



**OFFICE OF THE  
CHIEF FINANCIAL OFFICER**

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March 26, 2024

The Honorable Detroit City Council  
Coleman A. Young Municipal Center  
2 Woodward Avenue  
Detroit, MI 48226

Re: Vehicle Installment Purchase Authorizing Resolution

Dear Honorable Detroit City Council Members:

The CFO's Office respectfully submits the proposed Resolution Authorizing Installment Purchase Agreements. The proposed resolution would authorize the City to acquire \$55 million of vehicles through Installment Purchase Agreements (IPAs) over the next two to three years. The IPAs will support the City's budget by smoothing vehicle acquisition costs over several years to be repaid as debt service.

Funds for the repayment of the IPAs have been included in the FY 2024-25 budget proposed to Council.

Should you have any questions, please do not hesitate to contact me or my office.

Best regards,

Jay B. Rising  
Chief Financial Officer

Att: Bond Authorizing Resolution- UTGO Bonds, Series 2024

Cc: Mayor Michael E. Duggan  
John Naglick, Chief Deputy CFO/Finance Director-Controller  
Tanya Stoudemire, Chief Deputy CFO/Policy & Administration  
Steve Watson, Deputy CFO/Budget Director  
Nikhil Patel, Deputy CFO/Treasurer  
Kevin Bain, Director of Strategy  
Malik Washington, City Council Liaison

MICHAEL E. DUGGAN MAYOR

**RESOLUTION AUTHORIZING  
INSTALLMENT PURCHASE AGREEMENTS**

City of Detroit  
County of Wayne, State of Michigan

WHEREAS, the City Council of the City of Detroit, County of Wayne, State of Michigan (the “City”), a city and municipal corporation duly organized and existing as a political subdivision of the State of Michigan, is authorized by the laws of the State of Michigan to purchase and acquire real and personal property for the benefit of the City and its inhabitants and to enter into contracts with respect thereto; and

WHEREAS, the City desires to purchase, acquire and finance certain vehicles and related equipment necessary for the City to perform essential governmental functions (the “Equipment”) pursuant to the specifications therefor provided by the respective vendors thereof (each a “Vendor”); and

WHEREAS, under the provisions of Act 99, Public Acts of Michigan, 1933, as amended (“Act 99”), the City is authorized to enter into any contracts or agreements for the purchase of the Equipment to be paid for in installments over a period of not to exceed the useful life of such property acquired as determined by resolution of the City; and

WHEREAS, in order to acquire the Equipment, the City proposes to enter into one or more Master Installment Purchase Agreements (each a “Master Agreement”) the form of which has been presented to the City Council, and separate Supplemental Installment Purchase Agreements (each a “Supplemental Agreement”) from time to time as provided in each Master Agreement.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Approval of Master Agreement and Supplemental Agreement. The City is hereby authorized to enter into one or more Master Agreements and Supplemental Agreements, which are hereby approved substantially in the forms attached hereto at Exhibit A. The City shall incur the debt described in each Supplemental Agreement through execution of such Supplemental Agreement by the Mayor and Finance Director, which debt shall consist of the purchase price financed thereunder (the “Financed Price”), which shall not exceed an aggregate amount under all Supplemental Agreements of Fifty-Five Million Dollars (\$55,000,000), which shall be payable in installment payments of principal due, with interest thereon, provided that the Mayor, Chief Financial Officer and Chief Deputy CFO/Finance Director (each an “Authorized Officer”) are each hereby authorized to determine the principal and interest payment dates, term, interest rates, prepayment provisions and all other final details to the extent necessary or convenient to complete the transaction authorized herein.

2. Execution and Delivery of Agreements. Each Authorized Officer is authorized to execute and deliver each Master Agreement and Supplemental Agreement, substantially in the form attached hereto with such additions, changes and modifications as shall be deemed necessary and appropriate by an Authorized Officer, subject to the provisions of this Resolution.

3. Useful Life of Equipment. The useful life of the Equipment is hereby determined to be not less than five (5) years.

4. Authorization of Officers. The Authorized Officers are each hereby authorized and directed to execute such additional documentation and open such accounts as shall be necessary to effectuate the closing of the Agreement and the assignment thereof to the lender thereunder within the parameters set forth in this resolution.

