



**CITY OF PONTIAC**  
**OFFICE OF THE EMERGENCY MANAGER**

**LOUIS H. SCHIMMEL**

47450 Woodward Avenue  
Pontiac, Michigan 48342  
Telephone: (248) 758-3133  
Fax: (248) 758-3292

**Dated: April 20, 2012**

**ORDER NO. S-202**

**RE: Approval of Defeasance of City of Pontiac General Obligation Fiscal Stabilization Bonds (Limited Tax), Series 2006**

**TO: Sherikia Hawkins, City Clerk  
John Naglick, Finance Director  
Carl Johnson, Controller, Plante & Moran**

The **Local Government and School District Fiscal Accountability Act (Public Act 4 of 2011)** in **Section 17(1)** empowers an Emergency Manager to issue the orders the Manager considers necessary to accomplish the purposes of the Act and any such orders are binding on the local officials or employees to whom they are issued. **Section 19(1)** provides that an Emergency Manager may take on one or more additional actions with respect to a local government in receivership: **(f)** Examine all records and books of account, and require under the procedures of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, or 1919 PA 71, MCL 21.41 to 21.55, or both, the attendance of witnesses and the production of books, papers, contracts, and other documents relevant to an analysis of the financial condition of the unit of local government; **(g)** Make, approve or disapprove any appropriation, contract, expenditure...; **(u)** Authorize the borrowing of money by the local government as provided by law; **(v)** Approve or disapprove of the issuance of obligations of the local government on behalf of the local government under this subdivision; **(dd)** Exercise solely, for and on behalf of the local government, all other authority and responsibilities of the local government of the chief administrative officer and governing body concerning the adoption, amendment and enforcement of ordinances or resolutions of the local government...; and **19(2)** ...the authority of the chief administrative officer and governing body to exercise power for and on behalf of the local government under law, charter, and ordinance shall be suspended and vested in the Emergency Manager.

Based upon the agreements made by the Oakland County Water Resources Commissioner the Emergency Manager has concluded that it is in the best interest of the City of Pontiac to provide for the defeasance of certain bonds of the City of Pontiac from the proceeds to be received by the City from the restructuring of the Sanitary Sewage Disposal System of the City to provide for the public health and safety of the City for the reasons set forth in the Resolution set forth below.

Accordingly, the City will approve the execution of an escrow agreement in the form attached to the Resolution set forth below.

**It is hereby ordered:**

- (1) The Resolution attached is hereby adopted, (see attached ATTACHMENT A).
- (2) The City Clerk shall take all steps necessary to reflect the above Resolution on the City books and records, including publication of the Resolution.

**The Order shall have immediate effect.**

Copies of the documents referenced in this Order are to be maintained in the offices of the City Clerk and the Law Department and may be reviewed and/or copies may be obtained upon submission of a written request consistent with the requirements of the Michigan Freedom of Information Act and subject to any exemptions contained in that state statute and subject to any exemptions allowed under that statute (**Public Act 442 of 1976, MCL 15.231, et. seq.**).

This Order is necessary in order to carry out the duties and responsibilities required of the Emergency Manager as set forth in the **Local Government and School District Fiscal Accountability Act (Public Act 4 of 2011)** and the contract between the Local Emergency Financial Assistance Loan Board and the Emergency Manager.



Louis H. Schimmel  
Emergency Manager

cc: State of Michigan Department of Treasury  
Mayor Leon B. Jukowski  
Pontiac City Council

Jra.EFM-70.Order

**ATTACHMENT A**

**RESOLUTION AUTHORIZING ACTION TO DEFEASE  
AND APPROVING ESCROW AGREEMENT  
ALL OF THE OUTSTANDING  
CITY OF PONTIAC GENERAL OBLIGATION FISCAL  
STABILIZATION BONDS  
(LIMITED TAX), SERIES 2006  
PRIOR TO MATURITY**

WHEREAS, the City issued its City of Pontiac General Obligation Fiscal Stabilization Bonds (Limited Tax), Series 2006 (the "Bonds") to pay part of certain costs of public improvements and paying costs incidental to the issuance of the series of Bonds (the "Prior Bonds"); and

