



City of Ann Arbor

100 N. Fifth Avenue
Ann Arbor, MI 48104
www.a2gov.org

Council Action

Resolution: R-09-064

File Number: 09-0092

Enactment Number: R-09-064

Resolution Approving Issuance of Capital Improvement Bonds (Limited Tax General Obligation) to Fund Construction of a Parking Structure at South Fifth Avenue and Streetscape Improvements Along Fifth and Division Streets (Not To Exceed \$55,000,000.00) **(Roll Call Vote Required)**

CITY OF ANN ARBOR
County of Washtenaw, State of Michigan

RESOLUTION AUTHORIZING GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS

(South Fifth Avenue Parking Deck and Fifth and Division Project)

Minutes of a regular meeting of the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan held on the 17th day of February, 2009, at 7:00 o'clock p.m. Eastern Standard Time.

PRESENT: Councilmembers Teall, Hohnke, Anglin, Smith, Briere, Derezinski,

Rapundalo, Greden, Taylor, Mayor Hieftje, 10;

ABSENT: Councilmembers Higgins, 1.

The following preamble and resolution were offered by Member Smith and supported by Member Teall:

WHEREAS, the City of Ann Arbor, County of Washtenaw, State of Michigan (the "City") proposes to issue and sell general obligation capital improvement bonds, pursuant to the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), to finance a substantial portion of the cost of acquiring and constructing an approximately 677space, four-level underground public parking structure in the City (in a portion of the area bounded by the west side of South Fifth Avenue, the west side of Division Street, East Liberty Street to the southern boundary of the current parking lot), and for related capital improvements, including, without limitation, a new street, a new downtown alley, and upsizing of existing utilities, as well as the construction of streetscape improvements on Fifth Avenue and Division Streets from Beakes to Packard including improved crosswalks, new streetlights, trees, sidewalks, bike lanes, and curb (collectively, the "Project");

WHEREAS, it is currently anticipated that the aggregate principal amount of the bond issue will be \$ \$49,375,000, and will in no event exceed \$55,000,000;

WHEREAS, a notice of intent to issue bonds will be published in accordance with Section 517 of Act 34, which will provide that the proposed capital improvement bonds may be issued without a vote of the electors of the City unless the requisite petitions for an election on the question of the issuance of the Bond are filed with the City Clerk within a period of 45 days from the date of publication; and,

WHEREAS, it is further proposed that the Bonds be general obligation bonds secured by a pledge of the City’s full faith and credit, subject to constitutional, statutory and charter limitations.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Project. The Project, the period of usefulness of the Project of 30 years or more, and the City’s prior proceedings with respect to the Project are hereby approved and confirmed.

2. Bond Details. The City shall borrow not to exceed \$55,000,000 and issue its bonds therefor (the “Bonds”), pursuant to Act 34 for the purpose of paying a substantial portion of the cost of the Project and the costs of issuing the Bonds, subject to the expiration of 45 days following the publication of a notice of intent to issue the Bonds without the requisite petitions for referendum having been filed with the City Clerk during such time period pursuant to Section 517 of Act 34. The Bonds shall be designated as “City of Ann Arbor 2009 Capital Improvement Bonds, Series B (Limited Tax General Obligation).” The Bonds shall be fully registered Bonds, both as to principal and interest, registrable upon the books of the Bond Registrar (as hereinafter defined), and may be issued in any denomination which is \$5,000, or any integral multiple thereof up to a single maturity, numbered from 1 upwards. Bonds initially issued shall be dated the date of their original issuance and delivery, and shall bear interest payable semi-annually from that date or from the May 1 or November 1 through which interest has been paid. The Bonds shall mature serially on May 1 of each year in the period from 2011 through 2039, inclusive, in the following principal amounts (aggregating \$49,375,000):

<u>Year</u>	<u>Amount</u>
2011	\$0
2012	\$385,000
2013	\$830,000
2014	\$875,000
2015	\$925,000
2016	\$975,000
2017	\$1,030,000
2018	\$1,085,000
2019	\$1,145,000
2020	\$1,210,000
2021	\$1,275,000
2022	\$1,345,000
2023	\$1,420,000
2024	\$1,495,000
2025	\$1,580,000
2026	\$1,665,000
2027	\$1,760,000
2028	\$1,855,000
2029	\$1,955,000
2030	\$2,065,000
2031	\$2,180,000
2032	\$2,295,000
2033	\$2,425,000
2034	\$ 2,555,000
2035	\$2,695,000