5. Assignment of Supplemental Agreements. The assignment of each Supplemental Agreement by each Vendor to the lender under such Supplemental Agreement is hereby approved.

6. Security; Limited Tax Pledge. The City hereby agrees to include in its budget for each year in which any Supplemental Agreement is outstanding a sum which will be sufficient to pay the principal of and interest, if any, on each such Supplemental Agreement coming due before the next fiscal year. In addition, the City hereby pledges to levy ad valorem taxes on all taxable property in the City each year in an amount necessary to make its debt service payments under all outstanding Supplemental Agreements, subject to applicable constitutional, statutory and charter tax rate limitations.

7. Tax Covenant. The City hereby covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exemption of the interest on the obligations under each Supplemental Agreement from general federal income taxation (as opposed to alternative minimum or other indirect taxation) under the Internal Revenue Code of 1986, as amended, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of proceeds of each such Supplemental Agreement and moneys deemed to be proceeds.

8. Master Agreements Not Debt; Supplemental Agreements. No Master Agreement shall constitute a debt or financial obligation of the City. Each Supplemental Agreement delivered pursuant to a Master Agreement shall constitute an installment purchase agreement pursuant to Act 99.

9. Other Actions Authorized. The officers and employees of the City will take all action necessary or reasonably required by the parties to the Master Agreement and each Supplemental Agreement to carry out, give effect to and consummate the transactions contemplated thereby (including the execution and delivery of acceptance certificates and any tax certificate and agreement, each with respect to separate Supplemental Agreements, as contemplated in the Master Agreement) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Master Agreement and each Supplemental Agreement.

10. Appropriation. The proceeds of each Supplemental Agreement are hereby appropriated, upon receipt, to an appropriation designated by the Office of Budget for the purpose of paying all or part of the cost of the Equipment.

11. Severability. If any section, paragraph, clause or provision of this Resolution is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision will not affect any of the remaining provisions of this Resolution.

12. Rescission. All resolutions or parts thereof inconsistent herewith, are hereby rescinded to the extent only of such inconsistency.

## EXHIBIT A

### FORM OF MASTER AGREEMENT

#### MASTER INSTALLMENT PURCHASE AGREEMENT

THIS MASTER INSTALLMENT PURCHASE AGREEMENT (this “**Master Agreement**”) is made as of \_\_\_\_, 2024 between \_\_\_\_\_, a \_\_\_\_\_ corporation, (the “**Bank**”), and CITY OF DETROIT, COUNTY OF WAYNE, STATE OF MICHIGAN, a city and municipal corporation existing under the laws of the State of Michigan (the “**City**”). This Master Agreement contains terms and conditions that the Bank and the City agree will be applicable to one or more transactions between the Bank, the City, and a vendor or vendors selected by the City, at the City’s sole discretion (the “**Vendor**” or “**Vendors**”). Each transaction to which this Master Agreement applies will be evidenced by a Supplemental Agreement (as defined below) executed by the Bank, the City and the Vendor or Vendors that sets forth specific terms and conditions of that transaction.

**1. AGREEMENT.** The City proposes to purchase certain assets for which the Bank agrees to make available, subject to the terms of this Master Agreement, a Master Installment Purchase Agreement Financing Facility (the “**Master Installment Purchase Facility**”) in the maximum principal amount not to exceed \_\_\_\_\_ Dollars (\$\_\_\_\_\_). The Master Installment Purchase Facility will expire on the earlier of an Event of Default or \_\_\_\_\_, 20\_\_ (the “**Termination Date**”). Subject to the terms and conditions of this Master Agreement, the Bank agrees to enter into one or more Supplemental Installment Purchase Agreements, in the form attached hereto as Exhibit A (each a “**Supplemental Agreement**”), with the City and a Vendor or Vendors, whereby the City will incur debt in an amount equal to the purchase price (the “**Financed Purchase Price**”) of certain assets (the “**Equipment**”) and such Financed Purchase Price will be payable to the Bank as assignee of the Vendor or Vendors.

**2. DEFINITIONS.** In addition to capitalized terms that are defined elsewhere in this Master Agreement or in a Supplemental Agreement, the following terms will have the respective meanings set forth in this Section 2, unless the context clearly requires otherwise:

“**Acquisition Fund**” means the fund or funds established by the City for the purpose of receiving and holding proceeds delivered by the Bank in connection with the Supplemental Agreements and disbursing such proceeds to the Vendors thereunder.