WHEREAS, the City has or will have available sufficient funds to defease all of said Bonds prior to maturity with maturities and interest rates as set forth in *EXHIBIT A*, (such bonds referred to as the "BONDS TO BE DEFEASED") in an amount not to exceed \_\_\_\_\_ and to pay the costs of defeasing said Bonds; and

WHEREAS, pursuant to Act No. 202, Public Acts of Michigan, 1943, as amended, the defeasance will save the City approximately \$\_\_\_\_\_ in interest costs over the life of the Bonds; and

WHEREAS, pursuant to Act No. 202, Public Acts of Michigan, 1943, as amended, in order that the BONDS TO BE DEFEASED may be properly defeased utilizing proceeds of the bonds, the City must enter into an agreement with a bank or trust company;

WHEREAS, the City must approve such defeasance;

NOW, THEREFORE, IT IS RESOLVED, as follows:

1. The City hereby approves the defeasance of all of the outstanding Bonds as described in *EXHIBIT A*.

2. The City hereby authorizes entering into an escrow agreement, dated as of June 1, 2012 (the "Escrow Agreement"), with a bank or trust company designated by the Emergency Financial Manager of the City. The Escrow Agreement shall be in substantially the form attached hereto as *EXHIBIT B* (with such changes, modifications and additions as may be approved by the Emergency Financial Manager of the City). The Escrow Agreement shall be completed with appropriate figures prior to execution on behalf of the Emergency Financial Manager of the City.

3. The Emergency \_\_\_\_\_ Manager of the City is hereby authorized, upon execution of the Escrow Agreement, to cause \$1,000 to be deposited with the escrow agent and when sufficient monies are received by the City in Escrow for this purpose to cause those to be deposited with the escrow agent, pursuant to said Escrow Agreement, to

pay when due the principal of, redemption premium and interest on the BONDS TO BE DEFEASED and to pay the costs for said defeasance.

4. The Emergency Manager of the City, the Emergency Financial Manager of the City, and Axe & Ecklund, P.C. are instructed to take whatever steps are necessary to defease and call the BONDS TO BE DEFEASED.

5. All resolutions and parts of resolutions, insofar as the same may be in conflict herewith, are hereby rescinded.

A vote on the foregoing resolution was taken and was as follows:

YES: \_\_\_\_\_

\_\_\_\_\_

NO: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

The resolution was declared adopted.

JRA/ EFM-70.Order

EXHIBIT A

\$21,490,000

City of Pontiac General Obligation  
Fiscal Stabilization Bonds (Limited Tax), Series 2006

DUE MAY 1, 2013 THROUGH MAY 1, 2021

<u>Principal</u>	<u>Rate</u>	<u>Due</u>
\$ 1,405,000	5.000%	May 1, 2013
1,475,000	3.750%	May 1, 2014
1,530,000	5.000%	May 1, 2015
1,610,000	5.000%	May 1, 2016
1,690,000	5.000%	May 1, 2017
1,775,000	5.000%	May 1, 2018
5,865,000	5.000%	May 1, 2021

\* Term Bond

**ESCROW AGREEMENT**

**CITY OF PONTIAC**

This escrow agreement (the "Agreement"), dated as of \_\_\_\_\_ 1, 2012, is between the City of Pontiac, Michigan (the "City") and THE HUNTINGTON NATIONAL BANK, Grand Rapids, Michigan, as escrow agent (the "Escrow Agent").

WHEREAS, the City has previously issued the following bond issues of which the principal amounts listed below remain outstanding:

Prior Bonds	Outstanding <u>Principal</u>
<b>\$21,490,000 City of Pontiac General Obligation Fiscal Stabilization Bonds (Limited Tax), Series 2006 dated February 28, 2006 (the "2006 Prior Bonds")</b>	<b>\$15,350,000 maturing in the years 2013 thru 2021</b>

(all of such 2006 Prior Bonds hereinafter sometimes referred to as the "Bonds to be Redeemed") all bearing interest, due as to principal as more fully described in *APPENDIX I* to this Agreement.

