



Legislation Details (With Text)

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Title: Resolution Authorizing 2022 Michigan Transportation Fund Bonds (Not to Exceed \$15,000,000.00) (General Obligation - Limited Tax) (7 Votes Required)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Resolution Authorizing 2022 MTF Bonds.pdf, 2. FC Public Notice - Ann Arbor MTF Bonds 2022.pdf, 3. WLN Affidavit - MFT Bond.pdf

Date	Ver.	Action By	Action	Result
4/18/2022	2	City Council	Approved	Pass

Resolution Authorizing 2022 Michigan Transportation Fund Bonds (Not to Exceed \$15,000,000.00) (General Obligation - Limited Tax) (**7 Votes Required**)

This resolution requests City Council approval for the issuance of 2022 Michigan Transportation Bonds (General Obligation - Limited Tax) in the maximum principal amount of \$15,000,000.00, for purposes of financing road repair and reconstruction projects. The bonds are secured with Michigan Transportation Fund revenues pursuant to Act 51, Public Acts of Michigan, 1951, as amended.

The City of Ann Arbor’s 2021 pavement ratings indicate that 22% of major streets and 39% of local streets are in poor, very poor, or in a failed condition. Based on a scale of 1-10, the average rating of the Major Street and Local Street network are 5.66 (fair) and 4.74 (fair) respectively. The proposed funding is necessary to improve our capacity to address and improve the current road conditions on an accelerated basis in the City of Ann Arbor.

Prepared by: Marti Praschan, Financial Services Area Administrator and CFO

Reviewed by: Michelle Landis, Senior Assistant City Attorney

Approved by: Milton Dohoney Jr., Interim City Administrator

CITY OF ANN ARBOR

County of Washtenaw, State of Michigan

RESOLUTION AUTHORIZING 2022 MICHIGAN TRANSPORTATION FUND BONDS (GENERAL OBLIGATION - LIMITED TAX)

Minutes of a regular meeting of the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan held on the 18th day of April 2022, at 7:00 o'clock p.m. Eastern Time.

PRESENT: Members

ABSENT: Members

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

WHEREAS, pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended (“Act 175”), the City of Ann Arbor, County of Washtenaw, Michigan (the “City”) proposes to issue its 2022 Michigan Transportation Fund Bonds (General Obligation - Limited Tax) in one or more series (the “Bonds”), for the purposes of financing certain costs of the construction of, reconstruction of and improvements to the City’s roadways, (the “Citywide Road Improvements”); and

WHEREAS, this City Council of the City (the “Council”) hereby determines that it is necessary to acquire and construct the Citywide Road Improvements, and that it is in the best interest of the City to finance all or a portion of the Citywide Road Improvements through the issuance of the Bonds (such portion of the Citywide Road Improvements hereinafter referred to as the “Projects”); and

WHEREAS, the payments to be due on the Bonds are to be secured by an irrevocable pledge of revenues received by the City from the Michigan Transportation Fund pursuant to the Act 51, Public Acts of Michigan, 1951, as amended (“Act 51”) (the “MTF Revenues”), and by the City’s pledge of its full faith and credit, subject to applicable constitutional, statutory and charter limitations; and

WHEREAS, the Projects are in accordance with the purposes enumerated in Act 51; and

WHEREAS, the MTF Revenues received by the City from the Michigan Transportation Fund pursuant to Act 51 in the year preceding this contemplated borrowing are more than sufficient to comply with the requirements specified in Section 4 of Act 175; and

WHEREAS, the Council deems it advisable and necessary at this time to authorize the issuance of one or more series or sub-series of Bonds in an amount not to exceed \$15,000,000, bearing interest at rates as determined by the City Treasurer and, in his absence, the Chief Financial Officer of the City (the “Bond Award Officers”) within the parameters of this Resolution and confirmed at the time of sale of such Bonds in an order (the “Sale Order”), to finance the Projects determined and confirmed by the Bond Award Officers in the Sale Order; and