“**Act 99**” means Act 99, Public Acts of Michigan, 1933, as amended.

“**Commencement Date**” means the issue date of a Supplemental Agreement.

“**Equipment**” means the equipment and other property described in each Supplemental Agreement.

“**Event of Default**” means an Event of Default described in Section 11.

“**Installment Payment**” means, with respect to each Supplemental Agreement, the basic installment payments payable by the City on the Installment Payment Dates and in the amount specified in the related Installment Payment Schedule, consisting of a principal component and an interest component, and in all cases sufficient to repay the principal component under such Supplemental Agreement and interest thereon.

“**Installment Payment Date**” means, with respect to each Supplemental Agreement, each date on which the City is required to make an Installment Payment under such Supplemental Agreement in the related Payment Schedule.

“**Installment Purchase Agreement**” means an agreement issued under the provisions of Act 99.

**“Installment Purchase Financing Request”** means a request for financing pursuant to a Supplemental Agreement as set forth in Section 3 an Exhibit B.

**“State”** means the State of Michigan.

**“Supplemental Agreement Term”** means, with respect to each Supplemental Agreement, the period from the Commencement Date identified in such Supplemental Agreement until the final Installment Payment is made under said Supplemental Agreement or an Event of Default occurs such that said Supplemental Agreement is terminated.

**“Vendor”** means the manufacturer or supplier of the Equipment listed in a Supplemental Agreement or any other person as well as the agents or dealers of the manufacturer or supplier with whom the City arranged for its acquisition of the Equipment that is financed pursuant to the applicable Supplemental Agreement.

**3. SUPPLEMENTAL AGREEMENTS; INSTALLMENT PURCHASE FINANCING REQUESTS.** The Bank will enter Supplemental Agreements pursuant to this Master Agreement from time to time up to, but not including, the Termination Date; provided, however, in no event will the Bank be obligated to enter into a Supplemental Agreement if doing so would cause the aggregate principal amount of all Supplemental Agreements to exceed the maximum principal allowable or result in an Event of Default. The City will use the proceeds of the Supplemental Agreements for the acquisition of the Equipment.

Each Supplemental Agreement will be initiated by the City’s delivery of an Installment Purchase Financing Request to the Bank in the form attached hereto as Exhibit B. Each Installment Purchase Financing Request must specify (i) the principal amount of the requested Supplemental Agreement (ii) the Commencement Date of the requested Supplemental Agreement, which shall be not less than \_\_\_\_\_ (\_\_) days from the date of the Installment Purchase Financing Request (ii) the term of such Supplemental Agreement, which shall not exceed [\_\_\_\_\_] (\_\_) years from the Commencement Date.

The Bank’s delivery of a requested Supplemental Agreement shall be conditioned upon delivery by the City of the following:

- (i) An opinion of bond counsel to the City addressing the valid authorization and enforceability of the Supplemental Agreement and the tax exempt status of thereof the Supplemental Agreement in a form acceptable to the Bank;
- (ii) Certificate demonstrating compliance with Act 99;
- (iii) Tax Compliance Certificate; and
- (vi) such other information the Bank may reasonably require.

**4. INSTALLMENT PAYMENTS.** The City will promptly pay Installment Payments of principal and interest for under each Supplemental Agreement for the applicable Supplemental Agreement Term, without prior notice or demand, to the Bank in the amounts and on the Installment Payment Dates specified in the related Supplemental Agreement in lawful money of the United States of America. Installment Payments are due whether or not the City is invoiced or receives notice from the Bank. The City will pay interest on the unpaid balance of each Supplemental Agreement at a rate of interest determined as of the Commencement Date of each Supplemental Agreement and computed on the basis of [to be inserted once determined]. The City agrees to make all payments of principal and interest via wire transfer on the Installment Payment Dates.

