

Description of Long-Term Debt

The city currently has a AA+ bond rating. As of June 30, 2020, the last audited fiscal year, the City of Royal Oak has 23 outstanding bond debt issues and contracts totaling \$204.3 million. Michigan statute limits general obligation debt to ten percent (\$391,257,349) of state equalized value and a five percent limit for capital improvement bonds. Our exempt debt of \$32,052,771 leaves approximately \$233.3 million of additional bond debt that can be incurred. These bonds and contract terms are summarized as follows:

Primary Government

Building Authority – Public Act 31 of 1948 (First Extra Session)

Act 31 provides for an authority to issue bonds to build and equip various public buildings, which are then leased to the city. Proceeds from these leases are used to repay the bonds. The collection of lease payments, payment of interest and retirement of debt is reflected in the respective Debt Service or Proprietary fund.

On Oct. 11, 2001, the City of Royal Oak Building Authority issued \$9,000,000 of bonds, series 2001A (unlimited tax general obligation), pursuant to a special election on May 15, 2001. The proceeds were used to construct and equip a new fire station, and remodel and equip existing fire stations. These 20-year bonds have interest rates that range from 3.750 percent to 5.000 percent. The city was obligated to pay interest commencing March 1, 2002, and semiannually thereafter. The first principal payment was due Sept. 1, 2002, and due annually Sept. 1 through 2021. In Aug. 2012, the city performed an advanced refunding of the Series 2001A, now Series 2012. This refunding created a net present value savings of \$614,000. The term of the payments did not change.

On June 2, 2005, the City of Royal Oak Building Authority issued \$3,700,000 of

bonds, series 2005 (general obligation limited tax). The proceeds were used to remodel, renovate, equip, and furnish the city library building. These 18-year bonds have interest rates that range from 3.000 percent to 4.250 percent. Library fund revenue is used to pay the debt service. The city is obligated to pay interest commencing Dec. 1, 2005, and semiannually thereafter. The first principal payment was due June 1, 2006, and due annually June 1 through 2023. In Nov. 2014, the city performed an advanced refunding, issuing capital improvement refunding bonds, series 2014 with a 2.3 percent interest rate. This refunding created a net present value savings of \$104,000. The term of the payments did not change.

Capital Improvement Bonds – Revised Municipal Finance Act, Public Act 34 of 2001, Part V

Act 34 permits the issuance of bonds for the purpose of paying the cost of capital improvements.

On March 15, 2006, the City of Royal Oak issued \$4,325,000 of capital improvement bonds, series 2006A (general obligation limited tax) to finance capital improvements to the city's water and sewer systems and other items. The city used the net proceeds exclusively to finance improvements to the water and sewer system, which is responsible for all debt service payments. These 20-year bonds have interest rates ranging from 3.500 percent to 4.300 percent. The city is obligated to pay interest commencing Nov. 1, 2006, and semiannually thereafter. The first principal payment was due May 1, 2007 and was due through May 1, 2026. In March 2016, these bonds were refunded at 1.9 percent true interest cost providing a net present value savings of \$295,028, and now part of the capital improvement refunding bonds, series 2016.

On April 26, 2006, the City of Royal Oak Building Authority issued \$11,100,000 of

capital improvement refunding bonds, series 2006B (general obligation limited tax), with interest rates that range from 4.000 percent to 4.375 percent. The net proceeds were used to advance refund 1999 prior (44th District Court building) bonds for the years 2010 through 2026 in the amount of \$5,475,000, and the 2001 prior (parking structure) bonds for the years 2012 through 2026 in the amount of \$8,185,000. The proceeds were used to purchase U.S. Certificates of Indebtedness – State and Local Government Securities (SLGS). Those securities were deposited into an irrevocable trust with an escrow agent and subsequently used to pay off the bonds, including call premiums on June 1, 2009, and May 1, 2011, respectively. Accordingly, the refunded bonds are no longer reported on the city's financial statements. The advance refunding reduced the total debt payments over the next 20 years by approximately \$310,090 which represents an economic gain of \$198,175. The new bonds will bear interest payable commencing Nov. 1, 2006, and semiannually thereafter. The first principal payment was due May 1, 2008 and is due annually May 1 through 2026. In March 2016, these bonds were refunded at 1.8 percent true interest cost, providing a net present value savings of \$871,950, and now part of the capital improvement refunding bonds, series 2016.

