

Stauder, Barch & Associates, Inc.

PUBLIC FINANCIAL CONSULTANTS

Since 1968

Richard W. Barch
President

Paul R. Stauder
First Vice President

May 13, 2013

Mr. Matthew Horning, Treasurer
Ann Arbor City
301 E Huron St
Ann Arbor, MI 48107

RE: Proposed Refunding Bonds (Refunds Sewage Disposal System Revenue Bonds, Series XIX)

Dear Matt:

Enclosed is the refunding analysis of the City's Refunds Sewage Disposal System Revenue Bonds, Series XIX based on current market rates. We have concluded that if interest rates remain in a similar range as current rates then the projected savings may be summarized as follows:

Call Date	Principal Called	Net Savings	Present Value Savings	PV as % of Refunded Principal
1/1/14	\$19,750,000	\$2,317,957	\$2,102,532	10.65%

The present value savings is greater than the preferred 3% minimum savings when the call date is more than 90 days away from the refunding bond issuance date.

We recommend proceeding with the refunding. We will continue to monitor the transaction and advise on the timing of the refunding once the authorizing resolution is in place. Please contact us to begin the process.

Please call if you need additional information.

Sincerely,



Paul R. Stauder
First Vice President



Robert J. Naughton
Vice President

RJN
Enclosures

\$19,975,000

**CITY OF ANN ARBOR
COUNTY OF WASHTENAW, STATE OF MICHIGAN
SEWAGE DISPOSAL SYSTEM REVENUE REFUNDING BONDS, SERIES 2013**

SAVINGS ANALYSIS - SERIES 2004

PRESENT VALUE ANALYSIS Rate = 1.78%

Present Value of Refunded Bonds =	\$22,479,857
Less Present Value of Refunding Bonds =	(20,377,325)
Gross Present Value Savings =	\$2,102,532
Plus Excess Proceeds =	0
Less Initial Transfer Amount =	0
Net Present Value Savings =	\$2,102,532
% of Current Issue:	10.53%
% of Previous Issue:	10.65%

Fiscal Year	SEWAGE DISPOSAL SYSTEM REVENUE REFUNDING BONDS, SERIES 2013				BONDS TO BE REFUNDED OR COVERED BY ESCROW			
	Year	Interest Due	Interest Rate	Total P&L	Year	Interest Due	Interest Rate	Total P&L
2012	8/14/13	\$0	0.000%	\$0	2/1/04	\$0	3.375%	\$0
2013	8/14/13	208,034	2.000%	2,066,371	2013	389,991	3.500%	2,279,981
2014	8/14/13	191,034	2.000%	2,067,068	2014	363,741	3.500%	2,277,481
2015	120,789.10	174,184	2.000%	2,063,368	2015	336,616	3.625%	2,273,231
2016	6.047	157,034	2.000%	2,054,068	2016	307,616	3.750%	2,265,231
2017		139,634	2.000%	2,044,268	2017	276,678	3.850%	2,253,356
2018		121,984	2.000%	2,053,968	2018	243,953	4.000%	2,262,906
2019		103,884	2.000%	2,057,768	2019	208,453	4.000%	2,266,906
2020		85,384	2.000%	2,055,768	2020	171,453	4.125%	2,267,906
2021		66,534	2.100%	2,053,068	2021	131,750	4.250%	2,263,500
2022		46,374	2.300%	2,042,748	2022	89,250	4.250%	2,253,500
2023		23,949	2.450%	2,002,898	2023	45,156	4.250%	2,215,313
2024		0	0.000%	0	2024	0	0.000%	0
2025		0	0.000%	0	2025	0	0.000%	0
		\$1,268,329		\$22,561,356		\$2,564,656		\$24,879,313

* Cumulative Savings Includes the Initial Transfer Amount \$0.00
 * Cumulative Savings Includes Excess Proceeds: \$0.00

Year	Annual Savings	Present Value of Annual Savings @ 1.7804%	* Net Actual Cumulative Savings
2013	213,611	212,333	213,611
2014	210,414	205,003	424,024
2015	209,864	200,792	633,888
2016	211,164	198,379	845,052
2017	209,089	192,880	1,054,141
2018	208,939	189,236	1,263,079
2019	209,139	185,951	1,472,218
2020	212,139	185,150	1,684,357
2021	210,433	180,281	1,894,789
2022	210,753	177,215	2,105,542
2023	212,415	175,313	2,317,957
2024	0	0	2,317,957
2025	0	0	2,317,957
	\$2,317,957	\$2,102,532	
	0	0	RJN/jww
	\$2,317,957	\$2,102,532	