



COUNTY ADMINISTRATOR
220 NORTH MAIN STREET, P.O. BOX 8645
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(734)996-3055
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TO: Martha Kern, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Janis A. Bobrin
Washtenaw County Drain Commissioner

DATE: April 18, 2001

SUBJECT: Traver Creek Drain Crossing Project

Board Action Requested:

It is requested that the Washtenaw County Board of Commissioners approve the pledging of the County's limited full faith and credit for payment of bonds for the Traver Creek Drain Crossing Project in an amount not to exceed \$800,000. Bonds will be retired through special assessments against the following:

City of Ann Arbor
County of Washtenaw for benefits to County Roads
State of Michigan for benefits to State Highways

Background:

Section 280.24 of the Michigan Drain Code authorizes the Drain Commissioner to borrow funds on behalf of drainage districts and the Board of Commissioners to pledge its Full Faith and Credit to back such borrowings upon approval of two-thirds of its membership.

Discussion:

Washtenaw County Drain Commissioner was petitioned by the City of Ann Arbor to undertake improvements to the County Drain known as Traver Creek specifically to replace the existing culvert under Broadway Street, which is failing, and provide erosion control measures in the area of the culvert.

Impact on Human Resources:

None.

Impact on Budget:

None.

Impact on Other County Departments or Outside Agencies:

None.

Conformity to County Policies:

The County's full faith and credit policy requires County Planning Commission review and approval. Planning Commission will review this item at its April 12, 2001 meeting. Its concurrence with this request is assumed. Any other outcome will be reported to the Board of Commissioners at the April 18th Ways & Means Committee meeting.

Attachments:

Traver Creek map

COUNTY OF WASHTENAW

At a regular meeting of the Board of Commissioners of the County of Washtenaw, Michigan (the "County") held at the Washtenaw County Commissioner's Chambers, Washtenaw County, Administration Building, Ann Arbor, Washtenaw County, Michigan (the "County") on _____, 2001 at _____ o'clock __.m., Eastern Daylight Savings Time there were:

PRESENT: _____

ABSENT: _____

The following preamble and resolution were offered by _____ and seconded by _____:

RESOLUTION PLEDGING THE FULL FAITH AND CREDIT OF THE
COUNTY OF WASHTENAW, WITHIN CONSTITUTIONAL
LIMITATIONS, FOR THE PAYMENT OF THE BONDS OF THE TRAVER CREEK
DRAIN CROSSING PROJECT DRAINAGE DISTRICT
DESCRIBED IN THE ORDER AUTHORIZING BONDS
ATTACHED TO THIS RESOLUTION

WASHTENAW COUNTY BOARD OF COMMISSIONERS

May 2, 2001

WHEREAS, the Washtenaw County Drain Commissioner (the "Commissioner") has completed the necessary proceedings for making certain improvements in the TRAVER CREEK DRAIN CROSSING PROJECT DRAINAGE DISTRICT (the "District") which will involve the improvement of a storm drain and bridge crossing within the City of Ann Arbor designated as the Traver Creek Drain Crossing Project (the "Project"); and

WHEREAS, the Drainage Board for the District has approved a "Bond Resolution" authorizing the issuance of not to exceed \$750,000 in Bonds (the "Bonds") with interest at a rate not to exceed the rate of 8% per annum pursuant to Chapter 20 of Act No. 40, Michigan Public Acts of 1956, as amended (the "Drain Code"), maturing finally on April 1, 2011, a copy of which is attached to this resolution; and

WHEREAS, the estimated cost of the Project is \$806,154.60 which has been apportioned against the City of Ann Arbor (the "Public Corporation"), all pursuant to the Drain Code; and

WHEREAS, to defray part of the cost of the Project, the Drain Commissioner, on behalf of the District, proposes to issue up to \$750,000 principal amount of bonds of the District, and to pledge the full faith and credit of the Drainage District, to be designated as set forth in the title of this resolution (the "Bonds"), with interest at the rate of not

more than 8% per annum, pursuant to the Drain Code, maturing on April 1 each year as follows:

<u>Maturing</u>	<u>Amount</u>
2002	\$75,000
2003	\$75,000
2004	\$75,000
2005	\$75,000
2006	\$75,000
2007	\$75,000
2008	\$75,000
2009	\$75,000
2010	\$75,000
2011	\$75,000

WHEREAS, the Bonds are to be made payable out of the assessments against the Public Corporation assessed all pursuant to the Drain Code; and

WHEREAS, The Board of Commissioners, pursuant to said Drain Code, is authorized by vote of two-thirds of its members to pledge its full faith and credit of the County of Washtenaw for the payment of the Bonds, within constitutional limitations;

NOW THEREFORE BE IT RESOLVED as follows:

1. The limited tax full faith and credit of the County is hereby pledged for the prompt payment of the principal of and interest on the Bonds. In case of any deficiency in the assessments to be made to pay the principal of and interest on the Bonds as and when due, the County shall pay the amount of such deficiency out of its general funds as a first budget obligation and, if necessary, shall levy ad valorem taxes for such purpose against all taxable property within its limits, subject to constitutional and statutory limitations provided, however, that if it is necessary to reimburse the County for money it is obligated to advance, it shall be the duty of the Commissioner to at once levy an additional assessment as herein before provided as such an amount as will make up the deficiency pursuant to the Drain Code, Section 280, M.C.L. 280.280.

2. If required to do so, the County Drain Commissioner or Bond Counsel is authorized and directed to:

- (a) apply to the Municipal Finance Division of the Michigan Department of Treasury for either (i) prior approval of the sale of the Bonds or (ii) an exception from the requirement that such prior approval be obtained;
- (b) file with such application all required supporting material; and
- (c) pay all fees required in connection therewith.

3. All previous resolutions of the Board of Commissioners of the County, or parts thereof, that are inconsistent with this resolution are hereby rescinded.

The results of a roll-call vote on the foregoing resolution were as follows:

YES: _____

NO: _____

ABSENT: _____

THE RESOLUTION WAS THEREUPON DECLARED ADOPTED.

COUNTY CLERK'S CERTIFICATE

The undersigned, being the duly qualified and acting Clerk of the County of Washtenaw, Michigan, hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board of Commissioners at a regular meeting held on May 2, 2001, at which meeting a quorum was present and remains throughout, (2) the original thereof is on file in the records the proceedings of the Board of Commissioners in my office; the meeting was conducted, and public notice thereof was given pursuant to and in full compliance with the Open Meetings (Act No. 267, Public Acts of Michigan, 1976, as amended) and minutes of such meetings were kept and will be or have been made available as thereby required.

Peggy M. Haines
County Clerk/Register

[SEAL]

BOND RESOLUTION

WHEREAS, the Drainage Board (the "Board") for the Traver Creek Drain Crossing Project Drainage District (the "District"), by resolution, has approved the cleaning out, relocating, widening, deepening, straightening, extending, tiling, interconnecting or otherwise improve the Broadway Street crossing portion of the Traver Creek Drain of an intracounty drain designated by the Board as the "Traver Creek Drain Crossing Project" (the "Project") for the purpose of providing storm drainage to the District which lies wholly within the City of Ann Arbor, County of Washtenaw (the "County"), Michigan; and

WHEREAS, pursuant to a resolution of the Board, the following Public Corporation have been apportioned the cost to establish, locate, acquire, construct and finance the Project and have been assessed by the Board in the amounts set forth all as follows:

Total Estimated Cost of Project: \$806,154.60

Name of Public Corporation To be Assessed	City of Ann Arbor	County of Washtenaw	State of Michigan
			Dept. of Transportation

Percentage Apportioned to Public Corporation to be Assessed:	93.48%	2.24%	4.28%
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Amount of Assessment against Public Corporation Based Upon Percentage of Apportionment:	\$753,593.32	\$18,057.86	\$34,503.42
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Less Prepayments:	\$ 3,593.32	\$18,057.86	\$34,503.42
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Amount to be Collected

in Installments: \$750,000.00 \$ 0.00 \$ 0.00

WHEREAS, the Board desires to issue bonds of the District in the maximum aggregate principal amount of \$750,000 in anticipation of the payment of such assessments against the City of Ann Arbor (the "Public Corporation"), all pursuant to Chapter 20 of Act No. 40, Michigan Public Acts of 1956, as amended (the "Act"); and