On Nov. 15, 2007, the City of Royal Oak issued \$2,645,000 of capital improvement bonds, series 2007A (general obligation limited tax) to finance a vehicle purchase project. The city used approximately \$1,970,000 to acquire five fire trucks, \$500,000 for two ambulance rescue vehicles and \$175,000 for two dump truck bodies. These 12-year serial bonds have interest at 4.0 percent. The city is obligated to pay interest commencing May 1, 2008, and semiannually thereafter. The first principal payment was due Oct. 1, 2008, and the last was due Oct. 1, 2019 – last fiscal year.

In September 1997, the City of Royal Oak, and the Oakland County Drain Commission

(currently Water Resources Commission) entered into an agreement whereby the city contracted to pay \$1,710,691 of Garfield drain refunding revenue bonds, series 1997, with interest rates that range from 5.000 percent to 5.125 percent. Repayment is made from net revenues of the water and sewer fund. These bonds bear interest payable commencing April 1, 1998, and semiannually thereafter. The first principal payment was due Oct. 1, 1998, and due annually Oct. 1 through 2017.

On Dec. 11, 2008, the City of Royal Oak sold \$11,825,000 of capital improvement bonds, series 2008 (general obligation limited tax) with interest rates that range from 4.000 percent to 6.250 percent. The bonds finance projects in three funds: auto parking \$7,250,000 (\$5,481,000 to purchase & develop the 600-700 S. Main Street property and to improve other decks and lots, plus \$1,550,000 to acquire the 225 S. Troy Street property); water and sewer \$3,270,000 for infrastructure improvements; and motor pool \$1,305,000 (\$650,000 to purchase vehicles and \$620,000 to repave the DPS yard); plus, related costs. These bonds bear interest payable commencing May 1, 2009, and semiannually thereafter. The first principal payment is due annually Oct. 1, 2009, through 2028. In March 2016, these bonds were advance refunded at a true interest cost of 2.32 percent providing a net present value savings of \$1,086,758, and now a part of the Capital Improvement Refunding Bonds, Series 2016.

On Jan. 31, 2017, the City of Royal Oak sold \$106,040,000 of taxable limited tax general obligation bonds, series 2017-A (OPEB). The sale closed on February 21, 2017. The bond proceeds were used to fund the entire unfunded actuarial accrued liability of the city's defined benefit retiree healthcare plan as of June 30, 2016. The term of the bonds is 21 years with the last maturity due on Oct. 1, 2037. The bonds bear interest rates between 1.163 percent to 4.524 percent, with a true interest rate of 4.082 percent. The city is obligated to pay interest commencing on

October 1, 2017, and semiannually thereafter. The first principal payment was due on Oct. 1, 2017. It is intended that numerous funds will contribute toward the debt service payments based upon the fund in which the legacy cost was incurred.

On Jan. 31, 2017, the City of Royal Oak sold \$20,570,000 of taxable limited tax general obligation bonds, series 2017-A (pension). The sale closed on Feb. 21, 2017. The bond proceeds were used to fund the entire general employees' unfunded actuarial accrued liability of the city's defined benefit pension plan as of June 30, 2016. The term of the bonds is 21 years with the last maturity due on Oct. 1, 2037. The bonds bear interest rates between 1.163 percent to 4.524 percent, with a true interest rate of 4.082 percent. The city is obligated to pay interest commencing on Oct. 1, 2017, and semiannually thereafter. The first principal payment was due on October 1, 2017. It is intended that numerous funds will contribute toward the debt service payments based upon the fund in which the legacy cost was incurred.

