



**Housing and Revitalization  
Department**

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February 1, 2023

Detroit City Council  
1340 Coleman A. Young Municipal Center  
Detroit, MI 48226

**RE: Request to Appropriate Section 108 Funds**

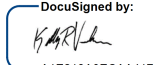
Dear Honorable City Council,

On April 15, 2021, the City of Detroit's Treasury Department notified the Housing and Revitalization Department ("**HRD**") that there was \$1,452,884.47 in funds held at Huntington Bank (the "**Section 108 Proceeds Account**"). The Supervisory Accountant in the City of Detroit's Office of Department Financial Services believes that the \$1,452,884.47 reflects loan proceeds from Section 108 funded projects where the City's corresponding debts to the U.S. Department of Housing and Urban Development ("**HUD**") have been satisfied.

On November 26, 2022, this Honorable Body passed a resolution authorizing and directing the creation of a collateral account in the amount of approximately \$673,000 (the "**Collateral Account**") to secure the City's repayment to HUD of the outstanding balance of that certain Variable/Fixed Rate Note, numbered B-03-MC-26-0006, in the Maximum Commitment Amount of \$1,723,000 related to the prior Section 108 loan to Detroit Geothermal, LLC for installation of geothermal, solar, and wind energy generating equipment on Garfield Street in the Sugar Hill Arts District. That prior resolution provided that the Collateral Account would be paid from current allocations of CDBG funds held by the City of Detroit in Appropriation No. 13529.

HRD hereby respectfully requests that your honorable body adopt the following resolutions to appropriate the \$1,452,884.47 balance of the Section 108 Proceeds Account to Appropriation No. 13529 for the use of paying debt service on the City's current Section 108 debt obligations to HUD, including funding of the Collateral Account. As time is of the essence, we also request a waiver of reconsideration.

Respectfully submitted,

DocuSigned by:  
  
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Kelly Vickers

Chief Development and Investment Officer,  
Housing and Revitalization Department

## RESOLUTION

### BY COUNCIL MEMBER \_\_\_\_\_

**WHEREAS**, City of Detroit is in possession of \$1,452,884.47 comprised of loan proceeds from prior loans made by the City of Detroit pursuant to the Department of Housing and Urban Development (“**HUD**”) Section 108 loan guaranty program (the “**Section 108 Proceeds**”), which Section 108 Proceeds are currently held in a City of Detroit account with Huntington Bank (the “**Section 108 Proceeds Account**”).

**WHEREAS**, the City’s debts to HUD under the Section 108 loans which the Section 108 Proceeds were originally related to have previously been satisfied.

**WHEREAS**, the Housing and Revitalization Department (“**HRD**”) has negotiated with HUD to establish a collateral account (the “**Collateral Account**”) and pledge \$673,000.00 as collateral for the City’s repayment of outstanding balance of that certain Variable/Fixed Rate Note, numbered B-03-MC-26-0006, in the Maximum Commitment Amount of \$1,723,000 by the City of Detroit to HUD (the “**Geothermal Note**”).

**NOW, THEREFORE, BE IT RESOLVED**, that the current balance of the Section 108 Proceeds Account, being \$1,452,884.47, be appropriated to Appropriation No. 13529; and further

**RESOLVED**, that HRD is hereby authorized to transfer \$673,000 from Appropriation No. 13529 to fund the Collateral Account; and further

**RESOLVED**, that HRD is hereby authorized to pay principal and interest due on the Geothermal Note as such payments become due from the Collateral Account or Appropriation No. 13529; and further

**RESOLVED**, that the City’s Chief Financial Officer, or their authorized designee, is hereby authorized to increase Appropriation No. 13529 by \$673,000.00 and to fund the Collateral Account from Appropriation No. 13529; and further

**RESOLVED**, that any funds remaining in the Collateral Account after repayment of the Geothermal Note shall be returned to Appropriation No. 13529; and further

**RESOLVED**, that the City’s Chief Financial Officer, or his authorized designee, is hereby authorized to accept and process all documents consistent with the authorizations and approvals grant herein.

**A WAIVER OF RECONSIDERATION IS REQUESTED.**