WHEREAS, the amounts of prepayments and the several installments of principal of and interest on the assessment made by this Board will not be less than the semiannual principal and interest due on such bonds;

NOW, THEREFORE, IT IS RESOLVED as follows:

1. Bond Details. Bonds of the District in the maximum aggregate principal amount of \$750,000 shall be issued for the purpose of defraying a portion of the cost of establishing, locating, acquiring, constructing and financing the Project. The Bonds shall be issued in substantially the form of APPENDIX A to this resolution. The Bonds are hereby designated and shall be known as "Traver Creek Drain Crossing Project Drainage District Bonds, Series 2001" (the "Bonds"). Bonds initially issued shall be dated June 1, 2001 or such later date on or before December 1, 2001 as the Chair of the Board or any member or members of the Board designated by him or her in writing (together the "Authorized Officers" and each an "Authorized Officer") shall provide in the Official Notice of Sale of the Bonds (the "Notice of Sale"). Bonds issued thereafter shall bear interest from their date of issue. The Bonds shall be fully registered Bonds, both as to principal and interest, in any denomination which is \$5,000 or any integral multiple thereof, up to a single maturity, numbered from 1 upwards, and shall mature on April 1 in each year as follows:

<u>PRINCIPAL DUE</u>	<u>AMOUNT</u>
2002	\$75,000
2003	\$75,000
2004	\$75,000
2005	\$75,000
2006	\$75,000
2007	\$75,000
2008	\$75,000
2009	\$75,000
2010	\$75,000
2011	\$75,000

2. Interest Payment and Date of Record. The Bonds shall bear interest payable October 1, 2001, and each April 1 and October 1 thereafter, until maturity, which interest rate shall not exceed 8% per annum. 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 September 15 with respect to interest payments to be made on October 1 and March 15 with respect to interest payments to be made on April 1.

3. Prior Redemption. The Bonds shall not be subject to redemption prior to maturity.

4. Capitalized Interest. All or part of the interest payable on the Bonds on or before October 1, 2002 may be capitalized and paid from Bond proceeds, subject to and in light of the facts in existence upon the sale of the Bonds.

5. Discount. The Bonds may be offered for sale at a discount of not to exceed 1.5%.

6. Reduction in Aggregate Amount of Bonds. In the event bids received for construction of the Project shall be less than the estimate, the District shall reduce the principal amount of the Bonds in such manner as an Authorized Officer may order in writing, and the Notice of Sale shall be correspondingly altered.

7. Bond Registrar and Paying Agent/Book Entry Depository Trust. The Authorized Officer shall designate and may enter into an agreement with a bond registrar and paying agent for the Bonds (sometimes referred to as the "Bond Registrar") which shall be a bank or trust company located in the State of Michigan which is qualified to act in such capacity under the laws of the United States of America or the State of Michigan. The Authorized Officer from time to time as required may designate a similarly qualified successor bond registrar and

paying agent. The Bonds shall be deposited with a depository trustee designated by the Authorized Officer who shall transfer ownership of interests in the Bonds by book entry and who shall issue depository trust receipts or acknowledgements to owners of interests in the Bonds. Such book entry depository trust arrangement, and the form of depository trust receipts or acknowledgements, shall be as determined by the Authorized Officer after consultation with the depository trustee. The depository trustee may be the same as the Bond Registrar otherwise named by the Authorized Officer and the Bonds may be transferred in part by depository trust and in part by transfer of physical certificates as the Authorized Officer may determine.

8. 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 of 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 exchanged 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 District. 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.

9. Execution and Delivery. The Chair of the Board and one other member of the Board are authorized and directed to execute the Bonds for and on behalf of the District by manually executing the same or by causing their facsimile signatures to be affixed. If facsimile signatures are used, the Bonds shall thereafter be authenticated by the Bond Registrar, as authenticating agent.