**5. PREPAYMENT.** [to be inserted once determined].

**6. REPRESENTATIONS AND WARRANTIES OF THE CITY.** The City represents and warrants to the Bank that:

(a) the City is a city and municipal corporation duly organized and existing under the Constitution and laws of the State, with full power and authority to enter into this Master Agreement, each Supplemental Agreement and the transactions contemplated by each such agreement and to perform its obligations under each such agreement;

(b) the City has duly authorized the execution and delivery of this Master Agreement, all Supplemental Agreements, and documents relating to each by proper action of its governing body at a meeting duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, or by other appropriate official approval, and all requirements have been met and procedures have occurred (including compliance with open and public meeting law requirements) in order to ensure the validity and enforceability of this Master Agreement, and all Supplemental Agreements;

(c) except as provided in this Master Agreement, the execution and performance by the City of this Master Agreement and each Supplemental Agreement do not require the consent or approval or authorization or order of, the giving of notice to or the registration with, or any hearings or other proceedings by, any federal, state or other governmental authority or agency;

(d) the application, statements and credit or financial information submitted by the City to the Bank are true, correct and complete and are made to induce the Bank to enter into this Master Agreement and each Supplemental Agreement;

(e) there are no suits or proceedings pending or threatened against or affecting the City which would impair the ability of the City to perform its obligations under any Supplemental Agreement;

(f) the City is not subject to any legal or contractual limitation or provision of any nature whatsoever that in any way limits, restricts or prevents the City from entering into this Master Agreement, any Supplemental Agreement or performing any of its obligations under such agreements, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally;

(g) the entering into and performance of this Master Agreement, and each Supplemental Agreement (i) will not violate any judgment, order, law or regulation applicable to the City or result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the City is a party or by which it or its assets may be bound and (ii) will not result in the creation of any lien, charge, security interest or other encumbrance upon any assets of the City or on the Equipment under any Supplemental Agreement pursuant to an indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the City is a party or by which it or its assets may be bound, except as herein provided;

(h) the City's name as indicated on the first page of this Master Agreement is its true, correct and complete legal name;

(i) the useful life of the Equipment will not be less than the Term of the related Supplemental Agreement;

**7. OBLIGATION OF BANK AND CITY; MASTER AGREEMENT NOT DEBT.** Nothing in this Master Agreement will impose, or be construed to impose, any obligation upon the Bank or the City to enter into any proposed Supplemental Agreement, it being understood that whether the Bank and the City enter into any proposed Supplemental Agreement will be a decision solely within the respective discretion of the Bank and the City. This Master Agreement does not constitute a debt obligation of the City.

**8. DELIVERY AND ACCEPTANCE BY THE CITY.** On the Commencement Date of each Supplemental Agreement, the Bank will deposit funds into the applicable Acquisition Fund for the payment of the costs of acquiring the Equipment under such Supplemental Agreement, and such funds (which may include investment earnings thereon) will be disbursed to the Vendor or Vendors pursuant to such Supplemental Agreement in accordance with the terms of delivery of and payment for the related Equipment. The City will pay, from funds legally available for such purpose, the excess (if any) of the actual costs of acquiring the Equipment under a Supplemental Agreement over the amount deposited by the Bank in the related Acquisition Fund and interest earnings thereon.

**9. TITLE.** Title to the Equipment under each Supplemental Agreement will be vested in the City immediately upon its acceptance of each item of Equipment, subject to the terms and conditions of the applicable Supplemental Agreement.

**10. SECURITY.** The obligation of the City to pay principal and interest under any Supplemental Agreement is a general obligation of the City payable from all legally available revenues and funds of the City and secured by the City's pledge of its full faith, credit and limited taxing authority. The City will include in its budget, by amendment or any other necessary action, and pay each year, until all Supplemental Agreements are paid in full, such sum as may be necessary to make all payments under such Supplemental Agreements when due.

