



CITY OF PONTIAC
OFFICE OF THE EMERGENCY FINANCIAL MANAGER
LOUIS H. SCHIMMEL

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

Dated: March 25, 2013

ORDER NO. S-252

**RE: Authorizing Action to Defeas the Outstanding Oakland County
Building Authority, Building Authority Refunding Bonds, Series 2006,
Prior to Maturity and Approving an Escrow Agreement**

**TO: Sherikia Hawkins, City Clerk
John Naglick, Finance Director**

The Local Government Fiscal Responsibility Act (Act 72 of 1990/MCL 141.1201, et. seq.) in Section 141.1219 empowers an Emergency Financial Manager to issue the orders a 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 141.1221 (1) provides that an Emergency Financial Manager may take one or more additional actions with respect to a local government in which a financial emergency has been determined to exist including: ... (f) Make, approve, or disapprove any appropriation, contract, expenditure...."

WHEREAS, at the request of the City of Pontiac (the "City") the County of Oakland (the "County") has caused the Oakland County Building Authority (the "Authority") to issue the following bonds: \$8,160,000 Building Authority Refunding Bonds, Series 2006, dated March 1, 2006 (the "Series 2006 Bonds") \$7,760,000, of which the City wishes to defease (the "Bonds to be Defeased") and to pay the costs incidental to the defeasance thereof; 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) and to pay the costs of defeasing said Bonds; and

WHEREAS, the defeasance will save the City \$2,679,101.08 in interest costs over the remaining life of the Bonds; and

WHEREAS, the City must request the County and the Building Authority to proceed with such defeasance; and

WHEREAS, in order that the Bonds to be Defeased may be properly defeased, the City and the Building Authority must enter into an escrow agreement (the "Escrow Agreement") with a bank or trust company as attached hereto as *EXHIBIT B*; and

WHEREAS, the City must approve such defeasance;

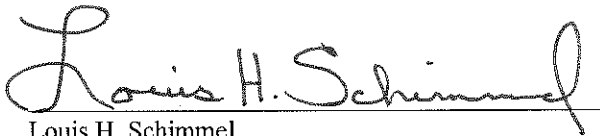
It is hereby ordered:

1. The City hereby approves the defeasance of all of the Bonds to be Defeased as described in *EXHIBIT A*.
2. The County of Oakland and the Oakland County Building Authority are hereby requested to adopt such resolutions and take such other action as may be necessary to cause the defeasance of the Bonds to be Defeased.
3. The City hereby authorizes entering into the Escrow Agreement, dated as of April 30, 2013, with The Huntington National Bank, Grand Rapids, Michigan, which Escrow Agreement shall be in substantially the form (with such changes, modifications and additions as may be approved by the Emergency Manager of the City) as is attached hereto as *EXHIBIT B*. The Escrow Agreement shall be completed with appropriate figures prior to execution on behalf of the City by the Emergency Manager of the City.
4. The Finance Director of the City is hereby authorized, upon execution of the Escrow Agreement, to cause approximately \$7,926,705.17 (or whatever amount is required) to be deposited with the escrow agent in Escrow so that the escrow agent can proceed to defease the bonds and thereafter pursuant to said Escrow Agreement, to pay when due the principal of and interest on the Bonds to be Defeased and to pay the costs for said defeasance.
5. The Finance Director 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.

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 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 effective as indicated and is necessary to carry out the duties and responsibilities required of the Emergency Financial Manager as set forth in the Local Government Fiscal Responsibility Act (Act 72 of 1990/MCL 141.1201, et seq.) and the contract between the Local Emergency Financial Assistance Loan Board and the Emergency Financial Manager.



