

**CITY OF DETROIT, MICHIGAN
2017 MICHIGAN TRANSPORTATION FUND BONDS**

REQUEST FOR PROPOSALS – Q&A

1. Is it possible to submit as a co-manager only....and not respond to some of the questions?
A1 – Firms may indicate within their response their intent to serve only as a co-manager however, all firms should answer each question to the best of their ability.
2. Is it possible to respond jointly with another firm?
A2 – No, joint proposals will not be accepted.
3. What incremental annual MTF revenues should we assume for the years beyond FY2022 and through 2032?
A3 – For the purpose of this RFP, assume the incremental MTF revenue for fiscal years subsequent to 2022 will remain equal to the stated amount for 2022 given the full implementation of the new funding model.
4. Confirm that MFA’s statutory lien arises and applies to the original MTF tax/fee stream.
A4 – If and when bonds are issued through the MFA, the application of Act 227 provides a statutory lien under Michigan Law, though no bankruptcy court has ruled on the question of whether that statutory lien is a “statutory lien” for bankruptcy purposes. Refer to the statutory lien disclosure language in the 2016 Detroit DSA OS (especially p.14 under “State Law Statutory Lien Provisions” and the bottom of p.46 through the top of p.47 under “Limitation on Remedies of Bondholders”) as the analysis on this deal should be similar. The MTF distributions, once they become security for the City’s Municipal Obligations to the MFA, will be treated much the same as the DSA payments were in the 2016 deal.
5. Is the security irrevocably pledged to the MFA? Could the City of Detroit modify the pledge?
A5 – There will be a trust indenture, as well as an MTF intercept or deposit agreement with the Trustee. Any modification to the security would be subject to the customary indenture amendment restrictions related to bondholder consent, etc.
6. Can you provide legislative citations or other confirmation of the phased increase in MTF taxes and fees from 2017 through 2021 and thereafter?
A6 – In November 2015, the State of Michigan enacted a package of bills primarily related to transportation funding, including: HB 4738, HB 4736, HB 4370 as well as other bills.
7. Does market conditions as of 3/29 refer to the AAA MMD scale that is released that afternoon?
A7 – Yes, use the AAA MMD scale released in the afternoon on 3/29.
8. Our reading of this question (no. 10) appears to require us to reach out to UW Counsel firms in order to see if they can serve in that role (i.e. conflict check) and obtain fee quotes. However, page 2 of the RFP states "The RFP and its contents are strictly confidential, and recipients are prohibited from disclosing such contents to any third party". With this in mind, can you please provide guidance with respect to responding to this question?
A8 – You may have discussions with underwriter’s counsel related to this RFP however, they should be informed of the need to keep all information shared with them as part of this process confidential.

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REQUEST FOR PROPOSALS – Q&A (cont.)

9. What is the City's expected size and closing date for the initial issuance and any future issuances?
A9 – Assume for the base case an issue that provides \$100 million of net proceeds closing on June 30, 2017. In addition, please describe alternative funding options that would provide certainty of funding thereby allowing the City to proceed with spending funds immediately on the planning and engineering process without incurring excess debt service expense well in advance of incurring actual construction costs.
10. Should respondents assume that the Annual Incremental MTF Revenue is an increment to the FY2016 Base Appropriation or an increment to the immediately preceding Fiscal Year's revenue?
A10 – The incremental MTF revenue is in addition to the FY '16 base appropriation.