The Bonds shall be sealed with the seal of the District or a facsimile thereof shall be imprinted thereon. When so executed and (if facsimile signatures are used) authenticated, the Bonds shall be delivered to an Authorized Officer, who thereafter shall deliver the same to the purchaser upon receipt in full of the purchase price for the Bonds.

10. Full Faith and Credit of County. The Bonds are to be issued pursuant to the provisions of the Act in anticipation of, and are primarily payable from, collections of assessments assessed against the Public Corporation and property in the District. Pursuant to a resolution adopted (or to be adopted before the Bonds are issued) by a 2/3 vote of the members elect of its Board of Commissioners, the County has pledged its limited tax full faith and credit for the prompt payment of the principal of an interest on the Bonds as the same shall become due. The ability of the County to raise funds with which to meet such pledge is subject to applicable statutory and constitutional tax limitations. In addition, the Board hereby pledges the full faith and credit of the District for the prompt payment of the principal of and interest on the Bonds. Neither the Board nor the District has the power to levy ad valorem taxes for the payment thereof.

11. Bond Payment Fund. The District shall establish a separate fund to be designated "Traver Creek Drain Crossing Project Bond Payment Fund" (the "Bond Payment Fund"). All accrued interest and premium, if any, received from the purchaser of the Bonds and all amounts (including both principal and interest) at any time received in payment of the assessment against the Public Corporation shall be deposited in the Bond Payment Fund; provided, however, that if and whenever the payments received from the Public Corporation (including both principal and interest) exceed the amount required to pay the principal of and interest on the Bonds, the amount of such excess shall be deposited in the Project Fund (as hereinafter defined).

Moneys in the Bond Payment Fund shall be used solely to pay principal of and premium, if any, and interest on the Bonds.

Moneys in the Bond Payment Fund may be continuously invested and reinvested in any legal investment for District 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 credit to such fund.

12. Project Fund. Except for amounts required by this resolution to be deposited in the Bond Payment Fund, the proceeds from the sale of the Bonds shall be deposited in a separate fund to be designated "Traver Creek Drain Crossing Project Fund" (the "Project Fund").

Moneys at any time in the Project Fund shall be used solely to pay costs of the Project or to reimburse the District for any costs of the Project paid before the Bonds are delivered, (including moneys advanced by the City of Ann Arbor which served as a contribution for the District) except that upon payment (or provision for payment) in full of the costs of the Project any excess moneys remaining in the Project Fund shall be transferred to the Bond Payment Fund (if any Bonds are outstanding) or applied as required by law.

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

13. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Chair of the Board and any other members of the Board may, on behalf of the District, 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.

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 District 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 District 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 District and the Bond Registrar in connection with the replacement, including the transfer and exchange costs which otherwise would be paid by the District.

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

(a) Permit any proceeds of the Bonds or any other funds of the District 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, 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 cause the proceeds of the Bonds to be used directly or indirectly by an organization described in Section 501(c)(3) of the Code or (ii) adversely affect the exemption of the Bonds and the interest thereon from State of Michigan income taxation.

15. Qualified Tax-Exempt Obligations. The Bonds are hereby designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions under the provisions of Section 265 of the Code, provided that such designation shall have no effect if, at the time the Notice of Sale is published, the Bonds have been determined to be ineligible to be so designated on the basis of the District's reasonable expectations at the time of such publication. In such event, the Notice of Sale shall be changed appropriately.

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 District 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 District 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 30 days after such moneys or Government Obligations shall have been so deposited, cause a notice signed by it to be published once in a newspaper of general circulation in the City of Detroit, Michigan, 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 District 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 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. Filing with Municipal Finance Division. The Chair of the District, the Treasurer of the District (the Washtenaw County Treasurer) and the Bond Counsel are each (or either one of them is) authorized and directed to:

- (a) apply to the Municipal Finance Division of the Michigan Department of Treasury for either (i) prior approval of the sale of the Bonds or (ii) an exception from the requirement that such prior approval be obtained;

- (b) file with such application all required supporting material;
and
- (c) pay all fees required in connection therewith.

