

ANN ARBOR CITY APPROVAL NOTICE

ORDINANCE NO. 23-14

ISSUANCE AND SALE OF WATER SUPPLY SYSTEM REVENUE BONDS,
SERIES 2023

AN ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, INSTALLATION, FURNISHING AND EQUIPPING ADDITIONS AND OTHER IMPROVEMENTS TO THE WATER SUPPLY SYSTEM OF THE CITY OF ANN ARBOR; AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF REVENUE BONDS OF EQUAL STANDING WITH CERTAIN OUTSTANDING WATER SUPPLY SYSTEM REVENUE BONDS FOR THE PURPOSE OF PAYING THE COST THEREOF; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AND CERTAIN OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE AN ADEQUATE RESERVE FUND FOR THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE SYSTEM AND THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM.

THE CITY OF ANN ARBOR ORDAINS:

Section 1. Definitions. Whenever used in this Ordinance, except when otherwise indicated by the context, the following terms shall have the following meanings:

- (a) "Act 94" means Act 94, Public Acts of Michigan, 1933, as amended.
- (b) "Authorized Officer" means any one of the following officers of the City: Mayor, City Clerk, Chief Financial Officer, Treasurer or City Administrator.
- (c) "Bonds" mean the Series 2023 Bonds, and any additional Bonds presently of equal standing or hereafter issued.
- (d) "Council" or "City Council" means the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan.

(e) “Issuer” or “City” means the City of Ann Arbor, County of Washtenaw, State of Michigan.

(f) “Outstanding Bonds” means the Issuer’s Water Supply System Revenue Bonds, Series 2004-A, dated March 25, 2004, Water Supply System Revenue Bonds, Series 2010-A, dated January 22, 2010, Water Supply System Revenue Bonds, Series 2011-A, dated April 8, 2011, Water Supply System Revenue Bonds, Series 2011-B, dated September 23, 2011, Water Supply System Revenue Refunding Bonds, Series 2012, dated May 15, 2012, Water Supply System Revenue Bonds, Series 2012, dated September 18, 2012, Water Supply System Revenue Bonds, Series 2013, dated September 17, 2013, Water Supply System Revenue Refunding Bonds, Series 2016, dated June 22, 2016, Water Supply System Revenue Bonds, Series 2020, dated March 27, 2020; and Water Supply System Revenue Bonds, Series 2022, dated June 6, 2022.

(g) “Outstanding Ordinances” means Ordinance 86, as amended, Ordinance 09-08, Ordinance 32-09, Ordinance 11-03, Ordinance No. 11-16, Ordinance No. 12-06, Ordinance No. 12-28, Ordinance No. 13-22, Ordinance No. 16-08, Ordinance No. 20-02, and Ordinance No. 22-06, as such Ordinances may have been amended from time to time.

(h) “Project” means the acquisition, construction, installation, furnishing and equipping additions and other improvements to the System to be made and completed pursuant to this Ordinance as set forth in the plans presented by the City’s engineers and placed on file with the City.

(i) “Revenues” and “Net Revenues” mean the revenues and net revenues of the System and shall be construed as defined in Section 3 of Act 94, including with respect to “Revenues”, the earnings derived from the investment of moneys in the various funds and accounts established by the Outstanding Ordinances and this Ordinance.

(j) “Sale Order” means the Sale Order to be executed by the Chief Financial Officer or Treasurer on behalf of the Issuer respecting the award and sale of the Series 2023 Bonds.

(k) “Series 2023 Bonds” means the Water Supply System Revenue Bonds, Series 2023 of the Issuer authorized by this Ordinance.

(l) “Sufficient Government Obligations” means direct obligations of the United States of America or obligations the principal and interest on which is fully guaranteed by the United States of America, not redeemable at the option of the Issuer, the principal and interest payments upon which, without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the interest as it comes due on the Bonds and the principal and redemption premium, if any, on the Bonds as they come due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations shall be placed in trust with a bank or trust company, and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds for redemption shall be given to the paying agent.

(m) “System” means the entire Water Supply System of the City, both inside and outside the City, including all plants, works, instrumentalities and

properties, used or useful in connection with the collection, treatment and distribution of potable water, as the same now exists, and all enlargements, extensions, repairs and improvements thereto hereafter made.

(n) "Transfer Agent" means a financial institution qualified to act in such capacity or any successor thereto as designated in the Sale Order.

Section 2. Necessity; Public Purpose. It is hereby determined to be necessary for the public health and welfare of the City to acquire and construct the Project.

Section 3. Estimated Cost and Life of Project. The estimated cost of acquiring the Project, including contingencies, engineering, legal and financing expenses, which estimate has been prepared by the Engineers in the amount of not less than Forty Million Dollars (\$40,000,000), is hereby approved, and the Council does hereby estimate the period of usefulness of the Project to be at least forty (40) years.

