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Michigan Finance Authority -- Detroit Public Lighting Authority Complete Historic Bond Deal Proceeds to Fund Infrastructure, System Improvements

The Michigan Finance Authority ("MFA"), in partnership with the Public Lighting Authority of the City of Detroit ("PLA"), today finalized a \$60 million bond issue to fund the initial phase of lighting system improvements in Detroit. The bonds, issued through the MFA's Local Government Loan Program and placed with Citibank, N.A., will carry a floating interest rate.

"This is an historic day for the citizens of the City of Detroit, who will see tangible, quality-of-life improvements in their neighborhoods," Gov. Rick Snyder said. "Enhancing lighting throughout the City of Detroit is one of the top priorities for both the State and the City and this financing clearly demonstrates that commitment."

Last week, the PLA received approval from U.S. Bankruptcy Judge Steven Rhodes to utilize revenues from the City's utility taxes to finance infrastructure for, and construction of, the City's lighting system. The Detroit City Council supported the financing in October.

"The Michigan Finance Authority is proud to have collaborated with the PLA on this financing," said State Treasurer Kevin Clinton, chair of the MFA. "The structure of this transaction will undoubtedly serve as a template for other municipalities looking to access capital markets for essential projects during difficult financial times."

The financing was 18 months in the making. Legislation allowing for the creation of the lighting authority was introduced in May of 2012 and enacted last December. The Detroit City Council created the PLA in February of 2013 with Odis Jones named its executive director in June.

"The closing of this transaction marks the completion of the first step in our integrated financing and lighting system strategy," Jones said. "We can now accelerate construction of the lighting program, a critical first step in improving these services throughout the city."

Citibank, N.A. was the lender on the Detroit PLA bond deal.

"Citi is extremely proud to help finance street lighting for the residents of the City of Detroit," said Ward Marsh, Head of the Municipal Securities Division at Citi. "We strongly believe that

turning the lights back on in the City's neighborhoods will help create a safer environment for everyone and have an immediate, positive impact on the quality of life in the community. This innovative financing creates a win-win situation for Detroit and all its residents."

It is anticipated that this interim financing will be refunded through the issuance of long-term bonds in 2014.

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