2036	\$2,845,000
2037	\$3,000,000
2038	\$3,165,000
2039	\$3,340,000

The Chief Financial Officer or the Treasurer of the City may adjust such maturity schedule and principal amounts prior to sale of the Bonds as required by changes in costs of the Project or bond market conditions, within the maximum aggregate principal amount of \$55,000,000 and with the final maturity date being not later than 30 years from the date of issuance and delivery of the Bonds, and may adjust the year and series designations in the caption of the Bonds to be consistent with the timing of issuance of the Bonds.

The initial purchaser of the Bonds may designate any one or more maturities from May 1, 2020 through the final maturity as term bonds and the consecutive maturities which shall be aggregated in any such term bonds. Any such designation must be made within 24 hours of the bond sale. The amounts of the maturities which are aggregated in any such designated term bond shall be subject to mandatory redemption on May 1 of the years and in the amounts as set forth in the foregoing maturity schedule at a redemption price of par, plus accrued interest, to the date of mandatory redemption.

The Bonds shall be in substantially the form attached as Exhibit A, with such changes, additions or deletions as are not inconsistent with this resolution.

3. Interest Payment and Date of Record. The Bonds shall bear interest payable November 1, 2009 and each May 1 and November 1 thereafter until maturity, with the rate of interest on Bonds maturing in any one year being not in excess of 7.0%. The rate of interest borne by any one maturity of Bonds shall not be less than the interest rate borne by the preceding maturity, and shall not exceed the interest rate borne by any preceding maturity by more than 3.0%. Interest shall be paid by check or draft mailed by first class mail to the registered owner of each Bond as of the applicable date of record. The date of record shall be April 15 with respect to interest payments made on May 1 and October 15 with respect to interest payments made on November 1.

4. Prior Redemption. The Bonds maturing in the years 2011 through 2019, inclusive, shall not be subject to redemption prior to maturity. Bonds maturing on and after May 1, 2020 shall be subject to redemption prior to maturity, at the option of the City, in any order, in whole or in part, on any date on and after May 1, 2019, at par plus accrued interest to the date fixed for redemption, without premium. In the Sale Order (as defined in Section 18 hereof), the Chief Financial Officer or the Treasurer may adjust such redemption provisions and prices as required by bond market conditions.

With respect to partial redemptions, any portion of a Bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion and the amount not being redeemed each constitutes an authorized denomination. In the event that less than the entire principal amount of a Bond is called for redemption, upon surrender of the Bond to the Bond Registrar, the Bond Registrar shall authenticate and deliver to the registered owner of the Bond a new Bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each Bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided herein. Any defect in such notice shall not affect the validity of the

redemption proceedings. Bonds so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Bond Registrar to redeem the same.

5. Bond Registrar. A financial institution to serve as the paying agent and bond registrar for the Bonds (the "Bond Registrar") shall be appointed in the Sale Order (as defined below), and shall perform all payment, registration, transfer, exchange and other functions otherwise required by this resolution to be performed by the Bond Registrar.

6. Transfer or Exchange of Bonds. Any Bond shall be transferable on the bond register maintained by the Bond Registrar with respect to the Bonds at any time prior to the applicable date of record preceding an interest payment date upon the surrender of the Bond together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Bond Registrar. Upon receipt of a properly assigned Bond, the Bond Registrar shall authenticate and deliver a new Bond or Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

Bonds may likewise be exchanged at any time prior to the applicable date of record preceding an interest payment date for one or more other Bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the Bond or Bonds being exchanged. Such exchange shall be effected by surrender of the Bond to be exchanged to the Bond Registrar with written instructions signed by the registered owner of the Bond or his or her attorney in form satisfactory to the Bond Registrar. Upon receipt of a Bond with proper written instructions, the Bond Registrar shall authenticate and deliver a new Bond or Bonds to the registered owner of the Bond or his or her properly designated transferee or transferees or attorney.