Section 4. Bonds Authorized; Outstanding Ordinances. To pay the costs associated with acquiring and constructing the Project, including engineering, financial, legal and other expenses and contingencies incidental thereto and to the issuance and sale of the Bonds, it is hereby determined that there be borrowed upon the credit of the Revenues of the System, the additional sum of not to exceed Forty Million Dollars (\$40,000,000), or such lesser amount as determined pursuant to the Sale Order, and that the Bonds be issued therefor, under the provisions of Act 94, the Bonds having equal standing and priority and being equally secured with the Outstanding Bonds.

Except as changed by the provisions of this Ordinance, all the provisions of the Outstanding Ordinances shall apply to the Bonds, the same as though each of said provisions were repeated in this Ordinance, the purpose of this Ordinance being to

authorize the issuance of additional Bonds to finance the cost of acquiring extensions and improvements to the System, additional bonds of equal standing with the Outstanding Bonds for such purpose being authorized by the provisions of the Outstanding Ordinances, upon the conditions therein stated, which conditions have been fully met.

Section 5. Details of Bonds. The Bonds shall be designated WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2023 and shall not be general obligations of the City, but revenue bonds, payable solely out of the Net Revenues of the System, and shall consist of fully registered bonds of the denomination of \$5,000 or multiples thereof not exceeding for each maturity the aggregate principal amount of that maturity, dated as of the date of delivery of the Bonds, numbered in direct order of maturity from 1 upwards, and payable on April 1 of each year (as serial bond maturities or annual mandatory redemptions of term bonds as permitted under the form of Notice of Sale contained herein) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$350,000	2040	\$1,375,000
2026	400,000	2041	1,450,000
2027	450,000	2042	1,525,000
2028	825,000	2043	1,575,000
2029	850,000	2044	1,650,000
2030	900,000	2045	1,725,000
2031	925,000	2046	1,800,000
2032	975,000	2047	1,875,000
2033	1,025,000	2048	1,975,000
2034	1,050,000	2049	2,050,000
2035	1,100,000	2050	2,150,000
2036	1,150,000	2051	2,250,000
2037	1,225,000	2052	2,350,000
2038	1,275,000	2053	2,425,000
2039	1,325,000		

The Chief Financial Officer or the Treasurer of the City may adjust such maturity schedule and principal amounts, including the aggregate principal amount of the Bonds, prior to sale of the Bonds as required by changes in costs of the Project or bond market conditions, within the maximum principal amount of \$40,000,000 and the final maturity date being not later than April 1, 2053. The Bonds shall bear interest at a rate or rates to be determined on public sale thereof, but in any event not exceeding the lesser of 7.00% per annum, or the maximum rate permitted by law, payable on April 1 and October 1 of each year, commencing October 1, 2023, by check or draft mailed by the Transfer Agent selected by the City to the person or entity which is, as of the 15th day of the month preceding the interest payment date, the registered owner at the registered address as shown on the registration books of the Issuer maintained by the Transfer Agent. The date of determination of the registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Issuer to conform to market practice in the future. The Bonds shall be sold at not less than 100% of their par value, nor more than 115% of their par value.

The Bonds may be issued in book-entry-only form through The Depository Trust Company in New York, New York (DTC) and the Mayor, City Clerk and Treasurer are severally authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry-only form and to make such changes in the form of Bonds within the parameters of this Ordinance as may be required to accomplish the foregoing.

The Series 2023 Bonds or portions thereof maturing on or after April 1, 2034, may be subject to redemption prior to maturity at the times and prices and in the manner and

with notice as set forth in the form of the Series 2023 Bonds and in the form of the Official Notice of Sale for the Series 2023 Bonds set forth in Sections 15 and 18, respectively, of this Ordinance.

In case less than the full amount of an outstanding Bond is called for redemption, the Transfer Agent upon presentation of the Bond called in part for redemption shall register, authenticate and deliver to the registered owner a new bond in the principal amount of the portion of the original bond not called for redemption.

The Bonds shall be executed in the name of the City with the manual or facsimile signatures of the Mayor and the City Clerk and shall have the City's seal (or a facsimile thereof) printed or impressed on them. No Bond shall be valid until authenticated by an authorized signor of the Transfer Agent. The Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser in accordance with instructions from the Treasurer of the City upon payment of the purchase price for the Bonds in accordance with the bid therefor when accepted. Executed blank bonds for registration and issuance to transferees may simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

Section 6. Registration and Transfer. Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount.

The Transfer Agent shall require payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent shall not be required (i) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the day of the giving of a notice of redemption of Bonds selected for redemption as described in the form of Bonds contained in Section 15 of this Ordinance and ending at the close of business on the day of that giving of notice, or (ii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part. The Issuer shall give the Transfer Agent notice of call for redemption at least 20 days prior to the date notice of redemption is to be given.

The Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the Transfer Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

If any Bond shall become mutilated, the Issuer, at the expense of the holder of the Bond, shall execute, and the Transfer Agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the Transfer Agent of the mutilated Bond. If any Bond issued under this Ordinance shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Transfer Agent and, if this evidence is satisfactory to both and indemnity satisfactory to the Transfer Agent shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended ("Act 354"), being sections 129.131

to 129.135, inclusive, of the Michigan Compiled Laws have been met, the Issuer, at the expense of the owner, shall execute, and the Transfer Agent shall thereupon authenticate and deliver, a new Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Transfer Agent may pay the same without surrender thereof.