WHEREAS, for the purpose of redeeming all of the (i) 2006 Prior Bonds maturing in the years 2013 through 2021 in the total aggregate amount of \$15,350,000 (the "Bonds to be Redeemed"), the City has, pursuant to a resolution adopted on \_\_\_\_\_, 2012 (the "Redemption Resolution") authorized the payment of \$ \_\_\_\_\_ to the Escrow Agent, as designated and described in this Escrow Agreement; and

WHEREAS, pursuant to the Redemption Resolution the Escrow Agent has been appointed by the City for the purpose of assuring the redemption of the Prior Bonds and the Emergency \_\_\_\_\_ Manager of the City has been authorized and directed to execute this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth below the City and the Escrow Agent agree as follows for the respective equal and proportionate benefit and security of the holders of the Prior Bonds;

Section 1. Appointment of Escrow Agent. The Escrow Agent is hereby appointed and agrees to act in such capacity to comply with all requirements of this Agreement, and to be custodian of the escrow fund (the "Escrow Fund"), to perform its duties as custodian of the Escrow Fund created under this Agreement, but only upon and subject to the following express terms and conditions:

(a) The Escrow Agent may perform any of its duties by or through attorneys, agents, receivers or

employees but shall be answerable for the conduct of the same in accordance with the standards specified in this Agreement and shall be entitled to advice of counsel concerning all matters of and the duties under this Agreement, and may in all cases pay such reasonable compensation to such counsel and in addition to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the same. The Escrow Agent may act upon the opinion or advice of any counsel. The Escrow Agent shall not be responsible for any loss or damage resulting from any action or non-action taken in good faith in reliance upon such opinion or advice.

(b) The Escrow Agent shall not be responsible for any recital in this Agreement, or in the Refunding Bonds or for the validity of the execution by the City of this Agreement or of any supplements to it or instruments of further assurance. The Escrow Agent shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the City, except as set forth in this Agreement. The Escrow Agent shall be only obligated to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

(c) The Escrow Agent may become the owner of the Prior Bonds with the same rights which it would have if not Escrow Agent.

(d) The Escrow Agent shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telex, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Escrow Agent pursuant to this Agreement upon the request or consent of any person who at the time of making such request or consent is the owner of any Prior Bond, shall be conclusive and binding upon all future owners of the same Prior Bond.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Escrow Agent shall be entitled to rely upon a certificate of the City signed by (i) the Emergency \_\_\_\_\_ Manager of the City (ii) any other duly authorized person as sufficient evidence of the facts contained in it, but may secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Escrow Agent may accept a certificate of the Emergency \_\_\_\_\_ Manager of the City to the

effect that an ordinance or resolution in the form attached to such certificate has been adopted by the City as conclusive evidence that such ordinance or resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Escrow Agent to do things enumerated in this Agreement shall never be construed as a duty. The Escrow Agent shall only be responsible for the performance of the express duties outlined in this Agreement and it shall not be answerable for other than its gross negligence or willful misconduct in the performance of those express duties.

(g) At any and all reasonable times the Escrow Agent and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect any and all of the books, papers and records of the City pertaining to the Prior Bonds, and to take such memoranda from and in regard to the same as may be desired.

(h) The Escrow Agent shall not be required to give any bond or surety in respect of the execution of the powers contained in or otherwise in respect to this Agreement.

(i) Before taking any action under this Agreement (except making investments, collecting investments and making payments to the paying agents with respect to the Prior Bonds) the Escrow Agent may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability except liability which is adjudicated to have resulted from gross negligence or willful misconduct by reason of any action so taken.

(j) The Escrow Agent shall be, and hereby is indemnified and saved harmless by the City from all losses, liabilities, costs and expenses, including attorney fees and expenses, which may be incurred by it as a result of its acceptance of the Escrow Account or arising from the performance of its duties hereunder, unless such losses, liabilities, costs and expenses shall have been finally adjudicated to have resulted from the bad faith or gross negligence of the Escrow Agent, and such indemnification shall survive its resignation or removal, or the termination of this Agreement.

(k) The Escrow Agent shall, in the event that (i) any dispute shall arise between the parties with respect to the disposition or disbursement of any of



the assets held hereunder or (ii) the Escrow Agent shall be uncertain as to how to proceed in a situation not explicitly addressed by the terms of this Agreement whether because of conflicting demands by the other parties hereto or otherwise, be permitted to interplead all of the assets held hereunder into a court of competent jurisdiction, and thereafter be fully relieved from any and all liability or obligation with respect to such interpleaded assets. The parties hereto other than the Escrow Agent further agree to pursue any redress or recourse in connection with such a dispute, without making the Escrow Agent a party to the same.

