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Title: Resolution Authorizing Issuance of 2024 Capital Improvement Bonds for the 121 Catherine Street Affordable Housing Development (Not to Exceed \$9,000,000.00)(Limited Tax General Obligation - Taxable)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Bond Notice affidavit.pdf, 2. Affordable Housing Funding Agreement 042924 Final.pdf

Date	Ver.	Action By	Action	Result
5/20/2024	1	City Council	Approved	Pass

Resolution Authorizing Issuance of 2024 Capital Improvement Bonds for the 121 Catherine Street Affordable Housing Development (Not to Exceed \$9,000,000.00)(Limited Tax General Obligation - Taxable)

This resolution requests City Council approval for the issuance of 2024 Capital Improvement Bonds (Limited Tax General Obligation - Taxable) in the maximum principal amount of \$9,000,000.00 for purposes of financing costs to develop affordable housing at 121 Catherine Streets (the "Bonds").

Council authorized the transfer of ownership of 121 E. Catherine for \$1.00 on March 20, 2023, #R-23-089, for the purpose of constructing this project. The project includes a 64,529 square foot L-shaped building with 63 residential units involving 62 one-bedroom and 1 two-bedroom apartments. All the residential units will be affordable households with incomes at or below 60% of Area Median Income (AMI). Half of the apartments will be targeted as supportive housing for households with incomes at or below 30% AMI. Avalon Housing will be the on-site service provider and will collaborate with other community services providers. The remaining apartments will include a preference for low-income households who are involved in artistic or literary activities, which is specifically allowed as a preference under the Low-Income Housing Tax Credit Program. The development's ground floor includes space for community/cultural/entrepreneurial space. It also includes 18 public parking spaces with access from North Fourth Avenue and the rear alley.

This \$33,000,000.00 project includes funding from the National Equity Fund through the Low Income Housing Tax Credit program; Washtenaw County HOME funds; Federal Home Loan Bank of Indianapolis Affordable Housing Program funds; City of Ann Arbor affordable housing millage funds; Ann Arbor Downtown Development Authority affordable housing and TIF funds; Washtenaw County Brownfield Redevelopment Authority funds; State of Michigan Dept. of Environment, Great Lakes and Energy brownfield funds; Inflation Reduction Act and other federal renewable energy credits; and no more than \$9,000,000.00 in bond proceeds.

The development will meet the National Green Building Standard Silver designation or higher and will include geothermal, solar, a tight building envelope, energy-star and water saving fixtures and other sustainable materials and construction.

The City of Ann Arbor will be responsible for repayment of the Bond proceeds, interest, and other related issuance costs through a portion of the City's Affordable Housing Millage adopted in 2020. The resolution seeks approval of the Affordable Housing Funding Agreement between the City and the Ann Arbor Housing Commission (AAHC), which commits the AAHC to expend and account for the proceeds of the Bonds on the Project. In addition, an Amendment to the Affordable Housing Millage Fund Grant Agreement between the City and the AAHC and the Ann Arbor Housing Development Corporation is on the agenda for City Council's consideration to permit the City to retain the necessary funds from the grant to pay the debt service on the Bonds.

The Bonds are to be secured by the City's pledge of its limited tax full faith and credit and are to be sold through competitive public sale.

Prepared by: Marti Praschan, Chief Financial Officer
Reviewed by: Michelle Landis, Senior Assistant City Attorney
Approved by: Milton Dohoney Jr., City Administrator

**RESOLUTION AUTHORIZING ISSUANCE OF
2024 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION) (TAXABLE)
(121 CATHERINE STREET AFFORDABLE HOUSING DEVELOPMENT)**

**CITY OF ANN ARBOR
County of Washtenaw, State of Michigan**

Minutes of a regular meeting of the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan, held on May 20, 2024, at 7:00 p.m., Eastern Daylight 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") has previously determined that it is necessary to pay part of the costs to acquire, construct, furnish, equip and develop 63 units of affordable housing to be located at 121 Catherine Street (the "Project"); and

WHEREAS, the City deems it necessary to borrow the principal amount of not to exceed Nine Million Dollars (\$9,000,000) and issue capital improvement bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended (“Act 34”) to pay part of the cost of the Project; and