Section 7. Payment of Bonds. The Bonds and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues which shall be a first lien to continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all Bonds of a series then outstanding, principal and interest on such Bonds to maturity, or, if called for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. The first lien referred to herein shall be equally shared and be a first priority with the City's Outstanding Bonds. Upon deposit of cash or Sufficient Government Obligations, as provided in the previous sentence, the statutory lien shall be terminated with respect to that series of Bonds, the holders of that series shall have no further rights under this Ordinance except for payment from the deposited funds, and the Bonds of that series shall no longer be considered to be outstanding under this Ordinance.

Section 8. Bondholders' Rights; Receiver. The holder or holders of the Bonds representing in the aggregate not less than twenty percent (20%) of the entire principal

amount thereof then outstanding, may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues of the System, and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the Issuer, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the System and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the System or any part thereof.

If there is a default in the payment of the principal of or interest on the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Issuer and under the direction of the court, and by and with the approval of the court to perform all of the duties of the officers of the Issuer more particularly set forth herein and in Act 94.

The holder or holders of the Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Bonds and the security therefor.

Section 9. Management; Fiscal Year. The operation, repair and management of the System and the acquiring of the Project shall be under the supervision and control of the City Council and the Fiscal Year for the System shall commence on July 1 of each year and end on June 30 of the following year. The City may employ such person or persons in such capacity or capacities as it deems advisable to carry on the efficient management and operation of the System. The City may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System

Section 10. Rates and Charges. The rates and charges for service furnished by and the use of the System and the methods of collection and enforcement of the collection of the rates shall be those in effect on date even herewith, as the same may be increased from time to time.

Section 11. . No Free Service or Use. No free service or use of the System, or service or use of the System at less than the reasonable cost and value thereof, shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the Issuer.

Section 12. Fixing and Revising Rates. The rates presently in effect in the City are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Bonds as the same become due and payable, and the maintenance of the reserve therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. The rates shall be reviewed not less than once a year in March and shall be fixed and revised from time to time as may be necessary to produce these amounts, and it is hereby covenanted and agreed to fix and maintain rates for services furnished by the System at all times sufficient to provide for the foregoing.

Section 13. Bond Reserve Fund. The Reserve Account in the Bond and Interest Redemption Fund, as established and supplemented by the Outstanding Ordinances, shall be maintained in such amounts so that said Bond Reserve Account shall total a sum equal to the lesser of (a) such amount as is equal to the largest annual principal and

interest requirements on the Bonds, (b) 10% of the principal amount of the Bonds, or (c) 125% of the average annual principal and interest requirements on the Bonds. In the event that the amount in said Reserve Account is greater than the lesser of such amounts, such excess amount shall be promptly transferred to the Receiving Fund.

Section 14. Bond Proceeds. There is hereby established in a bank insured by the Federal Deposit Insurance Corporation to be selected by the City Council, a separate depository account to be designated "Water Supply System Series 2023 Construction Fund," the moneys from time to time on deposit to be used solely to pay the costs of the Project and the incidental costs set forth in Section 4 of this Ordinance. The proceeds of sale of the Bonds shall be allocated and used as follows:

First, accrued interest, if any, shall be deposited into the Bond and Interest Redemption Fund established by the Outstanding Ordinances; and

Second, the balance of proceeds of sale in an amount necessary to fund the Project or the reimbursement of costs of the Project shall be deposited in the Water Supply System Series 2023 Construction Fund. Any unexpended balance of the proceeds of sale of the Bonds remaining after completion of the Project and the reimbursement for costs of the Project may, in the discretion of the Council, be used for further improvements and extensions to the System. Any remaining balance after such expenditure, or in the event no such expenditure is made, the entire unexpended balance shall be paid into the Bond and Interest Redemption Fund and used for the Redemption or purchase of callable bonds or for any other purpose permitted by Act 94. The proceeds of sale of said Bonds may be invested in whole or in part in the manner provided by Act 94.

Section 15. Bond Form. The Bonds shall be in substantially the form attached as Exhibit A with such changes, additions or deletions as are consistent with this Ordinance.

Section 16. Tax Matters. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of Bond proceeds and moneys deemed to be Bond proceeds and to prevent the Bonds from becoming "private activity bonds" as that term is used in Section 141 of the Code.