(l) The Escrow Agent shall have only those duties as are specifically provided herein, which shall be deemed purely ministerial in nature, and shall under no circumstance be deemed a fiduciary for any of the parties to this Agreement. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument or document between the other parties hereto, in connection herewith. This Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of the Escrow Agent shall be inferred from the terms of this Agreement or any other Agreement. IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES WHICH RESULT FROM THE ESCROW AGENT'S FAILURE TO ACT IN ACCORDANCE WITH THE STANDARDS SET FORTH IN THIS AGREEMENT, OR (ii) SPECIAL OR CONSEQUENTIAL DAMAGES, EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(m) Any banking association or corporation into which the Escrow Agent may be merged converted or with which the Escrow Agent may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

(n) In the event that any escrow property shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any

court order affecting property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, at its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled set aside or vacated.

Section 2. Escrow Fund. The City has already deposited the sum of \$\_\_\_\_\_ (representing \$\_\_\_\_\_ to call the 2006 Prior Bonds and \$\_\_\_\_\_ for the call premium) and as soon as the City receives in excess of \$\_\_\_\_\_ the City will irrevocably deposit monies with the Escrow Agent for the account of the City from the proceeds of a payment to the City from a Drainage District to be formed (\$\_\_\_\_\_) to establish the Escrow Fund for the Bonds to be Redeemed in an amount which together with the income from the escrow assets, shall be held in the Escrow Fund to be maintained by the Escrow Agent and used to (i) pay interest on the Prior Bonds that becomes due on November 1, 2012 and (ii) to redeem on said date all of the outstanding and callable Prior Bonds prior to their scheduled maturity; and to pay the applicable call premiums, if any, on the Prior Bonds in accordance with Section 3 hereof.

Section 3. Redemption of Prior Bonds. The City will redeem, prior to their scheduled maturity, some of the Prior Bonds (the "Bonds to be Redeemed") as follows:

<u>Prior Bonds</u>	<u>Principal to be Redeemed</u>
<b>\$21,490,000 City of Pontiac General Obligation Fiscal Stabilization Bonds (Limited Tax), Series 2006 dated February 28, 2006 (the "2006 Prior Bonds")</b>	<b>\$15,350,000 maturing in the years 2013 thru 2021</b>

The City by execution of this Escrow Agreement, hereby authorizes the Escrow Agent to give the paying agent for the Bonds to be Redeemed irrevocable instructions to call the Bonds to be Redeemed at the expense of the City not more than forty five (45) nor less than thirty (30) days before the redemption date November 1, 2012 for the Bonds to be Redeemed. The Escrow Agent shall give to the paying agent for the Bonds to be Redeemed such notice, in substantially the forms attached to this Agreement as *APPENDIX II*. The paying agent for the Bonds to be Redeemed shall mail such notice on or before thirty (30) days prior to their respective redemption dates, as set forth in *APPENDIX II*, to the registered owner or owners at the addresses listed on the registration books of the City maintained by the paying agent for the Bonds to be Redeemed.

Section 4. Investments. As directed by the City, moneys deposited in the Escrow Fund will be a Non-Interest bearing cash deposit shown on APPENDIX III ("Escrow Deposit"), in the amount of \$ \_\_\_\_\_ to be held in the Escrow Fund to meet the escrow requirements for the Bonds to be Redeemed.

The Escrow Deposit in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Escrow Agent shall not sell any Escrow Deposit. All moneys not invested as provided in this Agreement shall be held by the Escrow Agent as a trust deposit.

Section 5. Use of Moneys. Except as expressly provided in this Agreement, no paying agents' fees for the payment of principal of, premium, if any, or interest on the Bonds to be Redeemed or the Prior Bonds or other charges may be paid from the escrowed moneys or Escrow Deposit prior to retirement of all Prior Bonds, and the City agrees that it will pay all such fees from its other legally available funds as such payments become due prior to such retirement.

Section 6. Deficiency in Escrow Fund. At such time or times as there shall be insufficient funds on hand in the Escrow Fund for any purpose, the Escrow Agent shall promptly notify the City of such deficiency.

