

Memo

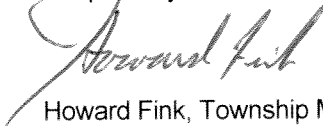
To: Northfield Township Board
From: Howard Fink
Date: 6/9/2016
Re: Van Curler Property

Dear Township Board,

In your packets, you will see a sample debt service schedule on an installment purchase contract. According to our financial advisors and bond council, there are two likely ways to finance the property. 1) A bond issue and 2) an installment purchase contract. A bond issue would be costly, and not necessary unless the board wishes to bond for future improvements now. I don't feel we are ready for such a step, and instead feel that just a financing of the purchase costs is appropriate. This would be best done through an installment purchase contract. Installment purchase contracts are quite similar to land contracts. There are costs associated with borrowing, both interest and fees associated with document preparation and legal / financial representation.

The board has set an 85% fund balance policy. By borrowing, you are able to spread the payments over time, and still have sufficient fund balance to improve the property. Borrowing also frees up dollars to be used in other areas of need. We are in a strong fiscal position, and thus am comfortable making this recommendation to borrow.

Respectfully Submitted,



Howard Fink, Township Manager

\$330,000
 TOWNSHIP OF NOTHFIELD
 COUNTY OF WASHTENAW, STATE OF MICHIGAN
 INSTALLMENT PURCHASE CONTRACT

SCHEDULE OF DEBT SERVICE REQUIREMENTS

On a Calendar Year Basis

Year	Principal Due April 1	Interest Rate	Interest Due April 1	Interest Due October 1	Total Principal & Interest Requirements
2017	33,202	3.250%	5,363 *	4,823	43,387
2018	28,919	3.250%	4,823	4,353	38,095
2019	29,859	3.250%	4,353	3,868	38,080
2020	30,829	3.250%	3,868	3,367	38,064
2021	31,831	3.250%	3,367	2,850	38,047
2022	32,865	3.250%	2,850	2,316	38,030
2023	33,933	3.250%	2,316	1,764	38,013
2024	35,036	3.250%	1,764	1,195	37,995
2025	36,175	3.250%	1,195	607	37,977
2026	37,351	3.250%	607	0	37,958
	<u>\$330,000</u>		<u>\$30,504</u>	<u>\$25,142</u>	<u>\$385,646</u>

Assumptions:

Bonds Dated:	10/01/2016
First Interest Payment:	04/01/2017
Number of Days:	180 *
Subsequent Interest Payment:	10/01/2017
Number of Days:	180
First Principal Payment:	04/01/2017
Projected Interest Rate	3.25%

615 Griswold Street, Suite 1225, Detroit, Michigan 48226-3997

PHONE: (313) 961-8222 FAX: (313) 961-8220

The information contained herein was derived from sources generally recognized as reliable and does not make any representations as to correctness or completeness and has in no way been altered except to the extent that some information may be summarized, and is in no way intended to be a solicitation for orders.

\$330,000
TOWNSHIP OF NOTHFIELD
COUNTY OF WASHTENAW, STATE OF MICHIGAN
INSTALLMENT PURCHASE CONTRACT

SCHEDULE OF DEBT SERVICE REQUIREMENTS

On a Calendar Year Basis

Year	Principal Due April 1	Interest Rate	Interest Due April 1	Interest Due October 1	Total Principal & Interest Requirements
2017	22,510	4.000%	6,600 *	6,150	35,260
2018	16,810	4.000%	6,150	5,814	28,773
2019	17,483	4.000%	5,814	5,464	28,761
2020	18,182	4.000%	5,464	5,100	28,746
2021	18,909	4.000%	5,100	4,722	28,731
2022	19,666	4.000%	4,722	4,329	28,717
2023	20,452	4.000%	4,329	3,920	28,701
2024	21,270	4.000%	3,920	3,494	28,684
2025	22,121	4.000%	3,494	3,052	28,667
2026	23,006	4.000%	3,052	2,592	28,650
2027	23,926	4.000%	2,592	2,113	28,631
2028	24,883	4.000%	2,113	1,616	28,612
2029	25,878	4.000%	1,616	1,098	28,592
2030	26,914	4.000%	1,098	560	28,572
2031	27,990	4.000%	560	0	28,550
	<u>\$330,000</u>		<u>\$56,623</u>	<u>\$50,023</u>	<u>\$436,647</u>

Assumptions:

Bonds Dated:	10/01/2016
First Interest Payment:	04/01/2017
Number of Days:	180 *
Subsequent Interest Payment:	10/01/2017
Number of Days:	180
First Principal Payment:	04/01/2017
Projected Interest Rate	4.00%

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