Section 17. Sale of Bonds; Designation of Transfer Agent; Insurance. The Issuer shall conduct a public sale of the Bonds not less than seven (7) days after publication of the Official Notice of Sale (hereinafter approved) in the manner provided by law. The Bonds may be offered for sale at par, at a discount of not more than 0% and at a premium of not more than 15%, as shall be designated in the Official Notice of Sale. The other conditions of sale shall be specified in the Official Notice of Sale. The Chief Financial Officer and City Treasurer are each designated to act for the Issuer to receive bids for the purchase of the Bonds and to take all other actions necessary in connection with the sale and delivery of the Bonds. At or at any time after the sale, the Chief Financial Officer or City Treasurer shall either award the Bonds to the lowest bidder in accordance with Act 94 and this Ordinance or shall reject all bids. The Chief Financial Officer and City Treasurer are each authorized to execute and deliver the Sale 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 Authorized Officers are each authorized to do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Bonds. The Chief Financial Officer and City Treasurer are each authorized to apply for and purchase municipal bond insurance to insure the payment of principal of and interest on the Bonds, if deemed appropriate by the Chief Financial Officer and the City Treasurer. In the event such a policy is issued, this Ordinance be and is hereby amended to comply with the provisions of said policy respecting notice, payment and such other insurance provisions as are applicable to the Bonds and may be lawfully complied with by the Issuer. The City shall appoint the Transfer Agent at the time of the award of the Bonds pursuant to the Sale Order. The Transfer Agent shall perform all payment, registration, transfer, exchange and other functions otherwise required by this Ordinance to be performed by the Transfer Agent.

Section 18. Form of Notice of Sale. The Chief Financial Officer and City Treasurer are authorized to fix the date of the sale of the Bonds and to publish the Official Notice of Sale in accordance with law, once in The Bond Buyer at least seven (7) days before the date fixed for receipt of bids for the purchase of the Bonds. The Official Notice of Sale shall be in substantially the form of Exhibit B attached hereto with such additions, deletions and other changes as are not inconsistent with this Ordinance and are approved by the Chief Financial Officer or City Treasurer.

Section 19. Continuing Disclosure. The City shall provide continuing financial disclosure to the extent required by Securities and Exchange Commission Rule 15c2-12 (the "Rule") during the term of the Bonds, and shall execute a continuing disclosure undertaking pursuant to the Rule (the "Undertaking"). The Authorized Officers are, and

each hereby is, authorized and directed to execute the Undertaking on behalf of the City and to take all necessary action and to execute and deliver such documents as may be required to satisfy the City's obligations under the Undertaking, including any appropriate supplements thereto.

Section 20. Defeasance. In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay at maturity or irrevocable call for earlier optional redemption, the principal of, premium, if any, and interest on the bonds, shall be deposited in trust, this Ordinance shall be defeated and the owners of the bonds shall have no further rights under this Ordinance except to receive payment of the principal of, premium, if any, and interest on the bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange bonds as provided herein.

Section 21. Severability; Paragraph Headings; and Conflict. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be part of this Ordinance.

Section 22. Publication and Recordation. This Ordinance shall be published in full either (i) in The Washtenaw County Legal News, a newspaper of general circulation in the City, qualified under State law to publish legal notices, or (ii) as a part of the minutes of the meeting at which it was adopted, in conformity with Act 94, promptly after its

adoption, and shall be recorded in the Ordinance Book of the City, and such recording authenticated by the signatures of the Mayor and City Clerk.

Section 23. Other Matters. The Authorized Officers are each authorized to execute and deliver such other certificates, documents, instruments and other papers as may be necessary or convenient to effectuate the valid sale and delivery of the Bonds as tax-exempt bonds in accordance with the terms hereof. The Chief Financial Officer and the Treasurer are each authorized and directed to file with the Michigan Department of Treasury a Security Report with respect to the Bonds on a timely basis together with requests for such waivers and approvals as each shall deem necessary or appropriate.

Section 24. Savings Clause. The Outstanding Ordinances shall continue in effect, except as specifically supplemented or altered herein.

Section 25. Effective Date. Pursuant to the provisions of Section 6 of Act 94, this Ordinance shall be approved on the date of first reading and accordingly this Ordinance shall immediately be effective upon its adoption.

Adopted and signed this 1st day of May, 2023.

Signed _____

Christopher Taylor, Mayor

Signed _____

Jacqueline Beaudry, City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Ann Arbor, County of Washtenaw, Michigan, at a Regular Meeting held on the 1st day of May, 2023, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following Members were present at said meeting: Briggs, Disch, Song, Eyer, Radina, Harrison, Watson, Akmon, Cornell, and Mayor Taylor (10) and that the following Members were absent: Ghazi Edwin (1).

I further certify that Member Disch moved adoption of said Ordinance, and that said motion was supported by Member Radina.

I further certify that the following Members voted for adoption of said Ordinance: Briggs, Disch, Song, Eyer, Radina, Harrison, Watson, Akmon, Cornell, and Mayor Taylor (10) and that the following Members were absent: Ghazi Edwin (1).

I further certify that said Ordinance has been recorded in the Ordinance Book and that such recording has been authenticated by the signatures of the Mayor and City Clerk.

Jacqueline Beaudry, Ann Arbor City Clerk
Christopher Taylor, Mayor of the City of Ann Arbor

Published: 5/4/2023 on the City Clerk's Webpage.

EXHIBIT A

FORM OF BOND

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[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

CITY OF ANN ARBOR

WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2023

<u>Date of Issuance</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>CUSIP</u>
_____, 2023	_____%	_____ 1, 20__	

Registered Owner: CEDE & CO.