Section 7. Reports to City. The Escrow Agent shall deliver to the \_\_\_\_\_ of the City a semi-annual statement reflecting each transaction relating to the Escrow Fund; and on or before the first day of April of each year shall deliver to the City a list of assets of the Escrow Fund as of December 31 of such year and an operating statement for the Escrow Fund for the year then ended.

Section 8. Fees of Escrow Agent. The Escrow Agent agrees with the City that the charges, fees and expenses of the Escrow Agent throughout the term of this Agreement (other than the acceptance fee of the Escrow Agent) shall be the total sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) payable on the date of establishment, which charges, fees and expenses shall be paid from monies deposited with the Escrow Agent from the City bond proceeds and other available funds of the City, subject to the provisions of Section 12 below.

Section 9. Payments from Escrow Fund. The Escrow Agent shall without further authorization or direction from the City, collect the principal of, premium, if any, and interest on the Escrow Deposit promptly as the same shall become due (if any) and, to the extent that Escrow Deposit and moneys are sufficient for such purpose, shall on November 1, 2012 out of the Escrow Fund to the proper paying agent or agents or their successors for the Bonds to be Redeemed, of moneys sufficient for the payment of the principal of, premium, (if any), and interest on the Bonds to be Redeemed, all as set out in APPENDIX IV, IV and

APPENDIX V. The payments so forwarded or transferred shall be made in sufficient time to permit the payment of such principal of, premium, (if any), and interest by such paying agent or agents without default, with such funds in the Escrow Account. The City represents and warrants that the Escrow Funds will be sufficient to make the foregoing and all other payments required under this Agreement. The proper paying agent for the Bonds to be Redeemed is shown in APPENDIX I.

When the aggregate total amount required for the payment of principal of, premium, if any, and interest on the Prior Bonds has been paid to the paying agent as provided above, the Escrow Agent shall transfer any moneys or Escrow Deposit then held under this Agreement for the Prior Bonds to the City, and this Agreement shall cease.

Section 10. Interest of Bondholders Not Affected. The Escrow Agent and the City recognize that the holders from time to time of the Prior Bonds have a beneficial and vested interest in the Escrow Deposit and moneys to be held by the Escrow Agent as provided in this Agreement. It is therefore recited, understood and agreed that this Agreement shall not be subject to revocation or amendment and no moneys on deposit in an Escrow Fund for the Prior Bonds can be used in any manner for another series.

Section 11. Escrow Agent Not Obligated. None of the provisions contained in this Agreement shall require the Escrow Agent to use or advance its own moneys or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights or powers under this Agreement. The Escrow Agent shall be under no liability for interest on any funds or other property received by it under this Agreement, except as expressly provided.

Section 12. Payment of Other Amounts. The City agrees that it will promptly and without delay remit to the Escrow Agent such additional sum or sums of money as may be necessary to assure the redemption of the Bonds to be Redeemed and to fully pay and discharge any obligation or obligations or charges, fees or expenses incurred by the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement that are in excess of the sums provided for under Section 9 above.

Section 13. Segregation of Funds. The Escrow Agent shall hold the Escrow Deposit and all moneys received by it from the collection of, principal and interest on the Escrow Deposit, and all moneys received from the City under this Agreement, in a separate escrow account.

Section 14. Resignation of Escrow Agent. The Escrow Agent may resign as such following the giving of thirty (30) days prior written notice to the City. Similarly, the Escrow Agent may be removed and replaced following the giving of thirty (30)

days prior written notice to the Escrow Agent by the City. In either event, the duties of the Escrow Agent shall terminate thirty (30) days after the date of such notice (or as of such earlier date as may be mutually agreeable); and, the Escrow Agent shall then deliver the balance of the Escrow Fund then in its possession to a successor Escrow Agent as shall be appointed by the City.

If the City shall have failed to appoint a successor prior to the expiration of thirty (30) days following the date of the notice of resignation or removal, the then acting Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent or for other appropriate relief; and, any such resulting appointment shall be binding upon the City.

Upon acknowledgment by any successor Escrow Agent of the receipt of the then remaining balance of the Escrow Fund, the then acting Escrow Agent shall be fully released and relieved of all duties, responsibilities, and obligations under this Agreement.

