



**OFFICE OF THE  
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**MEMORANDUM**

April 11, 2025

The Honorable Detroit City Council  
**ATTN: City Clerk Office**  
200 Coleman A. Young Municipal  
Center Detroit MI 48226

**FROM: Nikhil Patel, Deputy CFO / Treasurer, Office of the Chief Financial Officer**

**RE: Explanation of user utility tax second supplemental trust agreement and notice**

This memorandum provides an explanation of the corresponding resolution requesting approval of the user utility tax second supplemental trust agreement and notice.

The City of Detroit Public Lighting Authority is a public municipal corporation under Act 392, Public Acts of Michigan, 2012. When the Public Lighting Authority was initially established and revenue bonds (Series 2013A) issued, the Authority entered an Amended and Restated Trust Agreement. Under this agreement, Wilmington Trust, N.A., serves as the trustee to receive and distribute revenues received from the City utility users tax act, Act 100, Michigan Public Acts of 1990.

On July 2, 2014 the Authority issued its \$184,960,000 Public Lighting Authority Revenue and Revenue Refunding Bonds (Series 2014) and sold them to the Michigan Finance Authority for the purposes of financing certain improvements to the street lighting system supplying light to the City of Detroit, and refunding the Authority's outstanding Public Lighting Authority Revenue Bonds, Series 2013A. In connection with the issuance of the 2014 bonds, the Authority entered into a supplement to the Amended and Restated Trust Agreement; this was called the "First Supplemental Trust Agreement", and provided for the issuance of the 2014 Bonds to be secured by the First Supplemental Trust Agreement.

Now, the Authority is seeking to refund its 2014 bonds and enter into to a Second Supplemental Trust Agreement to enable the refinancing action. The proposed city council resolution is to request approval for this second supplemental trust agreement, which would enable the Public Lighting Authority to refinance its 2014 bonds – generating a present value savings and creating more capital budget flexibility for both the City of Detroit and the Authority. This refinancing action would only be taken if the interest rate environment generates positive net present value savings.