - Debt
  - Budgets
  - Appointment of CFO

- Revenue Estimating Conferences
- Oversight scales back if benchmarks met
- Oversight returns if backsliding occurs

City Service Initiative

The City has committed to a multi-year effort to improve city services that impact its citizens' quality of life and enhance sustainability

Areas of Focus

- Public Safety
- Transportation
- Blight Elimination
- Public Lighting
- Technology

Key Actions

- Reduce police response time
- More firefighters and ambulances
- More civilian employees to allow redeployment of police force
- Increase available buses
- Increase bus service area
- Remove blighted homes
- Remove illegal dumping
- Renovate vacant homes
- Install LED streetlights
- Upgrade technology infrastructure

Metrics

WHAT WE DID LAST WEEK For the week of JULY 27 - AUGUST 2	GOAL	Since Bankruptcy Exit Average/Week	Since Bankruptcy Exit Cumulative
845 new LED streetlights installed	500 ▲	578	15,607
906 tons of illegal dumping removed	500 ▲	556	14,462
107 blighted structures removed	100 ▲	65	1,819
0 vacant homes posted with legal notices	50 ▼	80	2,228
0 nuisance suits filed	50 ▼	55	1,528
2 vacant home renovation owner agreements	15 ▼	11	305
10:04 avg EMS priority response time (min/sec)	12:00 thru Aug ▼	11:09	--
15:36 police response time	18:00 ▼	17:13	--

Placemaking

Gabriel Richard Park: 10 Years Ago



Gabriel Richard Park: Today



Riverfront Plaza: 10 Years Ago



Riverfront Plaza: Today



Light Rail Line Being Built in Downtown Detroit
Detroit Will Have Rail for the First Time since 1950s



Rail Line Will Be Operating in 2017



Thousands of New Housing Units are Recently Opened or in Construction



How are we paying for this?

Exit Financing

December 2014

$275 million – split between taxable and tax-exempt bonds

15 year maturity

Implementation of Plan of Adjustment

Restructuring Initiatives:

- Training
- Office of CFO
- Human Resources
- IT
- Police and Fire

Exit Financing

December 2014

Infrastructure:

- New IT system
- Public Safety
- Fleet

August 2015

Public Reoffering

Reduced size to $245 million

S&P: A rating

Legislation to enhance security interest in income tax revenues

Fixed Rate: All in 4.4% (compared to Plan of Adjustment: 5.75%)