On Sept. 12, 2017, the City of Royal Oak sold \$8,500,000 of tax-exempt general obligation limited tax bonds, series 2017. The bond proceeds were used to fund capital improvements to streets within the city. The term of the bonds is 6.5 years with the last maturity due on April 1, 2024. The bonds bear an interest rate of 2.10 percent.

On May 23, 2018, the City of Royal Oak issued \$32,465,000 of limited tax general obligation bonds, series 2018. The bond proceeds are used to construct a new city hall, police headquarters, and develop a central park. The term of the bonds is 25 years. The first interest payment is Oct. 1, 2018, and the first principal payment is April 1, 2018. A net premium of \$3,018,257 was on these bonds. The issue price of the bonds amounted to \$35,483,257 with the per annum rate of 3.4528%. A true interest cost of 3.825%. There is an optional redemption date of April 1, 2028. Final maturity date is April 1, 2043.

Michigan Municipal Bond Authority Bonds – Public Act 227 of 1985

The MMBA has a variety of financing tools including the broad authority to purchase municipal notes or bonds and bundle them for resale. Among those tools, the MMBA and Michigan Department of Environmental Quality (MDEQ) jointly administer state revolving fund (SRF) and drinking water revolving fund (DWRP) low interest loan programs. The following bonds are paid from net revenues of the water and sewer fund.

On Sept. 29, 1998, the City of Royal Oak and the Michigan Municipal Bond Authority entered into an agreement whereby the city of Royal Oak would issue revenue bonds, and the Michigan Municipal Bond Authority would purchase, up to \$15,800,000 of North Arm Relief Drain bonds, series 1998A (General Obligation Limited Tax). The project built enclosed pipes, expanding, and improving the North Relief Arm of the 12 Towns Drainage District, to abate flooding primarily affecting the City of Royal Oak, plus seven other communities and highways therein, controlled by the State of Michigan and Oakland County. The State and County paid cash up front. Based on the interlocal agreement between the City of Royal Oak (the city) and the seven other communities, the city pledges its net water and sewer revenue and pays approximately 49% of the debt service. The city bills approximately 51% to the other communities and collects their payments to pay the debt service. The city is obligated if payments received on contracts with benefiting municipalities are insufficient to meet principal and interest requirements of this debt, when due. The city is obligated to pay interest at 2.25 percent commencing on April 1, 1999, and semiannually thereafter. The first principal payment was due Oct. 1, 2001 and will continue to be due Oct. 1 through 2020.

Since 2000, the Oakland County Drain Commission, predominantly with the MMBA, has initiated multiple financings for the George W. Kuhn Drainage District (GWKDD) to abate

combined sewer overflows from its communities, which includes the City of Royal Oak. The whole retention/treatment facility was estimated to cost \$144 million in 2001. Construction was staged in several contracts. MMBA borrowing draw-downs occur over months or years during construction. The principal payback period is 20 years. The various communities share in GWKDD debt based on the percentage of their contract flow capacity that is about 29 percent for the city. The following eight paragraphs discuss the city's GWKDD contract debt obligations.

On Sept. 30, 2000, the city's share of GWKDD bonds, series A, was issued for \$5,176,386 to the MMBA bearing interest at 2.50 percent. The city is obligated to pay interest commencing April 1, 2001, and semiannually thereafter. The first principal payment was due April 1, 2003 and will continue to be due April 1 until 2022.

On Sept. 28, 2001, the city's share of GWKDD bonds, series C, was issued for \$23,797,479 to the MMBA bearing interest at 2.50 percent. The city is obligated to pay interest commencing April 1, 2002, and semiannually thereafter. The first principal payment was due April 1, 2005 and will continue to be due April 1 until 2024.

