



FROM THE OFFICE OF THE CITY MANAGER

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August 12, 2013

To: Mayor and City Council Members

From: Brian Kischnick, City Manger

Subject: City Council Member Questions and Responses

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I have discussed questions advanced by Mayor and Council with Staff, and responses are attached. Thank you for asking questions in advance of the meeting.

**Subject: Tax Increment Revenues**

**Question:**

Reading through the DDA material. The projected revenues begin in 2015. We are projecting non payment this November, and I assume 2014. Where will the funds to pay these two payments come from?

**Response:**

**From:**

Please see the attached letter from Robert J. Bendzinski, Bond Counsel.

c: Mark Miller, Director of Economic and Community Development  
Lori Grigg Bluhm, City Attorney  
Table

**Bendzinski & Co.**



**municipal finance advisors**

August 12, 2013

Mr. Brian Kischnick, City Manager  
City of Troy  
500 W. Big Beaver Road  
Troy, MI 48084-5285

Re: Municipal Bond Refinancing Update

Dear Brian:

This letter will attempt to update you regarding the Michigan Municipal Bond Market since my last correspondence dated August 2, 2013.

As you are aware, several sizable Michigan municipal bond issues that have either not come to market or have been pulled out of the market due to the so-called Detroit Bankruptcy issue, we believe that this is due to the fact that these bonds have been rated "AA-" or below. There have been no sizable bond issues that have come to market with a "AA" rating or better.

Based upon conversations with underwriters across the country over the past week, we still believe that based upon the City of Troy's "AAA" rating, that they will have market access and will be able to complete the refinancing of the outstanding Downtown Development Authority Bonds. However, we believe that due to the bankruptcy of the City of Detroit, there may be some type of interest rate penalty. We cannot quantify that amount at this time due to the fact that the Michigan municipal market has not seen any "AAA" bonds come to market since Detroit filed for bankruptcy protection.

It is our plan to have the bonds sold and delivered prior to October 1, 2013, and pay off all of the bonds on November 1, 2013. The DDA would then be responsible for an interest payment on the new bonds May 1, 2014, which would be paid from holding back some of the bond reserve, and a principal payment due November 1, 2014, based on the projected tax increment revenues and the interest rate on the new bonds. The exact amount of the principal payment due November 1, 2014, will be determined as we get closer to pricing the bonds and actually know what the interest rate will be on the Bonds.

In order to complete the financing, we are in the process of preparing the Preliminary Official Statement for all parties to review. Once we have completed the Preliminary Official Statement, we will then send the same to the rating agency and have a conference call with City administration and the rating agency. Once we receive the bond rating, we will price the bonds soon after Labor Day and close on or before October 1, 2013.

**615 Griswold Street • Suite 1225 • Detroit, Michigan 48226-3997**  
**(313) 961-8222 • FAX (313) 961-8220**  
**e-mail • rjb@bendzinski.com**

**Bendzinski & Co.**

Mr. Brian Kischnick, City Manager

City of Troy

August 12, 2013

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We believe this provides you with the most up to date information and should you have any questions or require additional information, please do not hesitate to contact us.

Sincerely,

**BENDZINSKI & CO.**

Municipal Finance Advisors

A handwritten signature in black ink that reads "Bobby". The signature is stylized with a large, looped initial "B" and a cursive "obby".

Robert J. Bendzinski, CIPFA

RJB/jll

cc: Thomas Darling, Director of Financial Services  
Mark Miller, Director of Economic & Community Development  
Lori Grigg Bluhm, City Attorney  
Terence Donnelly, DW