WHEREAS, the City has previously published a notice of intent to issue bonds in accordance with Act 34, which provides that the bonds may be issued without a vote of the electors of the City unless a proper petition for an election on the question of the issuance of the bonds is filed with the City Clerk within a period of forty-five (45) days from the date of publication and no petition has been filed as of this date.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Authorization of Bonds; Bond Terms. Bonds of the City designated 2024 CAPITAL IMPROVEMENT BONDS (LIMITED TAX GENERAL OBLIGATION) (TAXABLE) (the “Bonds”) are authorized to be issued in the aggregate principal sum of not to exceed Nine Million Dollars (\$9,000,000) for the purpose of paying part of the cost of the Project, including the costs incidental to the issuance, sale and delivery of the Bonds. The issue shall consist of bonds in fully-registered form of the denomination of \$5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, numbered consecutively in order of registration, dated as of the date of delivery or such other date as determined by the Mayor, City Clerk, Chief Financial Officer or City Treasurer (each an “Authorized Officer”) at the time of sale. The Bonds shall bear interest, mature and be payable at the times and in the manner set forth in Sections 6 and 7.

The Bonds shall be sold at public sale at a price not less than 99% nor more than 110% of the par value thereof. The Bonds may be issued as serial or term bonds or both and shall be subject to redemption prior to maturity in the manner and at the times and prices set forth in Sections 6 and 7 hereof, and if term bonds are selected by the original purchaser of the Bonds, then the Bonds will be subject to mandatory redemption in accordance with the maturity schedule as provided in the form of notice of sale provided in Section 7 hereof.

Interest shall be payable to the registered owner of record as of the 15th day of the month prior to the payment date for each interest payment. The record date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the City to conform to market practice in the future. The principal of the Bonds shall be payable at a bank or trust company as registrar and transfer agent for the Bonds (the “Transfer Agent”), to be selected by an Authorized Officer at the time of sale of the Bonds, provided that in the event that the Bonds are purchased by a single institutional investor the City Treasurer may act as the Transfer Agent.

2. Execution of Bonds; Book-Entry-Only Form. The Bonds of this issue 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 seal of the City, or a facsimile thereof, printed or impressed on the Bonds. No Bond executed by facsimile signature shall be valid until authenticated by an authorized officer or representative 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 or other person in accordance with instructions from the City Treasurer upon payment of the purchase price for the Bonds in accordance with the bid therefor when accepted.

The Bonds may be issued in book-entry-only form through The Depository Trust Company in New York, New York (“DTC”), and each Authorized Officer is 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 the Bonds within the parameters of this resolution as may be required to accomplish the foregoing.

3. Transfer of Bonds. The Transfer Agent shall keep the books of registration for this issue on behalf of the City. Any Bond may be transferred upon such registration books by the registered owner of record, 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 City shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

Unless waived by any registered owner of Bonds to be redeemed, official notice of redemption shall be given by the Transfer Agent on behalf of the City. Such notice shall be dated and shall contain at a minimum the following information: original issue date; maturity dates; interest rates; CUSIP numbers, if any; certificate numbers (and in the case of partial redemption) the called amounts of each certificate; the place where the Bonds called for redemption are to be surrendered for payment; and that interest on the Bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date.

In addition, further notice shall be given by the Transfer Agent in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

4. Limited Tax Pledge; Debt Retirement Fund; Defeasance of Bonds. The City hereby pledges its limited tax full faith and credit for the prompt payment of the Bonds. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year. The City intends to pay debt service on the Bonds from a portion of the tax revenues raised as a result of the levy of the City’s affordable housing millage.

The City Treasurer is authorized and directed to open a depository account with a bank or trust company designated by the City Council, to be designated 2024 CAPITAL IMPROVEMENT BONDS DEBT RETIREMENT FUND (the “Debt Retirement Fund”), the moneys to be deposited into the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds as they mature.

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 resolution shall be defeased and the owners of the Bonds shall have no further rights under this resolution 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.

5. Approval of Affordable Housing Funding Agreement; Construction Fund; Proceeds of Bond Sale.

An Affordable Housing Funding Agreement (the "Agreement") between the City and the Ann Arbor Housing Commission (the "AAHC") has been prepared and is on file with the City Clerk. The Agreement provides, in pertinent part, that the City will transfer the proceeds of the Bonds, less those proceeds necessary to pay costs of issuance of the Bonds, to a title company selected by the AAHC, and that the proceeds shall be used for the Project. The City Council hereby approves the Agreement in substantially the form as is on file with the City Clerk, subject to minor finalization as approved by the City Attorney's Office, and authorizes the Mayor and City Clerk to execute same.