On Dec. 20, 2001, the city's share of GWKDD bonds, series D, was issued for up to \$3,170,000 to the MMBA bearing interest at 2.50 percent. The city is obligated to pay interest commencing April 1, 2002, and semiannually thereafter. The first principal payment was due April 1, 2005 and will continue to be due April 1 until 2024.

On Jan. 2, 2002, the city's share of GWKDD bonds, series E, was issued originally for \$2,857,431 bearing market interest rates from 4.00 percent to 5.25 percent. The city is obligated to pay interest commencing April 1, 2001, and semiannually thereafter. The first principal payment was due April 1, 2002 and originally continued to be due April 1 until 2024. On August 1, 2007, bonds maturing

2012 through 2024 were advanced refunded and no longer are shown as debt. Remaining unrefunded bonds were due through April 1, 2012.

On Sept. 22, 2005, the city's share of GWKDD bonds, series 2005 (F), was issued for \$469,002 to the MMBA bearing interest at 1.625 percent. To date, \$390,953 has been drawn as the city's share. The city is obligated to pay interest commencing October 1, 2006, and semiannually thereafter. The first principal payment was due April 1, 2007 and will continue to be due April 1 until 2026.

On Aug. 1, 2007, the city's share of GWKDD Drain (partial B & E) refunding bonds, series 2007 (R), was issued for \$3,607,258, bearing market interest rates from 4.250 percent to 4.375 percent. The refunding bonds advance refunded part of series B and E bonds above. The city is obligated to pay interest commencing Oct. 1, 2007, and semiannually thereafter. The first principal payment was due April 1, 2008 and will continue to be due April 1 until 2024. The city realized a net savings in cash flow of \$176,280 over the life of the bonds for a net economic gain (present value savings) of \$117,311. In February 2016, drain refunding bonds were reissued saving the city \$158,000.

On Sept. 22, 2007, the city's share of GWKDD bonds, series 2007 (G) was issued for up to \$1,765,000 in total to the MMBA, bearing interest at 1.625 percent. Based on \$1,754,260 drawn down by February 9, 2009, the city's share was approximately \$515,923. The city is obligated to pay interest commencing April 1, 2009, and semiannually thereafter. The first principal payment was due April 1, 2009 and will continue to be due April 1 until 2026.

On Sept. 22, 2008, the city's share of 5 GWKDD bonds, Series 2008 (H) was issued for up to \$2,260,136 in total to the MMBA, bearing interest at 2.500 percent. Based on \$4,057,179 drawn down by April 2, 2009, the city's share was approximately \$1,183,205.

Debt Service Funds – Description of Long-Term Debt

The city is obligated to pay interest commencing April 1, 2009 and semiannually thereafter. The first principal payment was due April 1, 2010 and will continue to be due April 1 until 2029. This is expected to be the final funding for the GWKDD project.

Revenue Bonds – Public Act 94 of 1933

On Dec. 22, 2016, the City of Royal Oak issued \$13,500,000 of Parking System Revenue Bonds, Series 2016. The bond proceeds were used to construct a new parking garage on the land of the former Second Street surface lot. The new structure is attached to the existing Center Street parking garage. The term of the bonds is 15 years with the last maturity due on Oct. 1, 2031. The bonds have a true interest rate of 3.45%. The city is obligated to pay interest commencing on April 1, 2017, and semiannually thereafter. The first principal payment is due on Oct. 1, 2017.

Parking fee revenue and monies from the Downtown Development Authority are pledged to pay the debt service.

On May 23, 2018, the City of Royal Oak issued \$16,325,000 of Parking System Revenue Bonds – Series 2018. The bond proceeds are used to construct a new parking garage on the land formerly known as the North Williams Street Lot. This garage is titled the 11 Mile Road garage. Parking fee revenue is pledged to pay the debt service. The term of the bond is 15 years. The bonds were issued as a single registered term bond and mature on Oct. 1, 2033, with first interest payable on Oct. 1, 2018 and semiannually thereafter on April 1 and Oct. 1 of each year at the per annum rate of 3.551%. The true interest cost is also 3.551%.