WHEREAS, based on the recommendation of the Chief Financial Officer and the City’s financial advisors the City proposes to sell the Bonds by competitive sale, and to delegate to the Bond Award Officers the authority to award the Bonds to the lowest bidder based on a true interest cost calculation and to issue the Sale Order, subject to the conditions and parameters set forth herein;

and

WHEREAS, pursuant to the authority of Section 315(1)(d) of Act 34, Public Acts of Michigan, 2001, as amended (“Act 34”), the Council desires to delegate to the Bond Award Officers the authority to make certain determinations with respect to the Bonds, within the parameters of this Resolution and to authorize each Bond Award Officer, among other things, (i) to determine the principal amounts of the Bonds to be issued; (ii) to determine the interest rate provisions and other requirements for the Bonds; (iii) to determine and allocate the amount of proceeds of the Bonds to the various Projects; (iv) to negotiate the terms for the sale of the Bonds; (v) to file a qualifying statement and/or application for full approval to issue the Bonds, as necessary, to apply for a waiver of the rating requirement applicable to bonds issued in a principal amount exceeding \$5,000,000 if such application is recommended by the City’s financial advisors, and to make such other filings with and to pay any post issuance fees to the Michigan Department of Treasury as required by Act 34, and (vi) to take such other actions and make such other determinations as may be necessary to accomplish the sale and delivery of the Bonds and the transactions contemplated by this Resolution, as shall be confirmed by the Bond Award Officers in the Sale Order.

NOW, THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF ANN ARBOR, WASHTENAW COUNTY, MICHIGAN, PURSUANT TO THE CITY’S CHARTER, ACT 34, Act 175, AND ACT 279, PUBLIC ACTS OF MICHIGAN, 1909, AS AMENDED, THAT:

1. Approval of Projects and Cost Estimates: Useful Life. The initial plans and estimates of costs of the Citywide Road Improvements, including the Projects, are hereby approved and adopted. The weighted average useful life of the Projects is estimated to be not less than fifteen (15) years.

2. Approval of Bonds. The City hereby approves the issuance of the Bonds in one or more series or subseries. The Bond Award Officers shall take all actions necessary to issue the Bonds, and are authorized to execute all agreements, instruments and certificates necessary or incidental to the issuance of the Bonds.

3. Bond Details. The City shall borrow not to exceed \$15,000,000 and issue its Bonds therefor pursuant to Act 175 and Act 34, for the purposes of paying the costs of the Projects and of issuing the Bonds. The Bonds shall be designated as “City of Ann Arbor 2022 Michigan Transportation Fund Bonds (General Obligation - Limited Tax).” The Bonds shall be fully registered Bonds, both as to principal and interest, registrable upon the books of the Bond Registrar (as hereinafter defined), and may be issued in any denomination which is \$5,000, or any integral multiple thereof up to a single maturity, numbered from 1 upwards. Bonds initially issued shall be dated the date of their original issuance and delivery, and shall bear interest payable semi-annually from that date or from the June 1 or December 1 through which interest has been paid. The Bonds shall mature serially on June 1 of each year in the period from 2023 through 2032, inclusive, in the following principal amounts (aggregating \$15,000,000):

<u>Year</u>	<u>Amount</u>
2023	\$1,120,000
2024	\$1,395,000
2025	\$1,430,000
2026	\$1,465,000
2027	\$1,505,000
2028	\$1,540,000
2029	\$1,575,000
2030	\$1,615,000
2031	\$1,655,000
2032	\$1,700,000

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. 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.

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 June 1 of the years and in the amounts as set forth in the foregoing maturity schedule (subject to adjustment as provided above) at a redemption price of par, plus accrued interest, to the date of mandatory redemption.

The Bonds shall be in substantially the form attached as Exhibit A, with such changes, additions or deletions as are consistent with this Resolution.

4. Interest Payment and Date of Record. The Bonds shall bear interest payable December 1, 2022 and each June 1 and December 1 thereafter until maturity, with the rate of interest on Bonds maturing in any one year being not in excess of 5.0%. The rate of interest borne by any one maturity of Bonds shall not be less than the interest rate borne by the preceding maturity, and shall not exceed the interest rate borne by any preceding maturity by more than 3.0%. Interest shall be paid by check or draft mailed by first class mail to the registered owner of each Bond as of the applicable date of record. The date of record shall be May 15 with respect to interest payments made on June 1 and November 15 with respect to interest payments made on December 1.

5. Prior Redemption. The Bonds shall not be subject to optional redemption prior to their maturity.

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

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

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

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

8. Global Form; Securities Depository.

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

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

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

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

(iii) the payment to any Agent Member, beneficial owner of the Bonds or other person, other than the Securities Depository, of any amount with respect to the principal of, premium, if any, or interest on, the Bonds;

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

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

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

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

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

(C) registering transfers with respect to such Bonds.

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

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

As used in this Resolution, "Securities Depository" shall mean the Depository Trust Company, New York, New York ("DTC") and its successors and assigns if any or if (i) the then-Securities Depository resigns from its functions as depository of the Bonds or (ii) the City discontinues use of the then-Securities Depository pursuant to this Section 8, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in

connection with the Bonds and which is selected by the City.