The City Treasurer is authorized and directed to open a separate depository account with a bank or trust company designated by the City Council, or to open a subaccount on the books of the City, to be designated 2024 CAPITAL IMPROVEMENT BONDS CONSTRUCTION FUND (the "Construction Fund") and deposit into said Construction Fund the proceeds of the Bonds less accrued interest, if any, which shall be deposited into the Debt Retirement Fund. The moneys in the Construction Fund shall be used solely to pay the costs of the Project and the costs of issuance of the Bonds. The City Treasurer is authorized to transfer the proceeds of the Bonds, less those necessary to pay costs of issuance, to a title company pursuant to the Agreement.

6. Bond Form. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF MICHIGAN

COUNTY OF WASHTENAW

CITY OF ANN ARBOR

2024 CAPITAL IMPROVEMENT BOND

(LIMITED TAX GENERAL OBLIGATION) (TAXABLE)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	May 1, 20		

REGISTERED OWNER:

PRINCIPAL AMOUNT: Dollars

The City of Ann Arbor, County of Washtenaw, State of Michigan (the "City"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on November 1, 2024 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of _____, _____, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the City kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged.

This bond is one of a series of bonds of even Date of Original Issue aggregating in the principal sum of \$_____, issued for the purpose of paying part of the cost to acquire, construct, furnish, equip and develop 63 units of affordable housing to be located at 121 Catherine Street in the City. This bond is issued under the provisions of Act 34, Public Acts of Michigan, 2001, as amended and a duly adopted resolution of the City.

This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the City, and the City is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations.

Par Optional Redemption

Bonds maturing in the years 2025 to 2034, inclusive, shall not be subject to redemption prior to maturity at par. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 2035 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after May 1, 2034, at par and accrued interest to the date fixed for redemption.

Make-Whole Optional Redemption

Bonds maturing in the years 2025 to 2034, inclusive, shall be subject to redemption at the option of the City, in whole or in part, and if in part, from such maturities as the City determines and by lot within any maturity in \$5,000 denominations, on any date prior to May 1, 2034, at a redemption price equal to 103% of par plus accrued interest to the redemption date.

[Insert Term Bond redemption provisions, if necessary.]

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 of record a new bond in the principal amount of the portion of the original bond not called for 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. 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 transferable only upon the registration books of the City kept by the Transfer Agent by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, 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 the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the City, and the City is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the City, including this bond, does not exceed any constitutional, statutory or charter debt limitation.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City, by its City Council, has caused this bond to be signed in the name of the City by the facsimile signatures of its Mayor and City Clerk and a facsimile of its corporate seal to be printed hereon, all as of the Date of Original Issue.

CITY OF ANN ARBOR
County of Washtenaw
State of Michigan

By:
Its: Mayor

(SEAL)

By:
Its: City Clerk

(Form of Transfer Agent's Certificate of Authentication)

DATE OF AUTHENTICATION:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned resolution.

_____, Michigan
Transfer Agent

By:
Authorized Signatory

[Bond printer to insert form of assignment]

7. Notice of Sale. Each Authorized Officer is individually authorized to fix a date for sale of the Bonds and to cause to be published a notice of sale for the Bonds in **The Bond Buyer**, New York, New York, which notice of sale shall be in substantially the following form, with such completions and revisions within the parameters established by this resolution as may be deemed necessary or appropriate by an Authorized Officer in consultation with the City's bond counsel and financial advisor:

OFFICIAL NOTICE OF SALE

\$9,000,000*

CITY OF ANN ARBOR

COUNTY OF WASHTENAW, STATE OF MICHIGAN

2024 CAPITAL IMPROVEMENT BONDS

(LIMITED TAX GENERAL OBLIGATION) (TAXABLE)

**Subject to adjustment as set forth in this Notice of Sale*

Bids for the purchase of the above bonds will be received in the manner described in this Official Notice of Sale on Tuesday, June 18, 2024 until 11:00 a.m., prevailing Eastern Time, at which time and place said bids will be opened and read. The award or rejection of bids will occur on the same date.

ELECTRONIC BIDS: Bidders may submit bids for the purchase of the above bonds electronically as follows:

Electronic bids may be submitted to the Municipal Advisory Council of Michigan at munibids@macmi.com; provided that 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 undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or CLIENT SERVICES, 1359 Broadway, Second Floor, New York, New York 10018, (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 choose any means to present bids but a bidder may not present a bid by more than one means.