Principal Amount: *****\$_____*****

THE CITY OF ANN ARBOR, COUNTY OF WASHTENAW, STATE OF MICHIGAN (the "Issuer"), for value received, hereby promises to pay, but only out of the hereinafter described Net Revenues of the Issuer's Water Supply System (hereinafter defined) the Principal Amount shown above in lawful money of the United States of America to the Registered Owner shown above, or registered assigns, on the Maturity Date shown above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Issuance shown above or such later date to which interest has been paid, until paid, at the Interest Rate per annum shown above, payable on October 1, 2023, and semiannually thereafter on the first day of April and October in each year. Principal of this bond is payable upon surrender of this bond at the principal corporate trust office of _____, [City], Michigan or such other Transfer Agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to the date

of any change in Transfer Agent. Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who is, as of the 15th day of the month preceding the interest payment date, the registered owner of record, at the registered address as shown on the registration books of the Issuer kept by the Transfer Agent. For prompt payment of principal and interest on this bond, the Issuer has irrevocably pledged the revenues of the Water Supply System of the Issuer (the “System”), including all appurtenances, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the “Net Revenues”), and a statutory first lien thereon is hereby recognized and created.

This Bond is one of a series of bonds of like date and tenor except as to denomination, date of maturity and interest rate, numbered from 1 upwards, aggregating the principal sum of \$ _____ (the “Bonds”) issued by the Issuer under and pursuant to and in full conformity with the Constitution and statutes of the State of Michigan, including the Revenue Bond Act, Act No. 94, Public Acts of Michigan, 1933, as amended (“Act 94”), and Ordinance Nos. 86, as amended, Ordinance 8-04, Ordinance 09-32, Ordinance 11-03, Ordinance No. 11-16, Ordinance No. 12-06, Ordinance No. 12-28, Ordinance No. 13-22, Ordinance No. 16-08, Ordinance No. 20-02, Ordinance No. 22-06 and Ordinance No. 23-__ of the Issuer (the “Ordinances”). The Bond is being issued to (i) defray part of the cost of acquiring, constructing and improving the water supply and distribution system of the Issuer; (ii) make a deposit to the bond reserve account, if necessary, and (iii) pay the costs of issuing the Bonds.

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal standing as to the Net Revenues may hereafter be issued and the general covenants and provisions pursuant to which this bond is issued, reference is made to the above-described Ordinances. The bonds of this issue are of equal standing and priority of lien as to the Net Revenues with the Water Supply System Revenue Bonds, Series 2004-A, dated March 25, 2004, , Water Supply System Revenue Bonds, Series 2010-A, dated January 22, 2010, Water Supply System Revenue Bonds, Series 2011-A, dated April 8, 2011, Water Supply System Revenue Bonds, Series 2011-B, dated September 23, 2011, Water Supply System Revenue Refunding Bonds, Series 2012, dated May 15, 2012, and Water Supply System Revenue Bonds, Series 2012, dated September 18, 2012, Water Supply System Revenue Bonds, Series 2013, dated September 17, 2013, Water Supply System Revenue Refunding Bonds, Series 2016, dated June 22, 2016, Water Supply System Revenue Bonds, Series 2020, dated March 27, 2020, and Water Supply System Revenue Bonds, Series 2022, dated May 26, 2022.

The Bonds have not been designated by the Issuer 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. Bonds of this issue maturing in the years 2025 to 2033, inclusive, are not subject to redemption prior to maturity. Bonds maturing in the years 2034 and thereafter are subject to optional redemption, in whole or in part in such order as the Issuer shall determine, in integral multiples of \$5,000 on any date on or after April 1, 2033, at par plus accrued interest to the redemption date, without penalty or premium.

PARTIAL REDEMPTION Bonds of a denomination greater than \$5,000 may be partially redeemed in the amount of \$5,000 or any integral multiple thereof. If less than all of the Bonds maturing in any year are to be redeemed, the Bonds or portions of Bonds to be redeemed shall be selected by lot. In case less than the full amount of an outstanding Bond is called for redemption, the Transfer Agent, upon presentation of the Bond called for redemption, shall register, authenticate and deliver to the Registered Owner a new Bond in the principal amount of the portion of the original Bond not called for redemption.

NOTICE OF REDEMPTION. Notice of redemption of any bond or portion thereof shall be given by the Transfer Agent at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. Failure to receive such notice shall not affect the validity of the proceedings for redemption. Bonds shall be called for redemption in multiples of \$5,000 and any bond of a denomination of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$5,000 and such bond may be redeemed in part. Notice of redemption for a bond redeemed in part shall state that upon surrender of the bond to be redeemed a new bond or bonds in aggregate principal amount equal to the unredeemed portion of the bonds surrendered shall be issued to the registered owner thereof. No further interest on a bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bond or portion thereof.

THIS BOND IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE ISSUER AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN ANY CONSTITUTIONAL, CHARTER OR STATUTORY LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST, SOLELY AND ONLY FROM THE NET REVENUES OF THE SYSTEM. THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY THE STATUTORY LIEN HEREINBEFORE MENTIONED.

The Issuer has covenanted and agreed, and does hereby covenant and agree, to fix and maintain at all times while any bonds payable from the Net Revenues of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest on and the principal of the bonds of this issue and any additional bonds of equal standing as and when the same shall become due and payable, and to create and maintain a bond redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Ordinance.

