Michigan Municipal Bond Authority

Local **G**overnment **F**inancing **P**rogram

Kathleen O'Keefe
Financial Manager

Daniel Mullin
Financial Specialist

Eligible Participants

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All municipalities
and
other political subdivisions

in the
State of Michigan

Eligible Assets

Most equipment purchases
by municipalities in the State of Michigan can be constructed as an installment purchase agreement including:

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- **School Buses**
- **Vehicles**
- **Computers**
- **Phones**
- **Mobile Radios**
- **Energy Improvements**
- **Real Estate** (requires prior approval from CitiCapital)

Please consult your local bond counsel.

Loan Terms

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Type	Amount
Installment Purchase Agreement	$100,000 or more preferred
Loan Term	**Schedule**
Up to 15 years, not to exceed the useful life of equipment purchased	Borrower request and approved by CitiCapital: Annual, semi-annual, quarterly, or monthly

Security Coverage

Based on credit review by CitiCapital:

- **LTGO**
- **LTGO combined with State Aid**
  - State School Aid
  - State Revenue Sharing
  - State Transportation Funding

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Interest Rates

Fixed, percentage of U.S. Treasury Rates or the daily published SWAP rate

Note: Interest rate may vary based on terms of the loan.

Sample Rates

$1 Million Loan		**Low Investment Credit Rating**	
Years	Payment Amount	Rate*	Sum of Interest over Loan
5	$115,324.06	5.36%	$153,240.60
10	$64,937.49	5.26%	$298,749.86
15	$48,545.37	5.24%	$456,360.97
$250,000 Loan		**Low Investment Credit Rating**	
Years	Payment Amount	Rate*	Sum of Interest over Loan
5	$28,994.40	5.58%	$39,943.97
10	$16,402.59	5.48%	$78,051.87
15	$12,313.71	5.46%	$119,411.30

*All interest rates are based on October 5, 2006 Treasury rates and assumes semi-annual payments.

Please contact the MMBA for indicative interest rates.

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Borrowing Process

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- **Application**
  Complete your loan application and submit it along with last 2 years of audited financial statements to the MMBA.
- **Authorization**
  Provide a certified copy of your authorizing resolution with your application package.
- **Legal Opinion**
  Your local bond counsel needs to provide a legal opinion in order for you to participate in the program. Standard documents for your attorney are available upon request from the MMBA and must be used if you wish to participate in the financing program.
- **Disbursement**
  On the day of closing, CitiCapital will wire transfer loan proceeds to your designated account.

Week One

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- **Application received by Authority**
- **Application reviewed for completeness**
- **Application overnight mailed to CitiCapital**
- **Application review by CitiCapital**
- **CitiCapital provides debt schedule with security information**
- **Review can take up to 5 business days**

Weeks Two-Four

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- Interested parties notified of approval by CitiCapital
- MMBA contacts CitiCapital and the Attorney General to set up closing date
- MMBA notifies local bond counsel of closing date
- Upon approval, local bond counsel prepares transcripts

Continued

Weeks Two-Four

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- Documents sent to local borrowers and vendors for signatures
- Local bond counsel contacts MMBA when signed documents are received
- Local bond counsel, via overnight mail, delivers local transcripts to the AG's Office
- Review can take up to 5 business days

Week Five

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- Executive Director signs IPA
- Municipal Obligation Purchase and Assignment Agreement signed by MMBA and CitiCapital
- Money disbursed to borrower

Timeline

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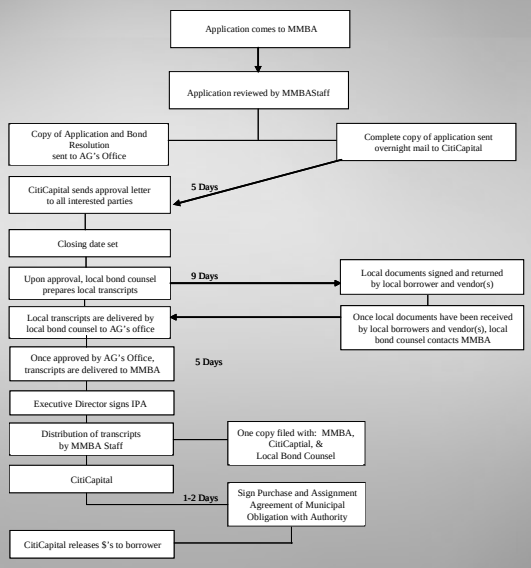

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