

Janice M. Winfrey  
City Clerk

**City of Detroit**  
OFFICE OF THE CITY CLERK

Andre P. Gilbert II  
Deputy City Clerk

**DEPARTMENT PETITION REFERENCE COMMUNICATION**

*To: The Department or Commission Listed Below*

*From: Janice M Winfrey, Detroit City Clerk*

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The following petition is herewith referred to you for report and recommendation to the City Council.

In accordance with that body's directive, kindly return the same with your report in duplicate within four (4) weeks.

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Petition No.	2024-356
Name of Petitioner	The Detroit Investment Fund
Description of Petition	Please see The Detroit Investment Fund request to appear before "City Council" to present the Detroit City Council the Detroit Residents' Investment Fund, an innovative model to reduce poverty through small business equity investment.
Type of Petition	<b>Speak Before City Council</b>
Submission Date	10/15/2024
Concerned Departments	City Council President, Legislative Policy Division, City Clerk Office
Petitioner Contact	The Detroit Investment Fund Toinu Reeves <a href="mailto:toinu@umich.edu">toinu@umich.edu</a> Lawrence Molnar <a href="mailto:kallen@umich.edu">kallen@umich.edu</a>

CITY CLERK

Honorable Janice M. Winfrey  
Office of the City Clerk, Ste 200  
2 Woodward Ave., Coleman A. Young Municipal Center  
Detroit, MI. 48226

**Petition to Present the Detroit Residents' Investment Fund to the  
Honorable City Council of the City of Detroit**

**Petition Header**

**Who:** Petitioners

- *Toinu Reeves ([toinu@umich.edu](mailto:toinu@umich.edu)), PhD Candidate in Economics, University of Michigan*
- *Lawrence Molnar ([kallen@umich.edu](mailto:kallen@umich.edu)), Research Director (ret), Institute for Research on Labor, Employment, and the Economy, University of Michigan*

**What:** Petitioners request an opportunity to present to the Detroit City Council the Detroit Residents' Investment Fund, an innovative model to reduce poverty through small business equity investment.

**Where:** Detroit City Council Chambers

**When:** October or November 2024

**Why:** Petitioners will be approaching federal agencies for funding for this program and pilot and would like to partner with the City of Detroit to bring said federal funding and pilot programs to Detroit.

## Overview

- The Detroit Residents' Investment Fund (hereafter *Fund*) aims to attract millions in federal direct investment for small businesses in Detroit while providing low-income families with access to ownership opportunities in business equity they currently lack.
- We plan to submit grant and program proposals to federal agencies in the first quarter of next year.
- We request that the Council demonstrate to federal agencies their support for this program and hosting its initial pilot.
- We envision establishing a Task Force to unite community partners and experts in business, banking, finance, corporate law, and securities law to design the Fund in a way that best promotes the needs of Detroit residents.
- To engage with federal agencies early next year, we hope to present the proposed Fund to Council and address any questions by the end of November.
- Toinu Reeves is a lifelong Detroiter (what up doe) and PhD candidate in economics at the University of Michigan, specializing in macroeconomics, trade, and international finance, and currently conducting research in public finance and tax policy.
- Lawrence Molnar, former Research Director at the Institute for Research on Labor, Employment, and the Economy at the University of Michigan, has successfully secured hundreds of millions in federal funding for the University through various programs of the Departments of Defense, Agriculture, and Commerce.

## Problem

- Federal, state, and local governments aim to boost economic growth in low-income areas through business development.
- Banking sectors and government agencies, however, struggle to identify viable business investment opportunities.
- Businesses in low-income areas often fail due to lack of management skills and limited networks.
- Of the few successful businesses, 80% are sole proprietors, contributing little to employment or economic impact.
- Governments spend trillions on social assistance programs, which, while necessary, often perpetuate poverty by focusing on basic needs rather than wealth-generating investments.

## **Opportunity**

- Stock markets enhance allocative efficiency over traditional banks through real-time capital reallocation based on firm performance.
- Market participants invest directly in firms, ensuring that relevant information about firm success or failure is reflected instantly in share prices.
- This dynamically reallocates capital from underperforming firms to successful ones, maintaining overall portfolio returns in ways traditional banks cannot achieve.

## **Solution**

- The Detroit Residents' Investment Fund replicates this efficient capital allocation model for small business investment.
- By issuing investment stipends to residents, the Fund leverages the local resident knowledge base to optimize portfolio performance and select high-survival firms.
- Equity owned by residents generates guaranteed income through investment earnings, rather than relying on government funding.
- Resident consumer investment leads to better portfolio outcomes compared to traditional banks or government agencies.
- The returns from this investment can be continuously reinvested, creating a sustainable model for guaranteed basic income without relying on recurring tax revenue.
- The microequity model allows for centralized management of individual firms through a franchise-style approach, improving firm survival rates and portfolio performance.
- This structure reduces costs and increases profitability by leveraging economies of scale, network advantages, and streamlined mergers and acquisitions of underperforming firms.