Budget Summary

GENERAL OBLIGATION DEBT	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Beginning Fund Balance	32,373	20,313	0	0	0	0
Revenues and transfers from other funds	620,940	609,300	0	0	0	0
Expenditures and transfers to other funds	633,000	629,300	0	0	0	0
Net Change in Fund Balance	(12,060)	(20,000)	0	0	0	0
Ending Fund Balance	20,313	313	0	0	0	0

Revenues

301.000 REVENUE	Taxes	Grants	Licenses, Charges and Fines	Interest and Contributions	Other	Transfers	Total
2017-2018 Actual	585,760	0	0	150	0	0	585,910
2018-2019 Actual	620,820	6,700	0	950	0	0	628,470
2019-2020 Actual	607,190	7,330	0	490	0	0	615,010
2020-2021 Original Budget	610,000	7,330	0	200	0	0	617,530
2020-2021 Adjusted Budget (Dec)	610,000	7,330	0	200	0	0	617,530
2020-2021 Six Month Actual	600,140	6,790	0	80	0	0	607,010
2020-2021 Estimated Year End	614,000	6,790	0	150	0	0	620,940
2021-2022 Dept Request	602,500	6,700	0	100	0	0	609,300
2021-2022 Manager's Budget	602,500	6,700	0	100	0	0	609,300
2021-2022 Approved Budget	602,500	6,700	0	100	0	0	609,300
2022-2023 Projected Budget	0	0	0	0	0	0	0
2023-2024 Projected Budget	0	0	0	0	0	0	0
2024-2025 Projected Budget	0	0	0	0	0	0	0
2025-2026 Projected Budget	0	0	0	0	0	0	0

Expenditures

301.905 GENERAL OBLIGATION DEBT	Personnel Services	Supplies	Capital	Other	Debt	Total
2017-2018 Actual	0	0	0	0	629,600	629,600
2018-2019 Actual	0	0	0	0	628,080	628,080
2019-2020 Actual	0	0	0	0	630,830	630,830
2020-2021 Original Budget	0	0	0	0	633,000	633,000
2020-2021 Adjusted Budget (Dec)	0	0	0	0	633,000	633,000
2020-2021 Six Month Actual	0	0	0	0	623,670	623,670
2020-2021 Estimated Year End	0	0	0	0	633,000	633,000
2021-2022 Dept Request	0	0	0	0	629,300	629,300
2021-2022 Manager's Budget	0	0	0	0	629,300	629,300
2021-2022 Approved Budget	0	0	0	0	629,300	629,300
2022-2023 Projected Budget	0	0	0	0	0	0
2023-2024 Projected Budget	0	0	0	0	0	0
2024-2025 Projected Budget	0	0	0	0	0	0
2025-2026 Projected Budget	0	0	0	0	0	0

Budget Summary

COURT BUILDING DEBT SERVICE	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Beginning Fund Balance	0	0	0	0	0	0
Revenues and transfers from other funds	465,000	465,200	465,000	465,000	465,000	460,000
Expenditures and transfers to other funds	465,000	465,200	465,000	465,000	465,000	460,000
Net Change in Fund Balance	0	0	0	0	0	0
Ending Fund Balance	0	0	0	0	0	0