*BOND DETAILS: The bonds will be registered bonds of the denomination of \$5,000 or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, originally dated as of the date of delivery, numbered in order of registration, and will bear interest from their date payable on November 1, 2024, and semiannually thereafter.

The bonds will mature on the 1st day of May in each of the years, as follows:

2025	\$370,000
2026	355,000
2027	370,000
2028	385,000
2029	405,000
2030	420,000
2031	435,000
2032	\$455,000
2033	475,000
2034	495,000
2035	515,000
2036	535,000
2037	560,000
2038	585,000
2039	615,000
2040	640,000
2041	675,000
2042	710,000

***ADJUSTMENT OF TOTAL PAR AMOUNT OF BONDS AND PRINCIPAL MATURITIES:** The City reserves the right to increase or decrease 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 construct the project and to pay costs of issuance of the bonds. The adjustments, if necessary, will be in increments of \$5,000. The purchase price will be adjusted proportionately to the increase or decrease 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.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at rate or rates not exceeding seven percent (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 on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY ONE YEAR SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY BONDS MATURING IN THE PRECEDING YEAR. No maturity of the Bonds may have an initial offering price to the public less than 98.5% of par. No proposal for the purchase of less than all of the bonds or at a price less than 99% or more than 110% of their par value will be considered.

PRIOR REDEMPTION OF BONDS:

Par Optional Redemption: Bonds maturing in the years 2025 to 2034, inclusive, shall not be subject to redemption prior to maturity at par. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 2035 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after May 1, 2034, at par and accrued interest to the date fixed for redemption.

Make-Whole Optional Redemption: Bonds maturing in the years 2025 to 2034, inclusive, shall be subject to redemption at the option of the City, in whole or in part, and if in part, from such maturities as the City determines and by lot within any maturity in \$5,000 denominations, on any date prior to May 1, 2034, at a redemption price equal to 103% of par plus accrued interest to the redemption date.

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 of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the transfer agent to redeem said bond or portion thereof.

TERM BOND OPTION: The initial purchaser of the bonds may designate any one or more maturities from May 1, 2025 through the final maturity as term bonds and the consecutive maturities on or after the year 2025 which shall be aggregated in the term bonds. The amounts of the maturities which are aggregated in a designated term bond shall be subject to mandatory redemption on May 1 of the years and in the amounts set forth in the above maturity schedule at a redemption price of par, plus accrued interest to the date of mandatory redemption. Term bonds or portions thereof mandatorily redeemed shall be selected by lot. Any such designation must be made at the time bids are submitted and must be listed on the bid.

BOOK-ENTRY OPTION: Unless otherwise requested by the purchaser, the bonds will be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the bonds. In the event of registration with DTC, the purchaser will not receive certificates representing their interest in bonds purchased. It will be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the bonds. In the alternative, the successful bidder may request bond certificates to be delivered to the purchaser as one fully registered bond per maturity.

TRANSFER AGENT AND REGISTRATION: Principal shall be payable at the principal corporate trust office of

_____, _____, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner of record not less than 60 days prior to an interest payment date. Interest shall be paid by check mailed to the registered owner of record as shown on the registration books of the City as of the 15th day of the month preceding an interest payment date. The bonds will be transferred only upon the registration books of the City kept by the transfer agent.

PURPOSE AND SECURITY: The bonds are authorized for the purpose of paying part of the cost of acquiring, constructing, furnishing, equipping and developing 63 units of affordable housing to be located at 121 Catherine Street in the City. The bonds will be a first budget obligation of the City, payable from the general funds of the City including the collection of ad valorem taxes on all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations. 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.

AWARD OF BONDS - TRUE INTEREST COST: 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 November 1, 2024 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment date to July 9, 2024 (the anticipated delivery date), in an amount equal to the price bid, excluding accrued interest, if any. For the purpose of computing the true interest cost, the bonds shall be deemed to become due in the principal amounts and at the times as set forth above, whether the bonds are serial bonds or mandatory sinking fund redemptions for such term bonds. Each bidder shall state in its bid the true interest cost to the City, computed in the manner specified above.

