



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
12900 North Meridian Street, Suite 360
Hamilton Crossing IV
Carmel, IN 46032

City of Ann Arbor Michigan
Attn: Stephen K. Postema, City Attorney
P. O. Box 8647
Ann Arbor, MI 48107-8647

Date: SEP 27 2017

Employer ID number:
xx-xxx4534
Form:
8038-G
Issue date:
August 19, 2009
Person to contact / ID number:
Carol Duff/229902
Contact telephone number:
317-581-5732

Re: \$49,420,000 City of Ann Arbor Capital Improvement Bonds (Limited Tax General Obligation), Series 2009-A, (Taxable Build America Bonds-Direct Payment)

Dear Mr. Postema:

Why you're receiving this letter

Based on our audit of the debt issuance named above (Bonds), we decided to close the audit with no change to the tax-advantaged status of the Bonds.

Potential noncompliance identified

We found the following potential noncompliance during our audit:

The City is considering entering into a development agreement to sell the air space over the bond financed underground parking garage to a nongovernmental entity. Care should be taken to ensure that any development agreement entered into will not cause the Bonds to meet the private business tests of section 141(b) of the Code.

Effect of noncompliance

If noncompliance occurs, the Bonds may not retain their tax-advantaged status and you may be subject to penalties. If we open another audit of the Bonds, any resulting change to our position may affect all open years of the beneficial owners.

If you have questions, you can contact the person listed at the top of this letter.

Sincerely,

Allyson D. Belsome
Manager, Tax Exempt Bonds Field Operations

cc: Bowden V. Brown, Esq.
Anthony Ilardi, Esq.