

..Title

Resolution Authorizing Notice and Issuance of General Obligation Bonds – 350 South Fifth Avenue (6 Votes Roll Call)

..Memorandum

The attached resolution approves the City’s issuance of City of Ann Arbor 2018 Capital Improvement Bonds, Series A (Limited Tax General Obligation) in the maximum amount of \$4,350,000 (the “Bonds”), for the purpose of obtaining title or reimbursing the City for the cost to obtain title to the parcel of real property within the City located at 350 South Fifth Avenue (the “Project”), pursuant to the City’s rights under the Warranty Deed, dated April 2, 2014, between Fifth Fourth, LLC, a Michigan limited liability company as the Grantee and the City as Grantor, and to fund up to \$150,000 of costs to issue the bonds.

The bonds would be sold as a direct placement with a financial institution determined by a competitive bidding process based on the lowest interest cost proposal. The principal terms of the bonds are set forth in the resolution and will be determined in consultation with the City’s financial advisor after evaluating the debt market conditions closer to the date of sale. The interest rate is anticipated to be variable, the payments interest only for the first four years, and the term not greater than fifteen years. Debt payments will need to be made from existing City resources or with assistance from the DDA. The City will have the option to prepay the bonds prior to maturity. Prepayment of the debt in full is anticipated to come from 1. Proceeds from the sale of the development rights above the Library Lane parking structure 2. Sale of the titled property at 350 S. Fifth Avenue or 3. Other City or DDA resources.

The Resolution authorizes the Mayor, City Clerk, City Treasurer and Chief Financial Officer to execute and deliver all required documentation in connection with the issuance, sale and delivery of the Bonds.

The City’s bond counsel, Dykema Gossett, prepared the resolution, with further review by the City Attorney.

..Staff

Prepared by: Tom Crawford, Chief Financial Officer
Approved by: Howard S. Lazarus, City Administrator
Sponsored by: Mayor Taylor

..Body

CITY OF ANN ARBOR
County of Washtenaw, State of Michigan

RESOLUTION AUTHORIZING GENERAL OBLIGATION BONDS
(350 S. FIFTH AVENUE 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 2nd day of April, 2018, at 7:00 o’clock p.m. Eastern Time.

PRESENT: Members _____
ABSENT: Members _____

The following preamble and resolution were offered by Member _____ and supported by Member _____:

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 reimburse the City for the cost to obtain title to the parcel of real property within the City located at 350 South

Fifth Avenue (Northwest corner of South Fifth Avenue and East William Street) and all buildings and improvements thereon (the "Project"), pursuant to the City's rights under the Warranty Deed, dated April 2, 2014, between Fifth Fourth, LLC, a Michigan limited liability company as the Grantee, and the City as Grantor; and

WHEREAS, a notice of intent to issue bonds must 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 bonds 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; and

WHEREAS, the Treasurer of the City (the "Treasurer") has been advised that under current tax-exempt bond market conditions, and due to the size, nature and proposed variable interest rate structure of the bond issue, the most cost effective method of selling the bonds is through the solicitation of competitive bids from financial institutions for the direct purchase of the bonds by such institutions for their own account, within the bond specifications and parameters set forth herein; and

WHEREAS, the City Council wishes to delegate to the Treasurer the authority to solicit direct purchase proposals as described above and to award the Bonds to the institution whose bid produces the lowest interest cost to the City.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Project. The Project and the period of usefulness of the Project of 30 years or more are hereby approved and confirmed.

2. Bond Details. The City shall borrow not to exceed \$4,350,000 and issue its bonds therefor (the "Bonds"), pursuant to Act 34 for the purpose of paying all or a 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 2018 Capital Improvement Bonds, Series A (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 monthly 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 2023 through 2033, inclusive, in the following principal amounts (based on an estimated \$4,350,000 aggregate principal amount of the Bonds):

<u>Year</u>	<u>Amount</u>
2023	\$ 340,000
2024	\$ 350,000
2025	\$ 360,000
2026	\$ 370,000
2027	\$ 380,000
2028	\$ 395,000
2029	\$ 405,000

2030	\$ 420,000
2031	\$ 430,000
2032	\$ 445,000
2033	\$ 455,000

The Treasurer may adjust such maturity schedule and principal amounts prior to issuance and sale of the Bonds as required by changes in costs of the Project, bond market conditions, or legal requirements, within the maximum aggregate principal amount of \$4,350,000 and with the final maturity date being not later than May 1, 2033.

The initial purchaser of the Bonds may prior to delivery designate any one or more maturities as term bonds and the consecutive maturities which shall be aggregated in any such term bonds. 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 (subject to adjustment as provided above) at a redemption price of par, plus accrued interest, to the date of mandatory redemption.