The Bond Registrar shall not be required to honor any transfer or exchange of Bonds during the period from the applicable date of record preceding an interest payment date to such interest payment date. Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid by the City. The Bond Registrar may, however, require payment by a bondholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

7. Global Form; Securities Depository. (a) Except as otherwise provided in this Section, the Bonds shall initially be issued in the form of global Bonds, shall be registered in the name of the Securities Depository (as defined below) or its nominee and ownership thereof shall be maintained in book entry form by the Securities Depository for the account of the Agent Members (as defined below) thereof. Except as provided in subsection (c) of this Section, Bonds may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository selected by the City, or to a nominee of such successor Securities Depository.

(b) The City and the Bond Registrar shall have no responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the Bonds;

(ii) the delivery to any Agent Member, beneficial owner of the Bonds or other person, other than the Securities Depository, of any notice with respect to the Bonds;

(iii) the payment to any Agent Member, beneficial owner of the Bonds or other person, other than the Securities Depository, of any amount with

respect to the principal of, premium, if any, or interest on, the Bonds;

(iv) any consent given by Cede & Co., as Bondholder of the Bonds or any successor nominee of a Securities Depository as Bondholder of such Bonds; or

(v) the selection by the Securities Depository or any Agent Member of any beneficial owners to receive payment if any Bonds are redeemed in part.

So long as the certificates for the Bonds are not issued pursuant to subsection (c) of this Section, the City and the Bond Registrar may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such Bonds for all purposes whatsoever, including without limitation:

(A) the payment of principal, premium, if any, and interest on such Bonds;

(B) giving notices of redemption and other matters with respect to such Bonds; and

(C) registering transfers with respect to such Bonds.

(c) If at any time the Securities Depository notifies the City or the Bond Registrar that it is unwilling or unable to continue as Securities Depository with respect to the Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Securities Depository is not appointed by the City within 90 days after the City or the Bond Registrar receives notice or becomes aware of such condition, as the case may be, subsections (a) and (b) of this Section shall no longer be applicable and the City shall execute and the Bond Registrar shall authenticate and deliver certificates representing the Bonds as provided in subsection (d) below. In addition, the City may determine at any time that the Bonds shall no longer be represented by global certificates and that the provisions of subsections (a) and (b) above shall no longer apply to the Bonds. In any such event the City shall execute and the Bond Registrar shall authenticate and deliver certificates representing the Bonds as provided in subsection (d) below.

(d) Certificates for the Bonds issued in exchange for global certificates shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the City and the Bond Registrar. The Bond Registrar shall deliver such certificates representing the Bonds to the persons in whose names such Bonds are so registered as soon as possible.

As used in this Resolution, "Securities Depository" shall mean the Depository Trust Company, New York, New York ("DTC") and its successors and assigns if any or if (i) the then-Securities Depository resigns from its functions as depository of the Bonds or (ii) the City discontinues use of the then-Securities Depository pursuant to this Section 6, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the City.

As used in this Resolution, "Agent Member" shall mean a member of, or participant in, the Securities Depository.

The Authorized Officers (as defined herein) are hereby authorized and directed to execute the standard form of DTC Letter of Representations relating to the Bonds (or a DTC Blanket Issuer Letter of Representations).

Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, premium, if any, and interest on such Bonds, and all notices

with respect to such Bonds shall be made and given, respectively, to DTC as provided in the Letter of Representations.

8. Execution and Delivery. The Mayor and the City Clerk are authorized and directed to execute the Bonds for and on behalf of the City by manually executing the Bonds, or by causing their facsimile signatures to be affixed to the Bonds, provided in the latter instance the Bonds are thereafter authenticated by the Bond Registrar. The Bonds shall be sealed with the seal of the City or a facsimile thereof. When so executed, the Bonds shall be delivered by the City Treasurer to the Bond Registrar for authentication, and thereafter to the purchaser upon receipt in full of the purchase price for the Bonds.

9. Bond Payment Fund. The City shall establish a separate depository account, to be designated "City of Ann Arbor 2009 Capital Improvement Bonds, Series B Bond Payment Fund" (the "Bond Payment Fund"), into which shall be deposited the tax collections and other available funds to the extent provided in paragraph 11 below. Additionally, all accrued interest and premium, if any, received from the purchaser of the Bonds, shall be deposited in the Bond Payment Fund.