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

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

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

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

10. Bond Payment Fund; Irrevocable Pledge of MTF Revenues. For the purpose of providing moneys to pay the principal of and premium (if any) and interest on the Bonds, in accordance with the provisions of Section 2 of Act 175 there is hereby irrevocably appropriated and pledged the moneys received and to be received by the City from the Michigan Transportation Fund pursuant to law, to the extent necessary to pay the principal of and premium (if any) and interest on the Bonds each year. During each year that any of the Bonds remain outstanding and unpaid, it shall be the duty of the City Treasurer to set aside in a separate depository account, to be designated "City of Ann Arbor 2022 MTF Bonds Bond Payment Fund" (the "Bond Payment Fund"), sufficient moneys received during each such year from the Michigan Transportation Fund pursuant to law to pay the next maturing installment of the principal of and premium (if any) and interest on the Bonds.

The City reserves the right to issue obligations of equal standing with the Bonds to the extent permitted by the provisions of Act 175 and applicable Michigan law. Each series of obligations so issued shall be equally and ratably secured by the monies so appropriated and pledged, without preference or priority as between series.

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

11. Construction Fund. The City shall establish a Construction Fund into which shall be deposited proceeds from the sale of the Bonds (less any accrued interest and any premium) together with any other available funds of the City sufficient to pay the costs of the Projects. Such moneys shall be held as uninvested cash or invested in direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing. The balance of the proceeds of the Bonds after establishment and funding of the Construction Fund shall be used to pay the costs incidental to issuance of the Bonds.

Any funds remaining in the Construction Fund after completion of the Projects may be used for other street and road improvements or for any other purpose permitted by law.

12. Limited Tax Pledge as Security for Payment of the Bonds. As additional security for payment of the Bonds, the City hereby irrevocably pledges its full faith and credit for the payment of principal of and interest on the Bonds. In the event the amounts received and set aside pursuant to Section 10 above are insufficient to pay the Bonds when due, the City shall as a first budget obligation advance sufficient moneys from its general funds for such payments, including the collection of any ad valorem taxes which the City is authorized to levy, but any such levy shall be subject to applicable constitutional, charter and statutory tax rate limitations. Nothing in this Resolution shall restrict or be construed as restricting (i) the City's ability to make additional pledges or assignments of MTF Distributions as security for current or future bonds or obligations of the City, or (ii) the City from depositing other funds in the Bond Payment Fund for the payment of principal of and interest on the Bonds.

13. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Mayor and City Clerk may, on behalf of the City, execute and deliver, or order the Bond Registrar to authenticate and deliver, a new Bond having a number not then outstanding, of like date, maturity, interest rate and denomination as that mutilated, lost, stolen or destroyed Bond.

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

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

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

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

15. Reimbursement; Not Qualified Tax-Exempt Obligations. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

- (a) The City reasonably expects to reimburse itself for the expenditures described in (b) below with proceeds of the Bonds.
- (b) The expenditures described in this paragraph (b) are for the purpose of defraying the costs of the Projects, as described in this Resolution.
- (c) The Bonds will be issued no later than 18 months after the later of (i) the date the first

expenditure to be reimbursed was made, or (ii) the date the Projects were placed in service or abandoned, but in no case later than 3 years after the date the first expenditure was made.

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

The Bonds shall not be designated as “qualified tax-exempt obligations” for purposes of deduction of interest expense by financial institutions under the provisions of Section 265(b)(3)(B) of the Code.

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

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

(b) (i) sufficient moneys, or Government Obligations (as defined in this Section) not callable prior to maturity, the principal of and interest on which when due and payable will provide sufficient moneys, to pay the whole amount of the principal of and premium, if any, and interest on all outstanding Bonds as and when due at maturity or upon redemption prior to maturity shall be deposited with and held by a trustee or an escrow agent for the purpose of paying the principal of and premium, if any, and interest on such Bonds as and when due, and (ii) in the case of redemption prior to maturity, all outstanding Bonds shall have been duly called for redemption (or irrevocable instructions to call such Bonds for redemption shall have been given), then, at the time of the payment referred to in clause (a) of this Section or of the deposit referred to in clause (b) of this Section, the City shall be released from all further obligations under this Resolution, and any moneys or other assets then held or pledged pursuant to this Resolution for the purpose of paying the principal of and interest on the Bonds (other than the moneys deposited with and held by a trustee or an escrow agent as provided in clause (b) of this Section) shall be released from the conditions of this Resolution, paid over to the City and considered excess proceeds of the Bonds. In the event moneys or Government Obligations shall be so deposited and held, the trustee or escrow agent holding such moneys or Government Obligations shall, within thirty (30) days after such moneys or Government Obligations shall have been so deposited, send written notice to the registered owners of the Bonds, setting forth (x) the date or dates, if any, designated for the redemption of the Bonds, (y) a description of the moneys or Government Obligations so held by it and (z) that the City has been released from its obligations under this Resolution. All moneys and Government Obligations so deposited and held shall be held in trust and applied only to the payment of the principal of and premium, if any, and interest on the Bonds at maturity or upon redemption prior to maturity, as the case may be, as provided in this Section.