So long as the entire outstanding principal amount of the Bonds is held by the institution to whom the Bonds are awarded by the Treasurer as provided herein, all serial maturities may be embodied within a single fully-registered bond, and following each payment of principal in connection with scheduled maturities and optional redemptions, such bond need not be surrendered for cancellation and authentication and delivery of a new bond, but the outstanding principal amount of such bond shall be shown on the registration books of the Bond Registrar as having been reduced by such principal payment.

The Bonds shall be delivered to the successful bidder, as the initial purchaser and registered owner, upon receipt of immediately available funds from such purchaser in an amount equal to the purchase price of the Bonds.

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 at a monthly adjustable rate not exceeding 12.0% per annum until maturity or earlier redemption. 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, or by such other means as may be agreed to by the Treasurer and the registered owner of the Bonds. 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 shall be subject to redemption prior to maturity, at the option of the City, in any order, in whole or in part, on any monthly interest payment date at par plus accrued interest to the date fixed for redemption, without premium.

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. The Treasurer is hereby appointed to serve as the paying agent and bond registrar for the Bonds (the "Bond Registrar"), 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. The Bond Registrar may 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. 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 Treasurer to the initial purchaser upon receipt in full of the purchase price for the Bonds.

8. Bond Payment Fund. The City shall establish a separate depository account, to be designated "City of Ann Arbor 2018 Capital Improvement Bonds, Series A 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 10 below.

Moneys in the Bond Payment Fund shall be used solely to pay principal of and premium, if any, 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.

9. Project Fund. The City shall establish a separate depository account, to be designated "City of Ann Arbor 2018 Capital Improvement Bonds, Series A Project Fund" (the "Project 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 Project Fund.

Moneys at any time in the Project 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 Project 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 Project 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 Project Fund will be required to pay the costs of the Project. Obligations purchased as an investment of moneys of the Project 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. 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.

11. 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.

12. 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.

13. Qualified Tax-Exempt Obligations. The Bonds are hereby 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.

14. 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. 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.

15. Discount. The Bonds may be purchased at a discount of no greater than 1.0%.

16. Negotiated Sale of Bonds. Pursuant to Section 309(1) of Act 34, the City hereby determines that because of the size, nature, and variable interest rate structure of the bond issue and based on current tax-exempt bond market conditions, it is more cost effective to sell the Bonds through the solicitation of competitive bids from financial institutions for the direct purchase of the Bonds for their own account as provided herein, which will further provide flexibility in the structure, terms and timing of the sale and delivery of the Bonds. The Treasurer (or in his absence, any Authorized Officer) is authorized and directed to issue requests for proposal to financial institutions for the direct purchase of the Bonds within the specifications and parameters set forth herein. The Treasurer (or in his absence, any Authorized Officer) is authorized and directed to award the Bonds to the bidder whose bid produces the lowest interest cost as determined by the Treasurer and the City’s financial advisors, applying prevailing calculation methodologies, and to negotiate such additional terms of the Bonds as shall be necessary and appropriate, within the specifications and parameters of this Resolution.

17. Notice of Intent to Issue Bonds. The City Clerk is hereby authorized and directed to cause a notice of intent to issue bonds to be published and prominently displayed once in The Washtenaw County Legal News, a newspaper of general circulation in the City. Said notice of intent shall be published as a one-quarter (1/4) page display advertisement in substantially the

form attached hereto as Exhibit B, with such changes as the City Clerk shall deem necessary and appropriate, upon the advice of bond counsel. The City Council does hereby determine that such notice and the manner of publication directed is the method best calculated to give notice to the City's electors and taxpayers of the City's intent to issue the Bonds, the purpose of the Bonds, the security for the Bonds, including the full faith and credit pledge to be issued by the City, and the right of referendum relating thereto, and the newspaper named for publication is hereby determined to reach the largest number of persons to whom the notice is directed.

18. Bond Reimbursement Declaration. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

(a) The City reasonably expects to reimburse itself for expenditures for the costs of the Project with proceeds of the Bonds.

(b) The maximum principal amount of debt expected to be issued for the reimbursement purposes described herein is \$4,200,000.

(c) Reimbursement of expenditures for costs of the Project with the proceeds of the borrowing described herein will occur not earlier than the date on which the expenditure is paid and not later than the later of 18 months after either (1) the date on which the expenditure is paid, or (2) the date on which the Project is placed in service or abandoned (but in no case more than 3 years after the day on which the expenditure is paid) (subject to the provisions for small governmental issuers).

(d) The expenditures described in (a) above are "capital expenditures" as defined in Treas. Reg. §1.150-1, which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles (as determined at the time the expenditure is paid).

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.