Revenues

303.000 REVENUE	Taxes	Grants	Licenses, Charges and Fines	Interest and Contributions	Other	Transfers	Total
2017-2018 Actual	0	0	0	0	0	463,400	463,400
2018-2019 Actual	0	0	0	0	2,250	457,690	459,940
2019-2020 Actual	0	0	0	0	(2,250)	465,220	462,970
2020-2021 Original Budget	0	0	0	0	0	465,000	465,000
2020-2021 Adjusted Budget (Dec)	0	0	0	0	0	465,000	465,000
2020-2021 Six Month Actual	0	0	0	0	0	438,430	438,430
2020-2021 Estimated Year End	0	0	0	0	0	465,000	465,000
2021-2022 Dept Request	0	0	0	0	0	465,200	465,200
2021-2022 Manager's Budget	0	0	0	0	0	465,200	465,200
2021-2022 Approved Budget	0	0	0	0	0	465,200	465,200
2022-2023 Projected Budget	0	0	0	0	0	465,000	465,000
2023-2024 Projected Budget	0	0	0	0	0	465,000	465,000
2024-2025 Projected Budget	0	0	0	0	0	465,000	465,000
2025-2026 Projected Budget	0	0	0	0	0	460,000	460,000

Expenditures

303.905 COURT BUILDING DEBT SERVICE	Personnel Services	Supplies	Capital	Other	Debt	Total
2017-2018 Actual	0	0	0	0	463,400	463,400
2018-2019 Actual	0	0	0	0	457,690	457,690
2019-2020 Actual	0	0	0	0	465,220	465,220
2020-2021 Original Budget	0	0	0	0	465,000	465,000
2020-2021 Adjusted Budget (Dec)	0	0	0	0	465,000	465,000
2020-2021 Six Month Actual	0	0	0	0	438,430	438,430
2020-2021 Estimated Year End	0	0	0	0	465,000	465,000
2021-2022 Dept Request	0	0	0	0	465,200	465,200
2021-2022 Manager's Budget	0	0	0	0	465,200	465,200
2021-2022 Approved Budget	0	0	0	0	465,200	465,200
2022-2023 Projected Budget	0	0	0	0	465,000	465,000
2023-2024 Projected Budget	0	0	0	0	465,000	465,000
2024-2025 Projected Budget	0	0	0	0	465,000	465,000
2025-2026 Projected Budget	0	0	0	0	460,000	460,000

Budget Summary

ROCC DEBT SERVICE FUND	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Beginning Fund Balance	231	231	231	231	231	231
Revenues and transfers from other funds	2,210,500	2,206,500	2,206,500	2,206,500	2,206,500	2,206,500
Expenditures and transfers to other funds	2,210,500	2,206,500	2,206,500	2,206,500	2,206,500	2,206,500
Net Change in Fund Balance	0	0	0	0	0	0
Ending Fund Balance	231	231	231	231	231	231

Revenues

350.000 REVENUE	Taxes	Grants	Licenses, Charges and Fines	Interest and Contributions	Other	Transfers	Total
2017-2018 Actual	0	0	0	0	0	0	0
2018-2019 Actual	0	0	0	0	0	2,206,000	2,206,000
2019-2020 Actual	0	0	0	0	0	2,206,000	2,206,000
2020-2021 Original Budget	0	0	0	0	0	2,210,000	2,210,000
2020-2021 Adjusted Budget (Dec)	0	0	0	0	0	2,210,000	2,210,000
2020-2021 Six Month Actual	0	0	0	0	0	0	0
2020-2021 Estimated Year End	0	0	0	0	0	2,210,500	2,210,500
2021-2022 Dept Request	0	0	0	0	0	2,206,500	2,206,500
2021-2022 Manager's Budget	0	0	0	0	0	2,206,500	2,206,500
2021-2022 Approved Budget	0	0	0	0	0	2,206,500	2,206,500
2022-2023 Projected Budget	0	0	0	0	0	2,206,500	2,206,500
2023-2024 Projected Budget	0	0	0	0	0	2,206,500	2,206,500
2024-2025 Projected Budget	0	0	0	0	0	2,206,500	2,206,500
2025-2026 Projected Budget	0	0	0	0	0	2,206,500	2,206,500