Section 15. Benefit. This Agreement shall be for the sole and exclusive benefit of the, the Escrow Agent and the holders of the Bonds to be Redeemed. With the exception of rights expressly conferred in this Agreement, nothing expressed in or to be implied from this Agreement is intended or shall be construed to give to any person other than the parties set forth above, any legal or equitable right, remedy or claim under or in respect to this Agreement.

Section 16. Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions contained in this Agreement or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 17. Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed, by registered or certified mail, postage prepaid or sent by facsimile transmission, except reports as required in Section 7 which may be delivered by regular mail, as follows:

**If to the City:**  
City of Pontiac  
47450 Woodward Avenue  
Pontiac, Michigan 48342  
Attention: Louis H. Schimmel,  
Emergency \_\_\_\_\_ Manager  
Facsimile: 248-758-3292

**If to the Escrow Agent:**

The Huntington National Bank  
Corporate Trust Department  
6705 Orchard Lake Road (MI-9197)  
West Bloomfield, MI 48322  
Facsimile: 888-404-9176

The City and the Escrow Agent may designate any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent and shall be required to provide written notification of said address change.

Section 18. Costs of Issuance. Simultaneously with the City deposit of \$ \_\_\_\_\_ Bonds enlarging the Escrow Fund, sufficient moneys from the proceeds as deposited shall be transferred to the Escrow Agent and used to pay all of the costs of redemption, for the Bonds to be Redeemed including, but not limited to, financial costs, consultant fees, counsel fees, printing costs, application fees, bond insurance premiums, rating fees and any other fees or costs incurred in connection with the financing. All such costs shall be authorized by the Emergency Financial Manager of the City, under the "Closing Memorandum", and shall be paid on November 1, 2012".

Section 19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed it by their duly authorized officers as of the date first above written.

**CITY OF PONTIAC**

By: Louis H. Schimmel  
Louis H. Schimmel  
Its: Emergency \_\_\_\_\_ Manager

**THE HUNTINGTON NATIONAL BANK  
as Escrow Agent**

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

Dmh/ES-EFM70 (rd-fs)

APPENDIX I

**\$21,490,000**  
**City of Pontiac General Obligation**  
**Fiscal Stabilization Bonds (Limited Tax), Series 2006**

**REMAINING DEBT SERVICE SCHEDULE**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Fiscal Total</b>
11/01/12			\$374,531.25	\$374,531.25	
05/01/13	\$1,405,000.00	5.00%	374,531.25	1,779,531.25	\$2,154,062.50
11/01/13			339,406.25	339,406.25	
05/01/14	1,475,000.00	3.75%	339,406.25	1,814,406.25	2,153,812.50
11/01/14			311,750.00	311,750.00	
05/01/15	1,530,000.00	5.00%	311,750.00	1,841,750.00	2,153,500.00
11/01/15			273,500.00	273,500.00	
05/01/16	1,610,000.00	5.00%	273,500.00	1,883,500.00	2,157,000.00
11/01/16			233,250.00	233,250.00	
05/01/17	1,690,000.00	5.00%	233,250.00	1,923,250.00	2,156,500.00
11/01/17			191,000.00	191,000.00	
05/01/18	1,775,000.00	5.00%	191,000.00	1,966,000.00	2,157,000.00
11/01/18			146,625.00	146,625.00	
05/01/19	1,860,000.00 *	5.00%	146,625.00	2,006,625.00	2,153,250.00
11/01/19			100,125.00	100,125.00	
05/01/20	1,955,000.00 *	5.00%	100,125.00	2,055,125.00	2,155,250.00
11/01/20			51,250.00	51,250.00	
05/01/21	2,050,000.00 *	5.00%	51,250.00	2,101,250.00	2,152,500.00
	<b><u>\$15,350,000.00</u></b>		<b><u>\$4,042,875.00</u></b>	<b><u>\$19,392,875.00</u></b>	<b><u>\$19,392,875.00</u></b>

\*Term Bonds

Bond Registrar and Paying Agent:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Dmh/ES-EFM70 (rf-fs)