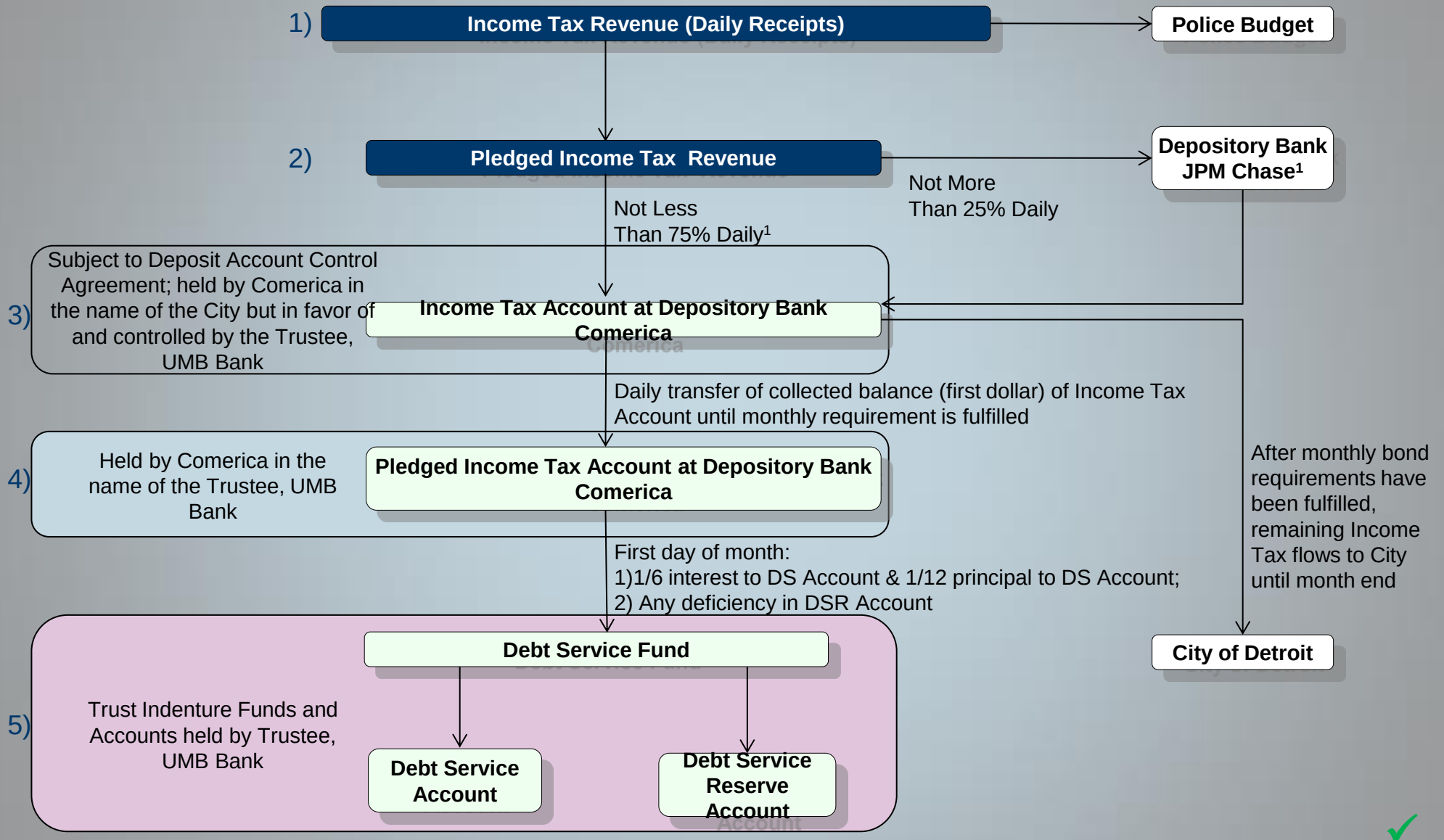
State Tax Collection Agreement

The City has entered into an agreement with the State under which the State will gradually assume responsibility for the administration of the City income tax function

Key Elements

- The State will provide compliance and enforcement services, and conduct enforcement initiatives similar to those conducted for enforcement of the state income tax, on behalf of the City
- Expected benefits include improved return accuracy, faster refunds to taxpayers, increased filing options for taxpayers, and improved efficiency in the administration of income tax collections and payment of refunds
- Timing:
  - Phased in over three years
  - Begins with Individual 2015 returns and fourth quarter estimates
  - Individual estimates for 2016
  - Business income tax 2016 returns starting January 2017
  - Business estimates for 2017
  - Employers Withholding transmitted to State for deposit in Income Tax Account. Permitted in 2015 and 2016 and required by 2017
- State may enter into installment agreements with taxpayers for payment of tax liabilities
- State will remit daily to Bond Trustee to the trusteed account at the Depository Bank.

Flow of Funds Summary



1. Continues with implementation of State Administration of tax returns.

Related Initiatives

- Legislation to require withholding by employes of City residents outside City
- Reassessment of Properties
- Legislation to ease payment of delinquent taxes
  - Collection rates up
  - Retain residents in homes
- D Insurance

Related Infrastructure Efforts

Great Lakes Water Authority

- **Lease of Regional Water Supply and Sewage Disposal System Assets to Regional Authority**
- **Water and Sewer Services Agreement; shared services**
- **$50 million annually for local infrastructure improvements or City share of debt service**
- **Residential assistance program**
- **Green infrastructure**

Related Infrastructure Efforts

Great Lakes Water Authority

- City Operates Local Infrastructure
- All Revenues Assigned to Authority
- Capital Financing for Local Infrastructure Through Authority

Related Infrastructure Efforts

Grant Management

- Foundation liaison
- Federal funds: buses; blight removal

Questions?