**11. EVENTS OF DEFAULT.** Any of the following events will constitute an Event of Default under a Supplemental Agreement:

(a) the City fails to pay in full the Installment Payment due under such Supplemental Agreement within 10 days after the date such Installment Payment is due;

(b) the City institutes any proceedings under any bankruptcy, insolvency, reorganization or similar laws; a receiver, trustee, conservator, liquidator, emergency manager or similar officer is appointed for the City or any of its property; the City becomes insolvent, makes an assignment for the benefit of creditors, enters into or petitions for a creditor's arrangement or is generally not paying, or admits in writing its inability to pay, its debts as they become due; or a court of competent jurisdiction or governmental authority having jurisdiction over the City imposes a debt moratorium or other extraordinary restriction on the repayment when due of any Installment Payment;

(c) any certificate, statement, representation or warranty contained in such Supplemental Agreement or furnished with respect to such Supplemental Agreement or the Equipment by the City proves to have been false, incorrect, misleading or breached in any material respect at the time it was made;

**12. INVESTOR LETTER AND ISSUE PRICE CERTIFICATE.** On the Commencement Date of each Supplemental Agreement, the Bank shall execute and deliver to the City mean a letter substantially in the form attached hereto as Exhibit C and an issue price certificate substantially in the form attached hereto as Exhibit D.

**13. ASSIGNMENT; PARTICIPATIONS AND SECURITIZATION.** (a) The Bank will have the right, at any time and from time to time, to assign, transfer or convey the Bank's right, title and interest in and to Installment Payments and any other amounts payable by the City under any and all of the Supplemental Agreements and all proceeds therefrom or any interest in or any portion thereof, but no such assignment, transfer or conveyance will be effective as against the City unless and until the Bank has delivered to the City written notice that discloses the name and address of the Bank or the Supplemental Agreement servicer (as hereafter provided) and (b) such assignment, transfer or conveyance will be made only to an affiliate of the Bank. The Bank shall not grant participations in or securitize any Installment Payments or any other amounts payable by the City under any the Supplemental Agreement or proceeds therefrom or any interest in or any portion thereof without the written consent of the City in the City's sole discretion.

**14. NOTICE.** All notices (excluding billings and communications in the ordinary course of business) under this Master Agreement and each Supplemental Agreement will be in writing, personally delivered, delivered by overnight courier service, sent by e-mail transmission (with confirmation of receipt), or sent by certified mail, return receipt requested, addressed to the other party at its respective address stated below the signature of such party or at such other address as such party will from time to time designate in writing to the other party; and will be effective from the date of receipt.

**15. COUNTERPARTS.** This Master Agreement and each Supplemental Agreement may be executed in counterparts. Photocopies, digital, electronic or facsimile transmissions of signatures will be deemed original signatures and will be fully binding on the parties to the same extent as original signatures. This Master Agreement and each Supplemental Agreement may be reproduced and stored in any electronic format, and the originals so reproduced destroyed; and any such electronic copy will be deemed an original, will be admissible in any court or other proceeding, and will be enforceable against the parties thereto, whether or not the original is in existence and whether or not such reproduction was made or preserved by the Bank in the regular course of business.



**16. MISCELLANEOUS.** Each Supplemental Agreement will inure to the benefit of and will be binding upon the Bank and the City and their respective successors and permitted assigns. Any provision of a Supplemental Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. The representations, warranties and covenants of the City herein will be deemed to be continuing and to survive the execution and delivery of each Supplemental Agreement. The captions in any Supplemental Agreement are for convenience of reference only and will not define or limit any of the terms or provisions thereof.

**17. GOVERNING LAW.** This Master Agreement and each Supplemental Agreement will be construed under the laws of the State.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties have caused this Master Installment Purchase Agreement to be duly executed as of the day and year first set forth above.

[Bank]  
Bank

CITY OF DETROIT, COUNTY OF WAYNE, STATE OF  
MICHIGAN  
the City

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address:  
[Street Address]  
[City, State, Zip]  
Attention:  
Telephone:  
E-mail:

Address:  
[Street Address]  
[City, State, Zip]  
Attention: [Finance Director]  
E-mail:  
Telephone:  
Fax:

## EXHIBIT B

### FORM OF SUPPLEMENTAL AGREEMENT

#### SUPPLEMENTAL INSTALLMENT PURCHASE AGREEMENT NO. \_\_\_\_\_

This Supplemental Installment Purchase Agreement No. \_\_\_\_ (the "Agreement"), adopts and incorporates by reference the terms and conditions of the Master Installment Purchase Agreement ("Master Agreement"), which was entered into on \_\_\_\_\_, 20\_\_ between the City of Detroit, County of Wayne, State of Michigan, (the "City") and \_\_\_\_\_, a \_\_\_\_\_ corporation ("Bank"), as it may be amended from time to time. Transactions performed under this Agreement will be conducted in accordance with and be subject to the terms and conditions of this Agreement, the Master Agreement, and any applicable agreement with the Vendor. Capitalized terms used but not defined in this Agreement will have the meanings set out in the Master Agreement.