This Bond is transferable, as provided in the Ordinances, only on the registration books of the City kept for that purpose by the Transfer Agent, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Transfer Agent, duly executed by the Registered Owner or his or her attorney duly authorized in writing. Upon the exchange or transfer of this Bond, a new registered Bond or Bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange for this Bond as provided in the Ordinance, and upon

payment of the charges, if any, provided in the Ordinance. Bonds so authenticated and delivered shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity. The Issuer shall not be required (i) to issue, register the transfer of, or exchange any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds selected for redemption under the Ordinance and ending at the close of business on the day of that mailing, or (ii) to register the transfer of or exchange any Bond selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

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 Bond 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 total indebtedness of the Issuer, including the indebtedness represented by the Bonds, does not exceed any constitutional, statutory or charter 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 an authorized representative of the Transfer 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 signatures of its Mayor and its City Clerk, and has caused its corporate seal or a facsimile thereof be impressed or imprinted thereon, all as of the Date of Issuance.

COUNTERSIGNED:

CITY OF ANN ARBOR, WASHTENAW
COUNTY, MICHIGAN

By: _____
Jacqueline Beaudry, City Clerk

By: _____
Christopher Taylor, Mayor

SEAL

[FORM OF] CERTIFICATE OF AUTHENTICATION

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

as Bond Registrar and Authenticating Agent

By: _____
Authorized Signatory

Date of Authentication: _____, 2023

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: _____

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] OFFICIAL NOTICE OF SALE
\$40,000,000*
CITY OF ANN ARBOR
WASHTENAW COUNTY, MICHIGAN
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2023

ELECTRONIC BIDS: Bids for the purchase of the above-designated bonds (the “Bonds”) to be issued by the City of Ann Arbor, located in Washtenaw County, Michigan (the “City”), will be received until _____ a.m./p.m., Eastern Time, on _____, 2023.

Electronic bids may be submitted to the Municipal Advisory Council of Michigan at munibids@macmi.com. All such electronic bids must arrive before the time of sale and the bidder bears all risks of transmission failure.

Electronic bids will also be received on the same date and until the same time by Bidcomp/Parity as agent of the City. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, 1359 Broadway, Second Floor, New York, New York 10010, (212) 849-5021. IF ANY PROVISION OF THIS NOTICE OF SALE SHALL CONFLICT WITH INFORMATION PROVIDED BY BIDCOMP/PARITY, AS THE APPROVED PROVIDER OF ELECTRONIC BIDDING SERVICES, THIS NOTICE SHALL CONTROL.

Bidders may select one of the above methods to submit a bid but a bidder may not present a bid by more than one method.

The award of the Bonds will be made (or all bids will be rejected) by authorized officer of the City approximately one hour after the opening of the bids, on the day of the sale.

BOND DETAILS: The Bonds shall be known as “Water Supply System Revenue Bonds, Series 2023” (the “Bonds”) and shall aggregate the principal sum of \$40,000,000 (subject to adjustment as described below). The Bonds will be fully registered Bonds in any denomination of \$5,000 or multiples thereof up to the amount of a single maturity, dated the date of their delivery, numbered from 1 upwards, and will bear interest from their date payable on October 1, 2023, and semi-annually thereafter. The Bonds shall mature on April 1, in the years and principal amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
<u>2025</u>	<u>\$350,000</u>	<u>2040</u>	<u>\$1,375,000</u>
<u>2026</u>	<u>400,000</u>	<u>2041</u>	<u>1,450,000</u>
<u>2027</u>	<u>450,000</u>	<u>2042</u>	<u>1,525,000</u>
<u>2028</u>	<u>825,000</u>	<u>2043</u>	<u>1,575,000</u>
<u>2029</u>	<u>850,000</u>	<u>2044</u>	<u>1,650,000</u>
<u>2030</u>	<u>900,000</u>	<u>2045</u>	<u>1,725,000</u>
<u>2031</u>	<u>925,000</u>	<u>2046</u>	<u>1,800,000</u>

<u>2032</u>	<u>975,000</u>	<u>2047</u>	<u>1,875,000</u>
<u>2033</u>	<u>1,025,000</u>	<u>2048</u>	<u>1,975,000</u>
<u>2034</u>	<u>1,050,000</u>	<u>2049</u>	<u>2,050,000</u>
<u>2035</u>	<u>1,100,000</u>	<u>2050</u>	<u>2,150,000</u>
<u>2036</u>	<u>1,150,000</u>	<u>2051</u>	<u>2,250,000</u>
<u>2037</u>	<u>1,225,000</u>	<u>2052</u>	<u>2,350,000</u>
<u>2038</u>	<u>1,275,000</u>	<u>2053</u>	<u>2,425,000</u>
<u>2039</u>	<u>1,325,000</u>		

***ADJUSTMENT OF TOTAL PAR AMOUNT OF BONDS AND PRINCIPAL MATURITIES:**

The City reserves the right to adjust the aggregate principal amount of the Bonds after receipt of the bids and prior to final award, if necessary, so that the purchase price of the Bonds will provide an amount determined by the City to be sufficient to complete the projects described in "Purpose and Security". The adjustments, if necessary, will be in increments of \$5,000 and may be made in one or more maturities. The purchase price will be adjusted proportionately to the adjustment in issue size, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

***ADJUSTMENT TO PURCHASE PRICE:** Should any adjustment to the aggregate principal amount of the Bonds be made by the City, the purchase price of the Bonds will be adjusted by the City proportionally to the adjustment in principal amount of the Bonds. The adjusted purchase price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and initial reoffering prices.