TAX MATTERS: In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., bond counsel, under existing law, assuming compliance with certain covenants, **interest on the bonds is not excludable from gross income for federal income tax purposes.** Bond Counsel will express no opinion regarding the tax treatment of the bonds and the interest thereon under the laws of the State of Michigan.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, a copy of which opinion will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C. 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 validity of the above bonds, Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials 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 documents, statements or materials. In submitting a bid for the bonds, the bidder agrees to the representation of the City by Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel.

DELIVERY OF BONDS: The City will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York, or such other place to be agreed upon. 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, prevailing Eastern Time, by the 45th day following the date of sale, or the first business day thereafter if the 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 notice of cancellation, in writing, on the undersigned. Payment for the bonds shall be made in Federal Reserve Funds.

CUSIP NUMBERS: Upon the request of the successful bidder, CUSIP identification numbers will be printed on the bonds, but neither the failure to print such numbers on any bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds. Application for CUSIP numbers will be made by PFM Financial Advisors LLC, financial advisors to the City. The CUSIP Service Bureau's charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

OFFICIAL STATEMENT: An electronic copy of the preliminary Official Statement that the City deems to be final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, has been prepared and may be obtained from PFM Financial Advisors LLC, financial advisors to the City, at the email address and telephone listed under FINANCIAL ADVISOR below. PFM Financial Advisors LLC will provide the winning bidder with an electronic copy of the final Official Statement within 7 business days from the date of sale to permit the purchaser to comply with Securities and Exchange Commission Rule 15c2-12. Within 24 hours of the time of sale, the purchaser may request printed copies of the Official Statement from PFM Financial Advisors LLC. The purchaser agrees to pay the cost of additional copies.

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 option and expense of the purchaser of the bonds. Any and all 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 shall 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.

CONTINUING DISCLOSURE: As described more fully in the Official Statement, the City has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, on or prior to the last day of the sixth month after the end of each fiscal year commencing with the fiscal year ended June 30, 2024, (i) certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the Official Statement relating to the bonds, (ii) timely notice of the occurrence of certain material events with respect to the bonds and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified above.

FINANCIAL ADVISOR: Further information relating to the bonds may be obtained from PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan, 48108. Telephone: (734) 994-9700.

BIDDER CERTIFICATION: 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.

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HE RIGHT IS RESERVED TO REJECT ANY AND ALL BIDS.

Jacqueline Beaudry

City Clerk

City of Ann Arbor

8. Useful Life of Project. The estimated period of usefulness of the Project is hereby declared to be not less than eighteen (18) years.

9. Official Statement; Qualification for Insurance; Ratings. Any Authorized Officer is authorized and directed to cause the preparation and circulation of a preliminary and final Official Statement with respect to the Bonds; to procure qualification of the Bonds for a policy of municipal bond insurance if deemed appropriate by the City’s financial advisor; and to obtain ratings on the Bonds.

10. Continuing Disclosure. The City agrees to enter into a continuing disclosure undertaking for the benefit of the holders and beneficial owners of the Bonds in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, and the Authorized Officers are each hereby authorized to execute such undertaking prior to delivery of the Bonds.

11. Authorization of Other Actions. The Authorized Officers are each hereby authorized to adjust the final Bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing are authorized to exercise the authority and make the determinations authorized pursuant to Section 315(1)(d) of Act 34, Public Acts of Michigan, 2001, as amended, including but not limited to, determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, and other matters within the parameters described in this resolution. The Authorized Officers are each authorized and directed to take all other actions necessary or advisable, and to make such other filings with any parties, including the Michigan Department of Treasury, to enable the sale and delivery of the Bonds as contemplated herein.

12. Award of Sale of Bonds. The Authorized Officers are each hereby authorized on behalf of the City to award the sale of the Bonds to the bidder whose bid meets the requirements of law and which produces the lowest true interest cost to the City computed in accordance with the terms of the Official Notice of Sale as published.

13. Bond Counsel. Miller, Canfield, Paddock and Stone, P.L.C. is hereby approved as bond counsel for the Bonds, notwithstanding periodic representation in unrelated matters of parties or potential parties to the transaction contemplated by this resolution.

14. Financial Advisor. PFM Financial Advisors LLC is retained as the registered financial advisor to the City in connection with the issuance of the Bonds.

15. Rescission. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Members:

NAYS: Members:

RESOLUTION DECLARED ADOPTED.

Jacqueline Beaudry, City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan, at a regular meeting held on May 20, 2024, 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, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Jacqueline Beaudry, City Clerk