Louis H. Schimmel
City of Pontiac
Emergency Financial Manager

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

EXHIBIT A

\$8,160,000
OAKLAND COUNTY BUILDING AUTHORITY
BUILDING AUTHORITY REFUNDING BONDS, SERIES 2006
Dated as of March 1, 2006

Defeasance Date: May 1, 2013

REMAINING ORIGINAL DEBT SERVICE SCHEDULE

Date	Principal		Coupon	Interest	Total Debt Service	Fiscal Total
06/01/13	\$385,000.00		3.700%	\$167,243.75	\$552,243.75	\$552,243.75
12/01/13				160,121.25	160,121.25	
06/01/14	405,000.00		3.800%	160,121.25	565,121.25	725,242.50
12/01/14				152,426.25	152,426.25	
06/01/15	420,000.00		3.850%	152,426.25	572,426.25	724,852.50
12/01/15				144,341.25	144,341.25	
06/01/16	440,000.00		3.875%	144,341.25	584,341.25	728,682.50
12/01/16				135,816.25	135,816.25	
06/01/17	455,000.00		4.000%	135,816.25	590,816.25	726,632.50
12/01/17				126,716.25	126,716.25	
06/01/18	475,000.00		4.000%	126,716.25	601,716.25	728,432.50
12/01/18				117,216.25	117,216.25	
06/01/19	500,000.00		4.150%	117,216.25	617,216.25	734,432.50
12/01/19				106,841.25	106,841.25	
06/01/20	520,000.00	A	4.200%	106,841.25	626,841.25	733,682.50
12/01/20				95,921.25	95,921.25	
06/01/21	540,000.00	A	4.200%	95,921.25	635,921.25	731,842.50
12/01/21				84,581.25	84,581.25	
06/01/22	565,000.00	B	4.250%	84,581.25	649,581.25	734,162.50
12/01/22				72,575.00	72,575.00	
06/01/23	590,000.00	B	4.250%	72,575.00	662,575.00	735,150.00
12/01/23				60,037.50	60,037.50	
06/01/24	620,000.00	C	4.750%	60,037.50	680,037.50	740,075.00
12/01/24				45,312.50	45,312.50	
06/01/25	650,000.00	C	4.750%	45,312.50	695,312.50	740,625.00
12/01/25				29,875.00	29,875.00	
06/01/26	675,000.00	D	5.000%	29,875.00	704,875.00	734,750.00
12/01/26				13,000.00	13,000.00	
06/01/27	520,000.00	D	5.000%	13,000.00	533,000.00	546,000.00
				<u>\$2,856,806.25</u>	<u>\$10,616,806.25</u>	<u>\$10,616,806.25</u>
				<u>\$7,760,000.00</u>		

Redemption Provisions: Bonds maturing prior to June 1, 2014, shall not be subject to redemption prior to maturity. Bonds maturing on and after June 1, 2014 shall be subject to redemption in whole or in part on any interest payment date on and after June 1, 2013, and in any order, at the option of the Authority, at par, plus accrued interest to the date fixed for redemption.

Bond Registrar and Paying Agent:

Huntington National Bank, Corporate Trust - EA4E64,
7 Easton Oval
Columbus, OH 43219

EXHIBIT B

ESCROW AGREEMENT

OAKLAND COUNTY BUILDING AUTHORITY

This escrow agreement (the "Agreement"), dated as of April 30, 2013, is among the City of Pontiac, a municipal corporation (the "City"), the Oakland County Building Authority, County of Oakland, Michigan (the "Authority") and Huntington National Bank, Grand Rapids, Michigan, as escrow agent (the "Escrow Agent").

WHEREAS, at the request of the City, the Authority has previously issued its Oakland County Building Authority, Building Authority Refunding Bonds, Series 2006, dated March 1, 2006 (the "Bonds") of which the principal amount listed below remains outstanding and the principal amount listed below will be defeased (referred to as the "BONDS TO BE DEFEASED"):

<u>Bonds</u>	<u>Outstanding</u>	<u>Principal to</u>
Oakland County	Principal	be Defeased
Building Authority,	\$7,760,000	\$7,760,000
Building Authority	maturing in	maturing in
Refunding Bonds,	the years	the years
Series 2006	2013 thru 2027	2013 thru 2027

all bearing interest, due as to principal and subject to defeasance as more fully described in APPENDIX I to this Agreement.