THIS AGREEMENT, dated as of \_\_\_\_\_, 20\_\_, by and between the City of Detroit, County of Wayne, Michigan (the "**City**"), \_\_\_\_\_, a \_\_\_\_\_, Michigan ([each, a] / [the] "**Vendor**"), and \_\_\_\_\_, a \_\_\_\_\_ corporation, as assignee of [the] / [each] Vendor (the "**Bank**"), is as follows:

1. Financed Purchase Price, Title and Useful Life. The City agrees to purchase and [the] / [each] Vendor agrees to sell, provide and deliver \_\_\_\_\_ (the "Equipment"), all as set forth in the specifications from [the] / [each] Vendor for the Equipment (the "Specifications"), for the sum of \$ \_\_\_\_\_ (the "Financed Purchase Price") payable in \_\_\_\_\_ annual principal installments on \_\_\_\_\_ of each year commencing \_\_\_\_\_, 20\_\_, in the amounts set forth in the attached Exhibit B. [The Financed Purchase Price may be subject to optional redemption at any time (in whole or in part) without penalty or premium to the City.]

The City will pay interest on the unpaid balance of the Financed Purchase Price to the Bank at a rate of interest equal to \_\_\_\_% per annum from the date Installment Purchase Financing funds are delivered by the Bank to the Acquisition Fund], computed on the basis of a 30 day month and a 360-day year which interest will be payable annually or semi-annually commencing on \_\_\_\_\_, 20\_\_, and on each \_\_\_\_\_ thereafter, as set forth on Exhibit B. The Financed Purchase Price includes the Equipment and other rights assigned and conveyed by [the] / [each] Vendor to the City. Upon delivery and acceptance by the City, title to the Equipment will vest in the City. The City represents to the Bank that the useful life of the Equipment is at least equal to or longer than the date of the final payment hereunder.

2. Incorporation by Reference.

(a) [The] / [Each] Vendor and the City agree to all of the instructions, terms and conditions as may be outlined in such Vendor's Specifications and any supplements thereto, which are incorporated by reference in full herein. In the event of a conflict in terms between this Agreement and the Specifications, the specific terms of this Agreement will govern.

(b) The Bank and the City agree to all of the instructions, terms and conditions as may be outlined in the Master Agreement and any supplements thereto, which are incorporated by reference in full herein. In the event of a conflict in terms between this Agreement and the Master Agreement, the specific terms of this Agreement will govern.

3. Assignment to the Bank; Disbursement of Advances. [The] / [Each] Vendor irrevocably assigns this Agreement immediately to the Bank in consideration for a payment from to such Vendor in the amount of the Financed Price from a fund to be held by the City and designated “City of Detroit Equipment Acquisition Fund” (the “Acquisition Fund”). The moneys in the Acquisition Fund shall be invested by the City and shall at all times be considered as City funds and shall only be used to pay each Vendor for such Vendor’s respective Equipment in accordance with written instructions from the City upon delivery of the Equipment based on the terms of the Specifications with each Vendor.

The City consents to this assignment, except with respect to the warranties and other obligations of [the] / [each] Vendor set forth in section 2(a) and sections 4 through 7, inclusive, of this Agreement, all of which will remain the sole responsibility of [the] / [each] Vendor and will not be assignable. With respect to the Bank, the City waives any defenses based upon warranty, failure or inability of [the] / [any] Vendor to perform its non-assignable obligations or the failure of the Equipment to perform its intended function. The City’s obligation to the Bank is absolute and unconditional and will remain in full force and effect until the amount of the payment of the Financed Purchase Price together with interest thereon will have been paid by the City to the Bank, and such obligation will not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following:

(a) Any failure of title with respect to [the] / [each] Vendor’s interest in the Equipment specified herein or the invalidity, enforceability or termination of this Agreement;

(b) The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in this Agreement;

(c) The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment or other similar proceedings affecting [the] / [each] Vendor or any of its assets or any allocation or contest of the validity of this Agreement, or the disaffirmance of this Agreement in any such proceeding;

(d) To the extent permitted by law, any event or action which would, in the absence of this clause, result in release or discharge by operation of law of [the] / [each] Vendor from the performance or observation of any obligation, covenant or agreement contained in this Agreement; or

(e) The default or failure of [the] / [any] Vendor to fully perform any of its obligations set forth in this Agreement.