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

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

17. Discount and Premium. The Bonds shall be sold at a price no less than 100% of their par value and at a price of no more than 110% of their par value.

18. Official Notice of Sale. The Bonds shall be advertised and sold, and proposals for their purchase shall be received, at a time to be later determined by the City Treasurer. Notice of the sale of the Bonds shall be published in accordance with the law in The Bond Buyer or such other publication approved for such purpose by the Michigan Department of Treasury, which Notice shall be in substantially the form of Exhibit B attached hereto.

19. Sale Order. The City Treasurer (or in his absence the Chief Financial Officer) is authorized to execute and deliver a 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, provided, however, such true interest cost shall

not exceed 4%.

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

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

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

23. Contract. The provisions of this Resolution shall constitute a contract between the City and the holder or holders of the Bonds from time to time, and after the issuance of such Bonds, no change, variation or alternation to the provisions of this Resolution may be made which would lessen the security for the Bonds. The provisions of this Resolution shall be enforceable by appropriate proceedings taken by such Bondholder either at law or in equity.

24. Publication of Resolution. This Resolution shall be published in full in The Washtenaw County Legal News, or another newspaper of general circulation in the City qualified under State law to publish legal notices, promptly after its adoption.

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

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

YES:

NO:

ABSTAIN:

THE RESOLUTION WAS THEREUPON DECLARED ADOPTED.

CERTIFICATION

I, the undersigned, the duly qualified and acting Clerk of the City of Ann Arbor, Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council at a regular meeting held on April 18, 2022, the original of which is on file in my office, and that such meeting was conducted and public notice thereof was given pursuant to and in compliance with Act No. 267, Michigan Public Acts of 1976, as amended, and that minutes of such meeting were kept and are available as required by such Act.

Jacqueline Beaudry
City Clerk

Dated: _____, 2022

EXHIBIT A

[FORM OF BOND]

R-___

[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

2022 MICHIGAN TRANSPORTATION FUND BONDS

(GENERAL OBLIGATION - LIMITED TAX)

Registered Owner: CEDE & CO.

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

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Issuance</u>	<u>CUSIP</u>
%		June 1, _____, 2022	_____

FOR VALUE RECEIVED, the CITY OF ANN ARBOR, Washtenaw County, State of Michigan (the "City"), hereby acknowledges itself indebted and promises to pay on the Maturity Date specified above to the Registered Owner specified above, or registered assigns shown as the owner of record of this Bond upon the books of _____, _____, Michigan, as paying agent and bond registrar (the "Bond Registrar"), on the applicable date of record, the Principal Amount specified above upon presentation and surrender of this Bond at the principal corporate trust office of the Bond Registrar in _____, Michigan, together with interest thereon, from the Date of Issuance specified above or such later date to which interest has been paid, at the Rate per annum specified above on December 1, 2022 and thereafter semi-annually on the first day of June and December in each year. The date of record shall be May 15 with respect to payments made on June 1, and November 15 with respect to payments made on December 1.

This Bond is one of a series of Bonds of like date and tenor except as to date of maturity and rate of interest aggregating the principal sum of \$_____ (the "Bonds"), issued under and pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended, Act 34, Public Acts of Michigan, 2001, as amended, and a bond authorizing resolution approved by the City Council of the City on _____, 2022 (the "Bond Resolution"). The Bonds are issued for the purpose of financing certain costs of the construction of, reconstruction of and improvements to the City's roadways, including utility replacements and upgrades, street lighting, bridges and approaches, and

sidewalk improvements.

This Bonds and the interest thereon are payable primarily from funds received and to be received by the City from the Michigan Transportation Fund pursuant to law, such fund being a special fund in the State Treasury in which taxes imposed by law upon gasoline or other motor fuels and on certain motor vehicles are required by law to be set aside as collected. The Bond Resolution irrevocably appropriates and pledges sufficient moneys from such receipts to provide for the payment of the principal of and interest on this Bond, and the series of bonds of which this is one, when due. In the event the funds so pledged are for any reason insufficient to pay the principal of, premium (if any) and interest thereon when due, the City is obligated to advance sufficient moneys from its general funds to make up such deficiency. The City does not, however, have the power to levy and tax for the payment of this Bond in excess of its charter, statutory and constitutional limits. THIS BOND IS NOT AN OBLIGATION OF THE STATE OF MICHIGAN OR OF THE MICHIGAN TRANSPORTATION FUND.