WHEREAS, for the purpose of calling the BONDS TO BE DEFEASED the Authority has, pursuant to a resolution adopted on April __, 2013 (the "Resolution"), authorized the defeasance of said Bonds, as designated and described in the Resolution; and

WHEREAS, pursuant to the Resolution, the Escrow Agent has been appointed by the Authority for the purpose of assuring the payment of the principal of, premium (if any) and interest on the BONDS TO BE DEFEASED and the Chairperson and Secretary of the Commission of the Authority have been authorized and directed to execute this Agreement.

WHEREAS, pursuant to a Resolution approved by the City, 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 Authority and the Escrow Agent agree as follows for the respective equal and proportionate benefit and security of the holders of the 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 but shall not be answerable for the conduct of the same if appointed 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 for the validity of the execution by the Authority 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 All of the Authority, 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 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 of said Bonds, shall be conclusive and binding upon all future owners of the same Bonds.

(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 Authority signed by (i) the Chairperson of the Commission of the Authority or (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 Chairperson of the Commission of the Authority to the effect that a resolution in the form attached to such certificate has been adopted by the Authority as conclusive evidence that such 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 shall not be answerable for other than its gross negligence or willful default 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 Authority pertaining to the 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 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 default by reason of any action so taken.

(j) The Escrow Agent shall be, and hereby is indemnified and saved harmless by the Authority 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. On May 1, 2013 the City will irrevocably deposit with the Escrow Agent for the account of the Building Authority the City will deposit \$_____ to establish an Escrow Fund for the BONDS TO BE DEFEASED in an amount which together with the investment income therefrom, shall be held in the Escrow Fund to be maintained by the Escrow Agent and used (i) to pay the interest on all of the BONDS TO BE DEFEASED when due from the date hereof to and including June 1, 2013 (the "Redemption Date"); and (ii) to redeem on said Redemption Date the principal amount maturing in the years 2013 through 2019; the principal amounts maturing in the years 2020 and 2021, maturities which are a term bond maturing in 2021; the principal amounts maturing in the years 2022 and 2023, maturities which are a term bond maturing in 2023; the principal amounts maturing in the years 2024 and 2025, maturities which are a term bond maturing in 2025; and the principal amounts maturing in the years 2026 and 2027, maturities which are a term bond maturing in 2027, at a redemption price of 100% of the principal amount, as set forth with Section 3 hereof.

Section 3. Redemption of the BONDS TO BE DEFEASED. The Authority will redeem, prior to their scheduled maturity, BONDS TO BE DEFEASED as follows:

<u>Bonds</u>	Principal to
Oakland County	<u>be Defeased</u>
Building Authority,	\$7,760,000
Building Authority	maturing in
Refunding Bonds, Series 2006	the years
	2013 thru 2027

The Authority by execution of this Escrow Agreement, hereby authorizes the Escrow Agent at the expense of the Authority to give the paying agent for the Bonds irrevocable instructions to call the BONDS TO BE DEFEASED. The Escrow Agent shall give to the paying agent for the Bonds such notice not more than sixty (60) nor less than forty-five (45) days prior to the redemption date, June 1, 2013, in substantially the form attached to this Agreement as APPENDIX II. If necessary, the paying agent for the Bonds shall publish said notice, as set forth in APPENDIX II and mail such notice to the registered owner or owners at the addresses listed on the registration books of the Authority maintained by the paying agent for the Bonds.

Section 4. Investments. As directed by the Authority, moneys deposited in the Escrow Fund shall be immediately invested in direct obligations of the United States of America and/or obligations the principal of, premium (if any) and interest on which are fully guaranteed by the United States of America, as described on APPENDIX III ("Investment Securities"), except for seventeen cents (\$0.17) which will be held in the Escrow Fund as

the beginning balance for the BONDS TO BE DEFEASED. The Escrow Agent agrees to cause to be purchased United States Government Obligations known as "SLGS" (State and Local Government Series) from the United States Department of Treasury on the date shown in APPENDIX III.

The investment income from the Investment Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Escrow Agent shall not sell any Investment Securities. 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, redemption premium or interest on the Bonds or other charges may be paid from the escrowed moneys or Investment Securities prior to retirement of all of the BONDS TO BE DEFEASED, and the Authority 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 the payment of principal of, premium (if any) and interest falling due on the BONDS TO BE DEFEASED, the Escrow Agent shall promptly notify the Authority of such deficiency, as provided for under Section 12 below.