TERM BOND OPTION: The initial purchaser of the Bonds may designate any one or more maturities as term Bonds and the consecutive maturities which shall be aggregated in any such term Bonds. Any such designation must be made within one hour 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 the dates and in the amounts set forth in the maturity schedule at par, plus accrued interest, to the date of mandatory redemption.

OPTIONAL REDEMPTION: The Bonds maturing in the years 2025 through 2033, inclusive, shall not be subject to optional redemption prior to maturity. Bonds maturing on and after April 1, 2034 shall be subject to redemption prior to maturity, at the option of the City, in any order, in whole or in part, on any one or more dates on and after April 1, 2033, at par plus accrued interest to the date fixed for redemption, without premium or penalty.

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.

INTEREST RATE AND BIDDING DETAILS: Bonds will bear interest at a rate or rates not exceeding 7.00% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. THE INTEREST RATE BORNE BY THE BONDS MATURING IN ANY ONE YEAR SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY THE BONDS MATURING IN THE PRECEDING YEAR. The interest on any one bond shall be at one rate only, and all Bonds maturing in any one year must carry the same interest rate. No proposal for the purchase of less than all of the Bonds or at a price less than 100% of their par value nor more than 115% of their par value will be considered. See "ADJUSTMENTS TO MATURITY SCHEDULE AND PURCHASE PRICE FOLLOWING SALE."

TRANSFER AGENT AND REGISTRATION: Principal and interest shall be payable at the principal corporate trust office of _____, _____, Michigan, or such other transfer agent as the City may thereafter designate by notice mailed to the registered owner not less than 60 days prior to any change in transfer agent and which shall be qualified to serve as such in Michigan. Interest shall be paid when due by check or draft mailed to the owner as shown by the registration books of the Bond Registrar or the City as applicable, as of the 15th day of the month prior to any interest payment date. The Bonds will be transferable only upon the registration books of the City kept by the transfer agent. See "DTC Book-Entry Only" above.

PURPOSE AND SECURITY: The Bonds will be issued pursuant to Act 94, Public Acts of Michigan, 1933, as amended (the "Act"), and various ordinances of the City, including Ordinance Nos 86, as amended, and 23-__ (the "Ordinances), defraying the cost of acquiring and constructing extensions and improvements to the City's Water Supply System (the "System"), to fund a reserve fund, if necessary, and paying the costs of issuing the bonds.

The bonds, except to the extent payable from bond proceeds, are payable solely from the net revenues of the System and any additions thereto, and a statutory first lien on the net revenues of the System has been established by said Ordinances. The bonds and said lien are of equal standing and priority of lien with the following series of Water Supply System Revenue Bonds: Water Supply System Revenue Bonds Series 2004-A, dated March 25, 2004; Water Supply System Revenue Bonds, Series 2010-A, dated January 22, 2010; Water Supply System Revenue Bonds, Series 2011-A, dated April 8, 2011; Water Supply System Revenue Bonds, Series 2011-B, dated September 23, 2011; Water Supply System Revenue Refunding Bonds, Series 2012, dated May 15, 2012; Water Supply System Revenue Bonds, Series 2012, dated September 18, 2012; Water Supply System Revenue Bonds, Series 2013, dated September 17, 2013; Water Supply System

Revenue Refunding Bonds, Series 2016, dated June 22, 2016; Water Supply System Revenue Bonds, Series 2020, dated March 27, 2020; and Water Supply System Revenue Bonds, Series 2022, dated May 26, 2022, THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY. The City has covenanted and agreed to fix and maintain at all times while any of such bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System, of the principal and interest on all of said bonds when due, to create and maintain a bond reserve account therefor, if required, and to provide for such other expenditures and funds for the System as are required by the Ordinances.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

ADDITIONAL BONDS: For the terms and conditions upon which additional bonds of equal standing as to revenues of the System may be issued, reference is made to the Ordinance.

GOOD FAITH DEPOSIT: A deposit in the amount of 1% of the final principal amount of the Bonds is required as a guarantee of good faith on the part of the bidder, to be delivered to the City Treasurer in the form of a cashier's check or wire transfer of such amount, as instructed by the City or its financial advisor, by Noon Eastern Time of the next business day following the sale, to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Bonds. The good faith deposit will be applied to the purchase price of the Bonds. No interest shall be allowed on the good faith deposit. Payment for the balance of the purchase price of the Bonds shall be made on the delivery date.