The Bonds have not been designated by the City as “qualified tax-exempt obligations” for purposes of the deduction of interest expense by financial institutions under the provisions of Section 265 of the Internal Revenue Code of 1986, as amended.

This Bond is transferable by the Registered Owner at any time. Registration of any transfer may be made in person or by an attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in _____, Michigan. The City and Bond Registrar may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of or on account of principal of and interest on this Bond and for all other purposes, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

Optional Redemption: The Bonds shall not be subject to optional redemption prior to maturity.

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

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

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

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

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

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

COUNTERSIGNED: CITY OF ANN ARBOR,
WASHTENAW COUNTY, MICHIGAN

By: _____
City Clerk

By: _____
Mayor

SEAL

[FORM OF CERTIFICATE OF AUTHENTICATION]

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

_____, as Bond Registrar and Authenticating Agent

By: _____
Authorized Signatory

Date of Authentication:

EXHIBIT B
OFFICIAL NOTICE OF SALE
\$15,000,000*
CITY OF ANN ARBOR
WASHTENAW COUNTY, MICHIGAN
2022 MICHIGAN TRANSPORTATION FUND BONDS

(GENERAL OBLIGATION - LIMITED TAX)

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 _____, 2022.

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 “2022 Michigan Transportation Fund Bonds (General Obligation - Limited Tax)” (the “Bonds”) and shall aggregate the principal sum of \$15,000,000 (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 December 1, 2022, and semi-annually thereafter. The Bonds shall mature on June 1, in the years and principal amounts as follows:

<u>Year</u>	<u>Amount</u>
-------------	---------------

2023	\$1,120,000
2024	\$1,395,000
2025	\$1,430,000
2026	\$1,465,000
2027	\$1,505,000
2028	\$1,540,000
2029	\$1,575,000
2030	\$1,615,000
2031	\$1,655,000
2032	\$1,700,000

***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 June 1 of the years and in the amounts as set forth in the foregoing maturity schedule at a redemption price of par, plus accrued interest, to the date of mandatory redemption.

OPTIONAL REDEMPTION: The Bonds shall not be subject to optional redemption prior to maturity.

INTEREST RATE AND BIDDING DETAILS: Bonds will bear interest at a rate or rates not exceeding 5.0% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. THE RATE OF INTEREST BORNE BY ANY ONE MATURITY OF BONDS SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY THE PRECEDING MATURITY, AND SHALL NOT EXCEED THE INTEREST RATE BORNE BY ANY PRECEDING MATURITY BY MORE THAN 3.0%. 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 100.0% of their par value nor more than 110.00% of their par value will be considered. See

“ADJUSTMENTS TO MATURITY SCHEDULE AND PURCHASE PRICE FOLLOWING SALE.”

PAYING AGENT/BOND REGISTRAR AND REGISTRATION: Principal and interest shall be payable at the principal corporate trust office of _____, _____, Michigan, or such other paying agent as the City may thereafter designate by notice mailed to the registered owner not less than 60 days prior to any change in paying agent (the “Bond Registrar”) 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 are to be issued pursuant to Act 175, Public Acts of Michigan, 1952, as amended, and Act 34, Public Acts of Michigan, 2001, as amended, for the purposes of financing certain costs of the construction of, reconstruction of and improvements to the City’s roadways, including utility replacements and upgrades, street lighting, bridges and approaches, and sidewalk improvements. The Bonds are issued in anticipation of Michigan Transportation Fund payments to be received by the City pursuant to law, which have been irrevocably appropriated and pledged to payments on the Bonds when due. In the event the funds so pledged are for any reason insufficient to pay the principal of, premium (if any) and interest thereon when due, the City is obligated to advance sufficient moneys from its general funds to make up such deficiency. The City does not, however, have the power to levy and tax for the payment of the Bonds in excess of its charter, statutory and constitutional limits. THIS BOND IS NOT AN OBLIGATION OF THE STATE OF MICHIGAN OR OF THE MICHIGAN TRANSPORTATION FUND.

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 December 1, 2022 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to _____, 2022 (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, and the City shall treat 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, applied on a maturity-by-maturity basis. 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 will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use 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. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% Test in order to establish the issue price of the Bonds.

If all of 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 shall 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 City or bond counsel.

By submitting a bid, each bidder confirms that:

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

Michael J. Pettigrew, Treasurer
City of Ann Arbor