Moneys in the Bond Payment Fund shall be used solely to pay principal of and interest on the Bonds.

Moneys in the Bond Payment Fund may be continuously invested and reinvested in any legal investment for City funds, which shall mature, or which shall be subject to redemption by the holder thereof, not later than the dates when moneys in the Bond Payment Fund will be required to pay the principal of and interest on the Bonds. Obligations purchased as an investment of moneys of the Bond Payment Fund shall be deemed at all times to be a part of such fund, and the interest accruing thereon and any profit realized from such investment shall be credited to such fund.

10. Acquisition Fund. The City shall establish a separate depository account, to be designated "City of Ann Arbor 2009 Capital Improvement Bonds, Series B Acquisition Fund" (the "Acquisition Fund"). Except for amounts required by this resolution to be deposited in the Bond Payment Fund, the proceeds from the sale of the Bonds shall be deposited in the Acquisition Fund.

Moneys at any time in the Acquisition Fund shall be used solely to pay costs of the Project, including the costs of issuance of the Bonds, except that upon payment (or provision for payment) in full of the costs of Project any remaining moneys in the Acquisition Fund shall be transferred to the Bond Payment Fund (if any Bonds are outstanding) or applied as required by law or the ordinances of the City.

Moneys in the Acquisition Fund may be continuously invested and reinvested in any legal investment for City funds, which shall mature, or which shall be subject to redemption by the holder thereof, not later than the estimated dates when moneys in the Acquisition Fund will be required to pay the costs of the Project. Obligations purchased as an investment of moneys of the Acquisition Fund shall be deemed at all times to be a part of such fund, and the interest accruing thereon and any profit realized from such investment shall be credited to such fund.

11. Limited Tax Pledge as Security for Payment of Bonds. The City hereby irrevocably pledges its full faith and credit for the payment of principal of and interest on the Bonds, and shall as a first budget obligation advance sufficient moneys from its general funds for such payments, including the collection of any ad valorem taxes which the City is authorized to levy, but any such levy shall be subject to applicable constitutional, charter and statutory tax rate limitations.

12. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated,

lost, stolen or destroyed, the Mayor and the City Clerk may, on behalf of the City, execute and deliver, or order the Bond Registrar to authenticate and deliver, a new Bond having a number not then outstanding, of like date, maturity, interest rate and denomination as that mutilated, lost, stolen or destroyed Bond.

In the case of a mutilated Bond, a replacement Bond shall not be delivered unless and until such mutilated Bond is surrendered to the Bond Registrar. In the case of a lost, stolen or destroyed Bond a replacement Bond shall not be delivered unless and until the City and the Bond Registrar shall have received such proof of ownership and loss and indemnity as they determine to be sufficient, which shall consist at least of (i) a lost instrument bond for principal and interest remaining unpaid on the lost, stolen or destroyed Bond; (ii) an affidavit of the registered owner (or his or her attorney) setting forth ownership of the Bond lost, stolen or destroyed and the circumstances under which it was lost, stolen or destroyed; (iii) the agreement of the owner of the Bond (or his or her attorney) to fully indemnify the City and the Bond Registrar against loss due to the lost, stolen or destroyed Bond and the issuance of any replacement Bond in connection therewith; and (iv) the agreement of the owner of the Bond (or his or her attorney) to pay all expenses of the City and the Bond Registrar in connection with the replacement, including the transfer and exchange costs which otherwise would be paid by the City.

13. Arbitrage and Tax Covenants. Notwithstanding any other provision of this Resolution, the City covenants that it will not at any time or times:

(a) Permit any proceeds of the Bonds or any other funds of the City or under its control to be used directly or indirectly (i) to acquire any securities or obligations, the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or (ii) in a manner which would result in the exclusion of any Bond from the treatment afforded by Section 103(a) of the Code by reason of the classification of any Bond as a "private activity bond" within the meaning of Section 141(a) of the Code, as a "private loan bond" within the meaning of Section 141(a) of the Code or as an obligation guaranteed by the United States of America within the meaning of Section 149(b) of the Code; or

(b) Take any action, or fail to take any action (including failure to file any required information or other returns with the United States Internal Revenue Service or to rebate amounts to the United States, if required, at or before the time or times required), within its control which action or failure to act would (i) cause the interest on the Bonds to be includible in gross income for federal income tax purposes, cause the interest on the Bonds to be includible in computing any alternative minimum tax (other than the alternative minimum tax applicable to interest on all tax-exempt obligations generally) or cause the proceeds of the Bonds to be used directly or indirectly by an organization described in Section 501(c)(3) of the Code or (ii) adversely affect the exemption of the Bonds and the interest thereon from State of Michigan income taxation.