Section 7. Reports to Authority. The Escrow Agent shall deliver to the Chairperson of the Commission of the Authority a semi-annual statement reflecting each transaction relating to the Escrow Fund; and on or before the first day of February of each year shall deliver to the Authority 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 Authority that the charges, fees and expenses of the Escrow Agent throughout the term of this Agreement shall be the total sum of Five Hundred Dollars (\$500.00) payable on the date of closing, which charges, fees and expenses shall be paid from monies deposited with the Escrow Agent from available funds of the Authority.

Section 9. Payments from Escrow Fund. The Escrow Agent shall without further authorization or direction from the Authority, collect the principal of and interest on the Investment Securities promptly as the same shall become due and, to the extent that Investment Securities and moneys are sufficient for such purpose, shall make timely payments out of the Escrow Fund to the proper paying agent or agents or their successors for the BONDS TO BE DEFEASED, of moneys sufficient for the payment of the principal of, premium (if any) and interest on such Bonds as the same shall become due and payable, all as set out in APPENDIX IV and APPENDIX V. The payments so forwarded or

transferred shall be made in sufficient time to permit the payment of such principal of, redemption premium and interest by such paying agent or agents without default. The Authority represents and warrants that the Escrow Fund will be sufficient to make the foregoing and all other payments required under this Agreement. The proper paying agent for the Bonds is shown in *APPENDIX I*.

When the aggregate total amount required for the payment of principal of, premium (if any) and interest on the BONDS TO BE DEFEASED has been paid to the paying agent as provided above, the Escrow Agent shall transfer any moneys or Investment Securities then held under this Agreement for the BONDS TO BE DEFEASED to the Authority, and this Agreement shall cease.

Section 10. Interest of Bondholders Not Affected. The Escrow Agent and the Authority recognize that the holders from time to time of the Bonds have a beneficial and vested interest in the Investment Securities 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 the Escrow Fund for the BONDS TO BE DEFEASED 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 and of 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 Authority 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 payment of any BONDS TO BE DEFEASED 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 4 and Section 6 above.

Section 13. Segregation of Funds. The Escrow Agent shall hold the Investment Securities and all moneys received by it from the collection of, principal and interest on the Investment Securities, and all moneys received from the Authority 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 Authority. 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 Authority. 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 Authority.

If the Authority 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 Authority.

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 Authority, the Escrow Agent and the holders of the Bonds. 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
Emergency Manager
47450 Woodward Avenue
Pontiac, MI 48342
Attn: Louis H. Schimmel
Phone: 248-758-3136
Fax: 248-758-3292

If to the Authority:

Oakland County Building Authority
Treasurer
1200 N. Telegraph Dept. 479
Pontiac, MI 48341-0479
Attn: Andrew E. Meisner
Phone: 248-858-0611
Fax: 248-858-1810

If to the Escrow Agent:

Huntington National Bank
50 Monroe Avenue NW
Corporate Trust (M1230)
Grand Rapids, MI 49503
Attn: Ellen Campbell
Phone: 616-235-5941
Fax: 616-771-6314

The Authority, 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 Defeasance.** Simultaneously with the transfer of monies on hand from the City establishing the Escrow Fund, sufficient moneys shall be transferred to the Escrow Agent and used to pay all of the costs associated with the defeasance of the BONDS TO BE DEFEASED including, but not limited to, financial costs, legal fees, verification fees, printing costs, application fees and any other fees or costs incurred in connection with the heretofore mentioned defeasance. All such costs shall be authorized by the Authority, under the "Instructions to Escrow Agent for Disbursement of Expenses at Closing", and shall be paid on May 1, 2013.

