

Bendzinski & Co.**municipal finance advisors**

September 29, 2005

Mr. John Szerlag, City Manager
City of Troy
500 W. Big Beaver Road
Troy, MI 48084-5285

RE: Financial Feasibility Study for the City of Troy Downtown Development Authority

Dear Mr. Szerlag:

Thank you for retaining Bendzinski & Co. to prepare a financial feasibility study as to the impact of eliminating certain properties from the DDA development district. While we have not had the opportunity to complete our study and analysis, we will be reviewing the following:

1. Bonding documents and other related documents, including but not limited to, the Development Agreement, Trust Indenture, Insurance policies on the several series of outstanding DDA bonds issues;
2. The financial implications of the recent declines in the valuation within the DDA District is a result of tax appeals and adverse property tax opinions.
3. The difference in the original and most recent projections of anticipated growth in captured values and related revenues as a result of:
 - a. Changes in the basis of valuations from State Equalized Value to Taxable Value
 - b. Adverse Property Tax Appeals
 - c. Changes in methods of valuations of Personal Property by the State of Michigan

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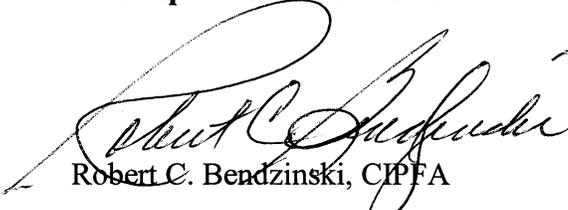
5. Overall slow down in the Michigan economy and the resulting effect on property value growth;
6. The impact of the DDA's ability to meet its debt service will most likely will have on the City's present AAA bond ratings.

We again thank you for retaining our firm. We will begin the process of preparing a full analysis of what has occurred in the DDA District since its inception in 1993 and will have the report to you in the next few weeks.

In the meantime, should you have any questions, or require any additional information, please do not hesitate to call.

Sincerely,

BENDZINSKI & CO.
Municipal Finance Advisors



Robert C. Bendzinski, CIPFA

RCB/cam

Enclosure

cc: John Lamerato

Lori Bluhm

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