14. Not Qualified Tax-Exempt Obligations. The Bonds shall not be designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions under the provisions of Section 265(b)(3)(B) of the Code.

15. Defeasance or Redemption of Bonds. If at any time,

(a) the whole amount of the principal of and interest on all outstanding Bonds shall be paid, or

(b) (i) sufficient moneys, or Government Obligations (as defined in this Section) not callable prior to maturity, the principal of and interest on which when due and payable will provide sufficient moneys, to pay the whole amount of the

principal of and premium, if any, and interest on all outstanding Bonds as and when due at maturity or upon redemption prior to maturity shall be deposited with and held by a trustee or an escrow agent for the purpose of paying the principal of and premium, if any, and interest on such Bonds as and when due, and (ii) in the case of redemption prior to maturity, all outstanding Bonds shall have been duly called for redemption (or irrevocable instructions to call such Bonds for redemption shall have been given), then, at the time of the payment referred to in clause (a) of this Section or of the deposit referred to in clause (b) of this Section, the City shall be released from all further obligations under this resolution, and any moneys or other assets then held or pledged pursuant to this resolution for the purpose of paying the principal of and interest on the Bonds (other than the moneys deposited with and held by a trustee or an escrow agent as provided in clause (b) of this Section) shall be released from the conditions of this resolution, paid over to the City and considered excess proceeds of the Bonds. In the event moneys or Government Obligations shall be so deposited and held, the trustee or escrow agent holding such moneys or Government Obligations shall, within thirty (30) days after such moneys or Government Obligations shall have been so deposited, cause a notice signed by it to be published once in a newspaper of general circulation in the City of Detroit, Michigan, setting forth (x) the date or dates, if any, designated for the redemption of the Bonds, (y) a description of the moneys or Government Obligations so held by it and (z) that the City has been released from its obligations under this resolution. All moneys and Government Obligations so deposited and held shall be held in trust and applied only to the payment of the principal of and premium, if any, and interest on the Bonds at maturity or upon redemption prior to maturity, as the case may be, as provided in this Section.

The trustee or escrow agent referred to in this Section shall (a) be a bank or trust company permitted by law to offer and offering the required services, (b) be appointed by an Authorized Officer (as defined herein) and (c) at the time of its appointment and so long as it is serving as such, have at least \$25,000,000 of capital and unimpaired surplus. The same bank or trust company may serve as trustee or escrow agent under this Section and as Bond Registrar so long as it is otherwise eligible to serve in each such capacity.

As used in this Section, the term "Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

16. Discount and Premium. The Bonds may be purchased at a discount of no greater than 1.5% or with a premium of no greater than 1.0%.

17. Official Notice of Sale. The Bonds shall be advertised and sold, and sealed proposals for their purchase shall be received, at a time to be later determined by the Chief Financial Officer. Notice of the sale of the Bonds shall be published in accordance with the law in The Bond Buyer or such other publication approved for such purpose by the Local Audit & Finance Division of the Michigan Department of Treasury, which Notice shall be in substantially the form of Exhibit B attached hereto.

18. Sale Order. The Chief Financial Officer (or in his absence the Treasurer) is authorized to execute and deliver an order on behalf of the City awarding the Bonds to the bidder whose bid produces the lowest true interest cost as determined in the manner

provided in the Notice of Sale (the "Sale Order").