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
Its: Emergency Manager

OAKLAND COUNTY BUILDING AUTHORITY

By: _____
Joel Garrett
Its: Chairperson

By: _____
Harvey K. Wedell
Its: Secretary

**HUNTINGTON NATIONAL BANK,
as Escrow Agent**

By: _____

Its: _____

Dmh/DF-OAK256 (ba)

APPENDIX I

\$8,160,000
OAKLAND COUNTY BUILDING AUTHORITY
BUILDING AUTHORITY REFUNDING BONDS, SERIES 2006
Dated as of March 1, 2006

REMAINING ORIGINAL DEBT SERVICE SCHEDULE

Date	Principal		Coupon	Interest	Total Debt Service	Fiscal Total
06/01/13	\$385,000.00		3.700%	\$167,243.75	\$552,243.75	\$552,243.75
12/01/13				160,121.25	160,121.25	
06/01/14	405,000.00		3.800%	160,121.25	565,121.25	725,242.50
12/01/14				152,426.25	152,426.25	
06/01/15	420,000.00		3.850%	152,426.25	572,426.25	724,852.50
12/01/15				144,341.25	144,341.25	
06/01/16	440,000.00		3.875%	144,341.25	584,341.25	728,682.50
12/01/16				135,816.25	135,816.25	
06/01/17	455,000.00		4.000%	135,816.25	590,816.25	726,632.50
12/01/17				126,716.25	126,716.25	
06/01/18	475,000.00		4.000%	126,716.25	601,716.25	728,432.50
12/01/18				117,216.25	117,216.25	
06/01/19	500,000.00		4.150%	117,216.25	617,216.25	734,432.50
12/01/19				106,841.25	106,841.25	
06/01/20	520,000.00	A	4.200%	106,841.25	626,841.25	733,682.50
12/01/20				95,921.25	95,921.25	
06/01/21	540,000.00	A	4.200%	95,921.25	635,921.25	731,842.50
12/01/21				84,581.25	84,581.25	
06/01/22	565,000.00	B	4.250%	84,581.25	649,581.25	734,162.50
12/01/22				72,575.00	72,575.00	
06/01/23	590,000.00	B	4.250%	72,575.00	662,575.00	735,150.00
12/01/23				60,037.50	60,037.50	
06/01/24	620,000.00	C	4.750%	60,037.50	680,037.50	740,075.00
12/01/24				45,312.50	45,312.50	
06/01/25	650,000.00	C	4.750%	45,312.50	695,312.50	740,625.00
12/01/25				29,875.00	29,875.00	
06/01/26	675,000.00	D	5.000%	29,875.00	704,875.00	734,750.00
12/01/26				13,000.00	13,000.00	
06/01/27	520,000.00	D	5.000%	13,000.00	533,000.00	546,000.00
	<u>\$7,760,000.00</u>			<u>\$2,856,806.25</u>	<u>\$10,616,806.25</u>	<u>\$10,616,806.25</u>

A, B, C & D – Term Bonds

Redemption Provisions: Bonds maturing prior to June 1, 2014, shall not be subject to redemption prior to maturity. Bonds maturing on and after June 1, 2014 shall be subject to redemption in whole or in part on any interest payment date on and after June 1, 2013, and in any order, at the option of the Authority, at par, plus accrued interest to the date fixed for redemption.

Bond Registrar and Paying Agent:

Huntington National Bank
Corporate Trust - EA4E64
7 Easton Oval
Columbus, OH 43219

APPENDIX II

\$8,160,000
OAKLAND COUNTY BUILDING AUTHORITY
BUILDING AUTHORITY REFUNDING BONDS, SERIES 2006

Dated as of March 1, 2006

Due May 1, 20134

NOTICE IS HEREBY GIVEN that the Oakland County Building Authority, County of Oakland, State of Michigan has called for redemption, on May 1, 2015, (the "Redemption Date"), Part of the callable outstanding Oakland County Building Authority, Building Authority Refunding Bonds, Series 2006 (the "Bonds"), pursuant to the redemption provisions contained in the Bonds, bearing the original issue date of March 1, 2006, maturing in the principal amount, on the date, bearing interest at the rate, with the "CUSIP" number, as follows:

<u>Principal</u>	<u>Rate</u>	<u>CUSIPS*</u>	<u>Maturity Date</u>
\$385,000	3.700%	672423LT5	June 1, 2013
405,000	3.800%	672423LU2	June 1, 2014
420,000	3.850%	672423LV0	June 1, 2015
440,000	3.875%	672423LW8	June 1, 2016
455,000	4.000%	672423LX6	June 1, 2017
475,000	4.000%	672423LY4	June 1, 2018
500,000	4.150%	672423LZ1	June 1, 2019
1,060,000	4.200%	672423MB3*	June 1, 2021
1,155,000	4.250%	672423MD9**	June 1, 2023
1,270,000	4.750%	672423MF4***	June 1, 2025
1,195,000	5.000%	672423MH0****	June 1, 2027

*, **, ***, **** Term Bonds

Said Bonds will be redeemed at 100.0% of the par value thereof.

Said Bonds should be surrendered for redemption to HUNTINGTON NATIONAL BANK, as paying agent, for payment as of May 1, 2013, after which date all interest on said Bonds shall cease to accrue, whether said Bonds are presented for payment 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.

Huntington National Bank
Corporate Trust - EA4E64
7 Easton Oval
Columbus, OH 43219

* No representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained herein and reliance may be placed only on the identification number.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983 and the Comprehensive National Energy Policy Act of 1992, 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. 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 when presenting their securities for redemption or for payment at maturity.

OAKLAND COUNTY BUILDING AUTHORITY
Andrew E. Meisner, Treasurer

APPENDIX III

\$8,160,000
OAKLAND COUNTY BUILDING AUTHORITY
BUILDING AUTHORITY REFUNDING BONDS, SERIES 2006
Dated as of March 1, 2006

Investment Securities to be Acquired Pursuant
to the Escrow Agreement

Purchase Date	Investment Amount	Rate	Maturity	Investment Type
05-01-13	\$7,926,705.00	0.080%	06-01-13	SLG-Certificate
	0.17	Uninvested Cash		
	<u>\$7,926,705.17</u> Total Escrow Requirement			

Dmh/DF-OAK256 (ba) APPENDIX IV

8,160,000
OAKLAND COUNTY BUILDING AUTHORITY
BUILDING AUTHORITY REFUNDING BONDS, SERIES 2006
Dated as of March 1, 2006

REDEMPTION SCHEDULE

Redemption Date: June 1, 2013

REDEMPTION SCHEDULE

Redemption Premium: 0.00%

Date	Principal	Interest	Redeemed Principal	Redemption Premium	Total Debt Service	Annual Total
06/01/13	\$385,000.00	\$167,243.75	\$7,375,000.00	\$0.00	\$7,927,243.75	\$7,927,243.75
	<u>\$385,000.00</u>	<u>\$167,243.75</u>	<u>\$7,375,000.00</u>	<u>\$0.00</u>	<u>\$7,927,243.75</u>	<u>\$7,927,243.75</u>

APPENDIX V

\$8,160,000
OAKLAND COUNTY BUILDING AUTHORITY
BUILDING AUTHORITY REFUNDING BONDS, SERIES 2006
Dated as of March 1, 2006

DEFEASANCE ESCROW CASH FLOW ANALYSIS

May 1, 2013

Beginning Cash Balance: \$0.17

Date	Beginning Cash Balance		SLGS Principal	SLGS Rate	Rates Available *	SLGS Interest	Total	Debt Service Defeasance	Net Cash Flow	Ending Cash Balance		1.00960% Present Value
	Balance	\$0.17								Balance	\$0.17	
05/01/13		\$0.17									\$0.17	
06/01/13		0.17	\$7,926,705.00	0.080%	0.080%	\$538.58	\$7,927,243.58	\$7,927,243.75	-\$0.17	0.17		\$7,926,705.00
			<u>\$7,926,705.00</u>			<u>\$538.58</u>	<u>\$7,927,243.50</u>	<u>\$7,927,243.75</u>				<u>\$7,926,705.00</u>

Arbitrage Yield: 4.1634%

Total Cost of Escrow Securities:

\$7,926,705.17

* March 12, 2013 SLGS Rate Table.

dmb - DF-OAK256 (ba)