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. No Sovereign Immunity. The City acknowledges and agrees that any sovereign immunity rights that it may have by law do not extend to any contract claims and/or actions any holder of the Bonds (including the financial institution initially purchasing the Bonds) has, or may in the future have, arising out of the Bonds, and that such contract claims and/or actions could be brought in Washtenaw County Circuit Court or any court where jurisdiction and venue are proper.

22. Contract with Bondholders. The provisions of this Resolution shall constitute a contract between the City and the holder or holders of the Bonds from time to time, and after the issuance of the Bonds. The provisions of this Resolution shall enforceable by appropriate proceedings taken by such holder under the law.

23. 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:

NO:

ABSTAIN:

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 April 2, 2018, 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: April __, 2018

EXHIBIT A
 [FORM OF BOND]
 R-____
 UNITED STATES OF AMERICA
 STATE OF MICHIGAN
 COUNTY OF WASHTENAW, MICHIGAN
 CITY OF ANN ARBOR
 CITY OF ANN ARBOR 2018
 CAPITAL IMPROVEMENT BONDS, SERIES A
 (LIMITED TAX GENERAL OBLIGATION)

Registered Owner: _____
 Principal Amount: _____ THOUSAND AND NO DOLLARS (\$_____ .00)
 Date of Issuance: _____, 2018

<u>Maturity (May 1)</u>	<u>Principal Amount</u>
2023	\$ 340,000
2024	\$ 350,000
2025	\$ 360,000
2026	\$ 370,000
2027	\$ 380,000
2028	\$ 395,000
2029	\$ 405,000
2030	\$ 420,000
2031	\$ 430,000
2032	\$ 445,000
2033	\$ 455,000

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 the City Treasurer, as paying agent and bond registrar (the "Bond Registrar"), on the applicable date of record, the Principal Amounts specified above upon presentation and surrender of this Bond at the principal office of the Bond Registrar in the City of Ann Arbor, Michigan, together with interest thereon, from the Date of Issuance specified above or such later date to which interest has been paid, at a monthly adjustable rate per annum equal to _____, payable monthly on the ____ day of each month, commencing _____, 2018. 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 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 April __, 2018 (the "Bond Resolution").

The Bonds are issued for the purpose of defraying all or part of the cost to obtain title to the parcel of real property within the City located at 350 South Fifth Avenue, and all buildings and improvements thereon, as more fully described in the Bond Resolution.

The full faith and credit of the City is pledged for the payment of the principal of and interest on the Bonds, which are payable as a first budget obligation from its general funds, and the City is required if necessary to levy ad valorem taxes on all taxable property in the City for the payment thereof, provided that the City does not have the power to levy any tax for the payment of the Bonds in excess of its charter, statutory and constitutional limits.

The Bonds have been designated by the City as “qualified tax-exempt obligations” for purposes of the deduction of interest expense by financial institutions under the provisions of Section 265 of the Internal Revenue Code of 1986, as amended.

Optional Redemption. This Bond shall be subject to redemption prior to maturity, at the option of the City, in any order, in whole or in part, on any interest payment date, at par plus accrued interest to the date fixed for redemption, without premium.

[Annual Mandatory Redemption: The Bonds maturing May 1, ____ shall be subject to annual mandatory redemption at par plus accrued interest to the date of redemption on the dates and in the principal amounts as set forth below.

<u>Redemption Dates</u>	<u>Amounts</u>
May 1, 20__	\$
May 1, 20__	\$
May 1, 20__	\$
May 1, 20__	\$
May 1, 20__*	\$
*Maturity	

The principal amount of Bonds to be redeemed on the dates set forth above shall be reduced, in the order determined by the City, by the principal amount of Bonds which have been previously redeemed or called for redemption (otherwise than as a result of prior annual mandatory redemptions) or purchased or acquired by the City and delivered to the Bond Registrar for cancellation; provided, that each such Bond has not theretofore been so applied as a credit.]

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.

This bond is transferable on the bond registration books of the Bond Registrar upon surrender of this 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 such transfer, one or more fully registered bonds with denominations of \$5,000, or any multiple of \$5,000, in the same aggregate principal amount and the same maturity and interest rate, will be issued to the designated transferee or transferees. The Bond Registrar shall not be required to honor any transfer to Bonds during the period from the applicable date of record preceding an interest payment date to such interest payment date. The City and Bond Registrar may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of or on account of principal of and interest on this Bond and for all other purposes, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

Following each payment of principal in connection with scheduled maturities and optional redemptions, the Bond Registrar, upon surrender of this Bond, will cancel this Bond and thereafter the City shall execute and the Bond Registrar shall authenticate and deliver a new Bond in an amount equal to the remaining unpaid principal amount hereof; provided, that so long as the entire outstanding principal amount of the Bonds is held by _____ in the form of a single fully-

registered Bond, the Bond need not be surrendered for cancellation and authentication and delivery of a new Bond, but the outstanding principal amount of such Bond shall be shown on the registration books of the Registrar as having been reduced by such principal payments.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the issuance of this series of Bonds, existed, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of Michigan, and that the amount of this Bond together with all other indebtedness of the City does not exceed any charter, statutory or constitutional limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit until the certificate of authentication hereon has been duly executed by the Bond Registrar, as authenticating agent.