APPENDIX II

**NOTICE OF REDEMPTION**

**\$21,490,000**

**City of Pontiac General Obligation  
Fiscal Stabilization Bonds (Limited Tax), Series 2006**

**DUE MAY 1, 2013 THROUGH MAY 1, 2021**

NOTICE IS HEREBY GIVEN that the City of Pontiac, Oakland County, State of Michigan has called for redemption, on November 1, 2012, (the "Redemption Date"), all of the callable outstanding City of Pontiac General Obligation Fiscal Stabilization Bonds (Limited Tax), Series 2006 (the "Bonds"), bearing the original issue date of February 28, 2006, maturing in the principal amounts, on the dates, bearing interest at the rates, with the "CUSIP" numbers, as follows:

<b><u>Principal</u></b>	<b><u>Rate</u></b>	<b><u>CUSIP</u></b>	<b><u>Due</u></b>
\$1,405,000	5.000%	732521KC2	May 1, 2013
1,475,000	3.750%	732521KD0	May 1, 2014
1,530,000	5.000%	732521KE8	May 1, 2015
1,610,000	5.000%	732521KF5	May 1, 2016
1,690,000	5.000%	732521KG3	May 1, 2017
1,775,000	5.000%	732521KH1	May 1, 2018
5,865,000	5.000%	732521KL2*	May 1, 2021

\* Term Bond

Said Bonds will be redeemed at 104% of the par value thereof.

The Bonds to be redeemed should be surrendered on the Redemption Date. The Bonds shall not bear interest on and after the Redemption Date, whether the Bonds are presented for redemption or not.

Bonds may be surrendered for payment at the office of the Bond Registrar and Paying Agent indicated below. Method of delivery is at the option of the Holder, but if by mail, registered mail is suggested.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983 and the Comprehensive National Energy Policy Act of 2002, paying agents making payments of principal on municipal securities may be obligated to withhold a 31% tax from remittances to individuals who have failed to furnish the paying agent with a certified and valid Taxpayer Identification Number on a fully completed Form W-9 or Form W-8BEN, as applicable. Holders of the above described Bonds, who wish to avoid the application of these provisions, should submit certified Taxpayer Identification Numbers on I.R.S. Form W-9 or Form W-8BEN, as applicable, when presenting their securities for redemption or for payment at maturity.

\* No representation is made as to the correctness of the CUSIP numbers either as printed on the Bonds or as contained herein.

APPENDIX III

**\$21,490,000**  
**City of Pontiac General Obligation**  
**Fiscal Stabilization Bonds (Limited Tax), Series 2006**

**Escrow Deposit to be held Pursuant**  
**to the Escrow Agreement**

<u>Deposit</u> <u>Date</u>	<u>Escrow</u> <u>Requirements*</u>	<u>Rate</u>	<u>Required</u> <u>Payment</u> <u>Date</u>
__-__-12	\$_____	0.00%	11-1-12
	<u>\$_____</u>	Total Escrow Requirements	

\* Non-Interest bearing cash deposit.

Dmh/ES-EFM70 (rd-fs)

APPENDIX IV

**\$21,490,000**  
**City of Pontiac General Obligation**  
**Fiscal Stabilization Bonds (Limited Tax), Series 2006**

**REDEMPTION SCHEDULE**

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Redeemed Principal</b>	<b>Redemption Premium</b>	<b>Total Debt Service</b>
11/01/12	\$0.00	\$374,531.25	\$15,350,000.00	\$614,000.00	\$16,338,531.25

Dmh/ES-EFM70 (rd-fs)

APPENDIX V

**\$21,490,000**  
**City of Pontiac General Obligation**  
**Fiscal Stabilization Bonds (Limited Tax), Series 2006**  
**Dated as of February 28, 2006**

Beginning Cash Balance: \$ \_\_\_\_\_ 1, \_\_\_\_\_ \*

Date	Beginning Cash Balance	SLGS Principal	SLGS Rate	SLGS Interest	Total	Debt Service Defeasance	Ending Cash Balance	0.00000% Present Value
___/___/12	\$ _____	\$ _____	_____%	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
11/01/12	\$ _____	\$ _____	_____%	\$ _____	\$ _____	\$16,338,531.25	\$ _____	\$ _____
	\$ _____	\$ _____		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Total Cost of Escrow Requirements \$ \_\_\_\_\_

\* Non-Interest bearing cash deposit with The Huntington National Bank Trust Company, N.A., Escrow Agent