19. Execution and Delivery of Required Documents. The Mayor, City Clerk, Treasurer and Chief Financial Officer (each an "Authorized Officer"), or any one of them, are authorized on behalf of the City to apply for such rulings, orders and approvals and file or submit appropriate elections or other documents to any federal, state or local governmental agency in order that the Bonds may be validly issued and, if applicable, cause the interest thereon to be exempt from federal income taxation. Such Authorized Officers, or any one of them, are further authorized to execute and deliver such other certificates, documents, instruments and other papers as may be required or may be necessary or convenient to effectuate the valid sale and delivery of the Bonds as tax-exempt bonds in accordance with the terms thereof. The Authorized Officers, or any one of them, are authorized and directed to approve the circulation of a preliminary and a final official statement describing the Bonds and providing information relative to the City, and to deem the preliminary official statement "final" for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), subject to the applicability of an exemption from the Rule.

20. Filings with Local Audit & Finance Division. The Authorized Officers are, and each is, hereby authorized and directed to make all necessary filings with the Local Audit and Finance Division of the Michigan Department of Treasury with respect to the issuance and sale of the Bonds, including a post-issuance Security Report, and to pay all fees required in connection therewith.

21. Continuing Financial Disclosure. The City shall provide continuing financial disclosure in compliance with the Rule during the term of the Bonds, subject to applicable exemptions from the requirements of the Rule. The Chief Financial Officer is authorized and directed on behalf of the City to take all necessary action and to execute and deliver such documents as may be required to satisfy the City's obligations under the Rule.

22. Conflicting Resolutions. All resolutions and parts of resolutions in conflict with the foregoing are hereby rescinded.

A roll call vote on the foregoing resolution was taken, the result of which is as follows:

YES: Councilmembers Teall, Hohnke, Smith, Briere, Derezinski, Rapundalo, Greden, Taylor, Mayor Hieftje, 9;

NO: Councilmember Anglin, 1.

ABSTAIN: 0

THE RESOLUTION WAS THEREUPON DECLARED ADOPTED.

CERTIFICATION

I, the undersigned, the duly qualified and acting Clerk of the City of Ann Arbor, Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council at a regular meeting held on February 17, 2009, the original of which is on file in my office, and that such meeting was conducted and public notice thereof was given pursuant to and in compliance with Act No. 267, Michigan Public Acts of 1976, as amended, and that minutes of such meeting were kept and are available as required by such Act.

Jacqueline Beaudry
City Clerk

Dated: February __, 2009

EXHIBIT A
[FORM OF BOND]
R-09-064

[The Bonds shall bear the following legend
if registered in the name of The Depository Trust Company]

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WASHTENAW, MICHIGAN
city of ann arbor
City of Ann Arbor 2009
capital improvement BONDS, Series B
(LIMITED TAX GENERAL OBLIGATION)

Registered Owner: CEDE & CO.

Principal Amount: _____ THOUSAND AND NO DOLLARS (\$_____.00)

Rate Maturity Date Date of Issuance CUSIP
___% May 1, _____, 2009 035465 ____

FOR VALUE RECEIVED, the CITY OF ANN ARBOR, Washtenaw County, State of Michigan (the "City"), hereby acknowledges itself indebted and promises to pay on the Maturity Date specified above to the Registered Owner specified above, or registered assigns shown as the owner of record of this Bond upon the books of _____, _____, Michigan, as paying agent and bond registrar (the "Bond Registrar"), on the applicable date of record, the Principal Amount specified above upon presentation and surrender of this Bond at the principal corporate trust office of the Bond Registrar in _____, Michigan, together with interest thereon, from the Date of Issuance specified above or such later date to which interest has been paid, at the Rate per annum specified above on November 1, 2009 and thereafter semi-annually on the first day of May and November in each year. The date of record shall be April 15 with respect to payments made on May 1, and October 15 with respect to payments made on November 1.

This Bond is one of a series of Bonds of like date and tenor except as to date of maturity and rate of interest aggregating the principal sum of \$_____ (the "Bonds"), issued under and pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a bond authorizing resolution approved by the City Council of the City on February 17, 2009 (the "Bond Resolution").

The Bonds are issued for the purpose of defraying a substantial portion of the costs

of acquiring and constructing an approximately 677 space, multi-level, underground public parking structure in the City, and for related capital improvements and to construct

At a meeting of the City Council on 2/17/2009, a motion was made by Sandi Smith, seconded by Margie Teall, that this Resolution R-09-064 be Approved as Amended. The motion passed.