AWARD OF BONDS: The Bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on October 1, 2023 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to _____, 2023 (which is the anticipated delivery date for the Bonds) in an amount equal to the price bid, excluding accrued interest. Each bidder shall state in its bid the true interest cost to the City, compounded in the manner specified above.

LEGAL OPINION: Bids shall be conditioned upon the unqualified approving opinion of Dykema Gossett PLLC, attorneys of Lansing, Michigan ("Bond Counsel"), and the original of which will be furnished without expense to the purchaser of the Bonds at the delivery thereof. The fees of Dykema Gossett PLLC for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Dykema Gossett PLLC has not examined or reviewed any financial information, statements or material contained in any financial documents, statements or material that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and

accordingly will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

DTC BOOK-ENTRY ONLY: The Bonds are being initially offered as registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”) under DTC’s Book-Entry-Only system of registration. Purchasers of interests in the Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates and ownership by the Beneficial Owners of the Bonds will be evidenced by book-entry-only. As long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, payments of principal and interest will be made directly to such registered owner which will in turn remit such payments to the DTC participants for subsequent disbursement to the Beneficial Owners.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers nor any improperly printed number shall be cause for the purchaser to refuse to accept delivery. All expenses for printing CUSIP numbers on the Bonds will be paid by the City, except that the CUSIP Service Bureau charge for assignment of such numbers shall be the responsibility of and paid for by the purchaser of the Bonds.

DELIVERY OF BONDS: The City will furnish Bonds ready for execution at its expense. Bonds will be delivered at the principal office of the Bond Registrar, or any other place mutually agreeable, at the expense of the City. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds, will be delivered at the time of delivery of the Bonds. If the Bonds are not tendered for delivery by twelve o’clock noon, Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the Bonds, withdraw its proposal by serving written notice of cancellation on the undersigned, in which event the City shall promptly return the good faith deposit. Payment for the Bonds shall be made in Federal Reserve Funds. The Bonds will be delivered in the form of a single certificate for each maturity registered as described above under “DTC Book-Entry Only.”

TAX MATTERS: The approving opinion of Bond Counsel will include an opinion to the effect that, under existing law, assuming compliance by the City with certain covenants, (i) interest on the Bonds is excluded from gross income for federal income tax purposes and (ii) interest on and income from the Bonds are exempt from all taxation by the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

NOT QUALIFIED TAX EXEMPT OBLIGATIONS: The Bonds have not been designated as “qualified tax exempt obligations” for purposes of the deduction of interest expense by financial institutions.

ISSUE PRICE: The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the

sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form provided by Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's financial advisor identified herein and any notice or report to be provided to the City may be provided to the City's financial advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

- a. the City is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- b. all bidders shall have an equal opportunity to bid;
- c. the City anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- d. the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that all of the Competitive Sale Requirements are not satisfied (e.g., if bids are not received from at least three underwriters all of whom meet the requirements of paragraph c. above), the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders shall prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Issuer or bond counsel.

The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply

with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

By submitting a bid, each bidder confirms that:

except as otherwise provided in its bid, it has an established industry reputation for underwriting new issuances of municipal bonds;

a. any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- 1) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder;
- 2) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and
- 3) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

c. any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% Test has been

satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter.

Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- a. “public” means any person other than an underwriter or a related party,
- b. “underwriter” means (i) any person that agrees pursuant to its submission of a bid or pursuant to a written contract, as applicable, with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);
- c. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
- d. “sale date” means the date that the Bonds are awarded by the City to the winning bidder.

OFFICIAL STATEMENT: An electronic copy of the Official Statement may be obtained by contacting PFM Financial Advisors LLC, Financial Consultant to the City, 555 Briarwood Circle, Suite 333, Ann Arbor, MI, 48108, telephone 734.994.9700.

The Official Statement is in a form deemed final as of its date by the City for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion of a final Official Statement. The successful bidder shall supply to the City, within 24 hours after the award of the Bonds, all pricing information and any underwriter identification determined by the City to be necessary to complete the Official Statement.

The City will furnish to the successful bidder, at no cost, an electronic copy of the final Official Statement within seven (7) business days after the award of the Bonds.

The City shall deliver, at closing, an executed certificate to the effect that as of the date of delivery, the information contained in the Official Statement, including revisions, amendments and completions as necessary, relating to the City and the Bonds is true and correct in all material respects, and that such Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: As more fully described in the Official Statement, the City has undertaken to provide continuing financial disclosure (annual financial information and operating data, including audited financial statements for the preceding fiscal year consistent with the information presented in the Official Statement), and to provide timely notice of the occurrence of certain material events with respect to the Bonds, all in accordance with the requirements of SEC Rule 15c2-12.

BOND INSURANCE AT PURCHASER'S OPTION: If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE CITY.

BIDDER CERTIFICATION REGARDING NOT "IRAN-LINKED BUSINESS": By submitting a bid, the bidder shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act 517, Michigan Public Acts of 2012, being MCL 129.311 et. seq.

ADDITIONAL INFORMATION: Further information may be obtained from the City's Financial Consultant, PFM Financial Advisors LLC, at the address stated above.

THE CITY RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS

By:

Michael J. Pettigrew, Treasurer
City of Ann Arbor