The City will make payments to the Bank when due and will not withhold any such payments as a result of any disputes arising between the City and [the] / [any] Vendor or any other person, nor will the City assert any right of set-off or counterclaim against its obligation to make such payments or be entitled to any abatement of such payments as a result of accident or unforeseen circumstances, or the Equipment being defective.

It is expressly agreed between [the] / [each] Vendor, the City and the Bank, by acceptance of the assignment of this Agreement, that the City will make all payments of principal and interest directly to the Bank.

4. Date of Acceptance. The date of acceptance for [the] / [each] Vendor will be the date when the Equipment has been delivered to the City in accordance with the Specifications and the City has accepted the delivery of the Equipment as provided in the Specifications and the Master Agreement.

5. Warranty. [The] / [Each] Vendor warrants its Equipment as set forth in the Specifications and pursuant to the manufacturer's warranties and warrants its installation of the Equipment, if any. Any warranties with respect to the Equipment will not be assigned but will remain enforceable by the City.

[The] / [Each] Vendor represents and warrants that the assignment to the Bank of this Agreement does not violate any agreement, contract or loan agreement to which it is a party, and that the Agreement has been duly executed and delivered by such Vendor.

The Bank makes no warranty or representation, express or implied, as to any matter whatsoever, including, without limitation, as to the merchantability or fitness for any particular purpose of any of the Equipment or as to the value, design, condition, use, capacity or durability of any of the Equipment. The City agrees that (a) the Bank has no liability for the delivery of the Equipment, (b) the Bank assumes no obligation with respect to any manufacturer's or Vendor's product warranties or guaranties, (c) neither Vendor nor any manufacturer or any representative of said parties is an agent of the Bank, and (d) any warranty, representation, guaranty or agreement made by any manufacturer or by any Vendor or any representative of said parties will not be binding upon the Bank.

6. Entire Agreement. This Agreement and the documents expressly incorporated by reference herein constitute the entire agreement of the parties with respect to the financing of the Equipment. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are hereby terminated.

7. Amendments. Any attempt to modify the terms of this Agreement or of any supporting document will be ineffectual unless in writing, signed by all parties and the City agrees to secure the consent of the Bank to any such modifications, provided that the consent of the Vendor to the modification of any of the terms of payment by the City to the Bank will not be required.

8. Security. The obligation of the City to pay principal and interest under this Agreement is a limited tax general obligation of the City. The City will include in its budget and pay each year, until this Agreement is paid in full, as a first budget obligation, such sum as may be necessary each year to make all payments hereunder, when due. In addition, the City pledges to levy in each fiscal year ad valorem taxes on all taxable property in the City each year in an amount necessary to make its debt service payments under this Agreement, subject to applicable constitutional, statutory and charter tax rate limitations. The City covenants that it will comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to delivery of this Agreement in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes.

9. Legislative Authorization; Governing Law. This Agreement is made in accordance with and pursuant to Act 99, Public Acts of Michigan, 1933, as amended. This Agreement will be construed in all respects in accordance with the laws of the State of Michigan.

10. Severability. In the event any provision of this Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

11. Binding Effect. The covenants herein contained will bind, and the benefits and advantages will inure to, the respective successors and permitted assigns of the parties hereto.

12. Counterparts. This Agreement may be signed in any number of counterparts, which counterparts will be considered as one and the same instrument. Facsimile copies of this Agreement will have the full force and effect of an original document.

**[VENDOR]**  
as Vendor

By: \_\_\_\_\_  
Its: Authorized Representative

**CITY OF DETROIT**

By: \_\_\_\_\_  
Its: Mayor

By: \_\_\_\_\_  
Its: City Clerk

**[BANK]**  
as Bank

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT S-1**

**SPECIFICATIONS**

[to be attached when determined]

**EXHIBIT S-2**

**PRINCIPAL AND INTEREST PAYMENT SCHEDULE**

[to be attached when determined]