Expenditures

350.905 ROCC DEBT SERVICE FUND	Personnel Services	Supplies	Capital	Other	Debt	Total
2017-2018 Actual	0	0	0	0	0	0
2018-2019 Actual	0	0	0	0	2,206,000	2,206,000
2019-2020 Actual	0	0	0	0	2,206,230	2,206,230
2020-2021 Original Budget	0	0	0	0	2,210,000	2,210,000
2020-2021 Adjusted Budget (Dec)	0	0	0	0	2,210,000	2,210,000
2020-2021 Six Month Actual	0	0	0	0	718,070	718,070
2020-2021 Estimated Year End	0	0	0	0	2,210,500	2,210,500
2021-2022 Dept Request	0	0	0	0	2,206,500	2,206,500
2021-2022 Manager's Budget	0	0	0	0	2,206,500	2,206,500
2021-2022 Approved Budget	0	0	0	0	2,206,500	2,206,500
2022-2023 Projected Budget	0	0	0	0	2,206,500	2,206,500
2023-2024 Projected Budget	0	0	0	0	2,206,500	2,206,500
2024-2025 Projected Budget	0	0	0	0	2,206,500	2,206,500
2025-2026 Projected Budget	0	0	0	0	2,206,500	2,206,500

City’s Legal Debt Limit

Section 21 of Article VII of the Michigan Constitution authorizes the enactment of laws for the incorporation of cities and grants cities the power to levy taxes for public purposes, subject to statutory and constitutional limitation:

“The legislature shall provide by general laws for the incorporation of cities and villages. Such laws shall limit their range of ad valorem property taxation for municipal purposes and restrict the powers of cities and villages to borrow money and contract debts. Each city and village are granted power to levy other taxes for public purposes, subject to limitations and prohibitions provided by the constitution or by law.”

In accordance with the foregoing, the Home Rule City Act, Act 279, Michigan Public Acts, 1909, as amended, limits the amount of debt a home rule city may have outstanding at any time. Section 4-a of the Home Rule City Act provides, in pertinent part:

“Notwithstanding a charter provision to the contrary the net indebtedness incurred for all public purposes shall not exceed the greater of the following:

- (a) 10 percent of the assessed value of all the real and personal property in the city.
- (b) 15 percent of the assessed value of all the real and personal property in the city if that portion of the total amount of indebtedness incurred which exceeds 10 percent is or has been used solely for the construction or renovation of hospital facilities.”

The provision of the Home Rule City Act cited above overrides the city’s charter provision which limits the city indebtedness to five percent of the “assessed valuation” (SEV) of all real and personal property in the city. Other limitations may apply, however, if specifically set forth in a statute authorizing a particular kind of borrowing.

Certain types of indebtedness are not subject to the 10 percent limitation of the Home Rule City Act, including: special assessment bonds, Michigan transportation fund bonds and revenue bonds, whether secured by a mortgage or not: bonds issued or contract obligations or assessment incurred to comply with an order of the Water Resource Commission of the state or a court of competent jurisdiction; obligations incurred for water supply, sewage, drainage, or refuse disposal or resource recovery projects necessary to protect the public health by abating pollution; and bonds issued for construction, improvements and replacement of a combined sewer overflow abatement facility. The resources of a sinking fund pledged for the retirements of outstanding bonds shall also be excluded in compounding debt limitation.

Pursuant to the statutory and constitutional debt provisions set forth above, the following table reflects the amount of additional debt the city may legally incur as of June 2021.

	<u>10 % SEV</u>	<u>5% SEV*</u>
2021 State Equalized Value (SEV)	3,912,573,490	3,912,573,490
Debt limit	391,257,349	195,628,675
Debt outstanding	190,004,925	190,004,925
Less: exempt obligations	(32,052,771)	(32,052,771)
Debt subject to SEV limitation	157,952,154	80,239,453
Additional debt which can be legally incurred	233,305,195	115,389,222
Non-exempt debt outstanding as a percentage of 2021 SEV	4.04%	2.05%
<i>* Capital Improvement Bond Limit</i>		