IN WITNESS WHEREOF, the CITY OF ANN ARBOR, Washtenaw County, Michigan, by its City Council, has caused this Bond to be executed in its name with the manual or facsimile signatures of its Mayor and its City Clerk, and has caused its corporate seal or a facsimile thereof to be impressed or imprinted hereon, all as of the Date of Issuance.

COUNTERSIGNED:

CITY OF ANN ARBOR, WASHTENAW COUNTY,
MICHIGAN

By: _____
City Clerk

By: _____
Mayor

SEAL

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the series of Bonds described herein.

TREASURER, CITY OF ANN ARBOR, MICHIGAN,
as Bond Registrar and Authenticating Agent

By: _____
Matthew V. Horning

Date of Authentication: _____

[FORM OF ASSIGNMENT]

For value received, the undersigned sells, assigns and transfers unto _____
this Bond and all rights hereunder and hereby irrevocably appoints _____
_____ attorney to transfer this Bond on the books kept for registration thereof with full power of
substitution in the premises.

Dated: _____

Signature

NOTICE: Signature must correspond with the name as it
appears upon the face of this bond in every particular.

Signature Guaranteed

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities
Transfer Association recognized signature guarantee program.

The Bond Registrar will not effect transfer of this Bond unless the information concerning
the assignee requested below is provided:

Name and Address:

Soc. Sec. No. or other Tax ID. No.: _____

(include information for all joint owners if the Bond is held by joint account)

EXHIBIT B
Form of Notice of Intent

**NOTICE OF INTENTION OF THE CITY OF ANN ARBOR
TO ISSUE GENERAL OBLIGATION
CAPITAL IMPROVEMENT BONDS
AND OF RIGHT TO PETITION FOR REFERENDUM THEREON**

**TO ALL ELECTORS AND TAXPAYERS OF THE
CITY OF ANN ARBOR:**

PLEASE TAKE NOTICE that the City Council of the City of Ann Arbor, Washtenaw County, Michigan (the "City"), intends to issue and sell the City's General Obligation Capital Improvement Bonds, pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in an aggregate principal amount not to exceed Four Million Three Hundred Fifty Thousand Dollars (\$4,350,000.00) (the "Bonds"), for the purpose of financing the costs to obtain title to the parcel of real property within the City located at 350 South Fifth Avenue (Northwest corner of South Fifth Avenue and East William Street) and all buildings and improvements thereon.

SAID BONDS will be payable in annual installments, not to exceed twenty-five (25) in number, and will bear interest at the rate or rates to be determined at public or negotiated sale, but in no event to exceed twelve percent (12%) per annum, on the balance of the Bonds from time to time remaining unpaid. Payment of principal of and interest on the Bonds will be secured by the City's limited tax general obligation pledge as described below.

**FULL FAITH AND CREDIT AND TAXING POWER OF
THE CITY OF ANN ARBOR WILL BE PLEDGED**

NOTICE IS FURTHER GIVEN that the Bonds will be general obligation bonds of the City. The full faith and credit of the City will be pledged to the payment of principal of and interest on the Bonds. Pursuant to such pledge of its full faith and credit, the City will be obligated to levy such ad valorem taxes upon all taxable property in the City as shall be necessary to make such payments of principal and interest, which taxes, however, will be subject to applicable statutory, constitutional and charter limitations on the taxing power of the City.

RIGHT TO PETITION FOR REFERENDUM

NOTICE IS FURTHER GIVEN to the electors and taxpayers of the City of Ann Arbor to inform them of their right to petition for a referendum on the question of issuance of the Bonds. The City intends to issue the Bonds without a vote of the electors thereon, but the Bonds shall not be issued until 45 days after publication of this notice and until final approval by the City Council. If, within such 45-day period, a petition for referendum requesting an election on the issuance of the Bonds, signed by not less than 10% or 15,000 of the registered electors of the City, whichever is less, has been filed with the City Clerk, the Bonds shall not be issued unless and until approved by a majority of the electors of the City voting thereon at a general or special election.

This notice is given by order of the City Council. Further information may be obtained at the office of the City Clerk, 301 E. Huron Street, Ann Arbor, Michigan 48107.

Jacqueline Beaudry
City Clerk, City of Ann Arbor

4838-0977-1872.1

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