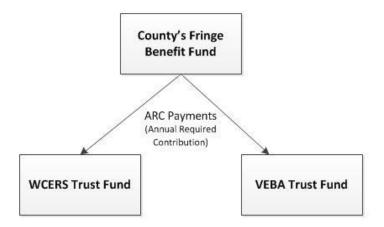
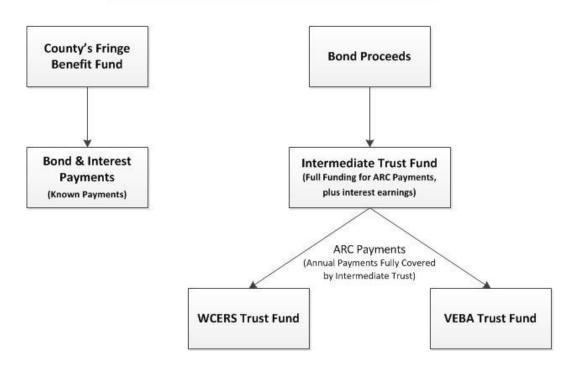
Bond WCERS and VEBA Flowchart

Current Way County Pays WCERS (Pension) & VEBA (Health) Trusts



New Way with Bonding

County Pays WCERS (Pension) & VEBA (Health) Trusts



Glossary of Terms:

County's Fringe Benefit Fund: an internal fund that sets aside a certain amount from current County general fund and required FTE contributions by departments.

Debt Service Fund: an internal fund set up for the purpose of servicing payment bond notes and debt, interest (new).

WCERS Trust Fund: the Washtenaw County Employee Retirement System. An investment account that provides biweekly pension payments to retired employees. Current assets total approximately \$228 million.

VEBA Trust Fund: the Voluntary Employee Benefit Association ("VEBA") plan. An investment account that pays for for retirees' health care coverage. Current assets total approximately \$82 million.

Intermediate Trust Fund: an investment account that will be created for the purpose of receiving the proceeds from the bond issuance, which could generate up to \$350 million (equal to the total unfunded accrued pension and health care liabilities, as defined by an actuarial evaluation).

Description of changes prompted by bond issuance:

Currently, the Employee Fringe Benefit fund directs payments to the WCERS and VEBA trust funds, as determined by the actuarial evaluation every year. If bonds were issued, the proceeds would be directed into an Intermediate Trust that will be created for the express purpose of receiving and investing these funds. After the bond issuance, the Employee Fringe Benefit fund would no longer be directed to the WCERS and VEBA trust funds, but would rather be directed toward the bond repayment costs. Instead, the Intermediate Trust would direct payments into the WCERS and VEBA trust funds.