18. Notice of Sale. Subject to obtaining the approval of the Michigan Department of Treasury to sell the Bonds, each Authorized Officer is authorized and directed to fix the date of sale of the Bonds and to publish the Notice of Sale in accordance with law, once in the Detroit Legal News or Bond Buyer at least seven days prior to the date fixed for receipt of bids for the purchase of the Bonds. The Notice of Sale shall be in substantially the form attached to this resolution as APPENDIX B with such changes therein as are not inconsistent with this resolution and are approved by an Authorized Officer after conferring with bond counsel. The Authorized Officers, and each of them, individually, are hereby authorized to act for and on behalf of the District to receive bids for the purchase of the Bonds and to take all other steps necessary in connection with the sale and delivery of the Bonds.

19. Retention of Bond Counsel. The firm of Axe & Ecklund, P.C., attorneys of Grosse Pointe Farms, Michigan, is hereby retained to act as bond counsel for the District in connection with the issuance, sale and delivery of the Bonds.

20. Retention of Financial Consultants. Bendzinski & Co., Detroit, Michigan, is hereby retained to act as financial consultant and advisor to the District in connection with the sale and delivery of the Bonds.

21. Conflicting Resolutions. All resolutions of the Board, or parts of such resolutions, in conflict with this resolution are hereby rescinded.

jra.traver

[APPENDIX A - FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WASHTENAW

TRAVER CREEK DRAIN CROSSING PROJECT DRAINAGE
DISTRICT BONDS,
SERIES 2001

Rate	Maturity Date	Date of Issuance	CUSIP
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FOR VALUE RECEIVED, the Traver Creek Drain Crossing Project Drainage District, Washtenaw County, Michigan (the "District") hereby acknowledges itself indebted and promises to pay on the Maturity Date specified above, unless paid prior thereto as hereinafter provided, to the Registered Owner specified above, or registered assigns, the Principal Amount shown above upon presentation and surrender of this Bond at the principal office of _____, Detroit, Michigan, as paying agent and bond registrar (the "Bond Registrar"), together with the interest thereon to the Registered Owner of this Bond as shown on the books of the Bond Registrar on the applicable date of record at the Rate per annum specified above payable on _____, and semiannually thereafter on _____ and _____ in each year. The date of record for payments of interest shall be _____ with respect to payments made on _____ and _____ with respect to payments made on _____. Interest is payable by check or draft mailed by the Bond Registrar to the Registered Owner at the address shown on the books of the Bond Registrar.

This Bond is one of a series of bonds of like date and tenor except as to date of maturity, interest rate and denomination, aggregating the principal sum of \$800,000, issued by the District under and pursuant to and in full conformity with the Constitution and statutes of Michigan (especially Act No. 40, Public Acts of Michigan, 1956, as amended) and a bond resolution adopted by the Drainage Board of the District on _____ (the "Bond Resolution") for the purpose of defraying the cost of establishing, locating, acquiring, constructing and financing the Traver Creek Drain Crossing Project (the "Project") to provide storm drainage for a portion of the City of Ann Arbor, Washtenaw County, (the "County") Michigan.

Bonds maturing prior to _____ shall not be subject to redemption prior to maturity. Bonds maturing in the years _____ through _____

_____, inclusive, shall be subject to redemption prior to maturity at the option of the District, in any order, on any interest payment date, in whole or in part, on or after _____. Bonds so called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption, plus a premium expressed as a percentage of par as follows:

___% of the par amount of each Bond redeemed on or after _____
but prior to _____;

___% of the par amount of each Bond redeemed on or after _____
but prior to maturity.

With respect to partial redemptions, any portion of a Bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion and the amount not being redeemed each constitutes an authorized denomination. In the event that less than the entire principal amount of a Bond is called for redemption, upon surrender of the Bond to the Bond Registrar, the Bond Registrar shall authenticate and deliver to the registered owner of the surrendered Bond a new Bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each Bond being redeemed by first class mail at least 30 days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the Bond Resolution. Any defect in such notice shall not affect the validity of the redemption proceedings. Bonds so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Bond Registrar to redeem the same.

This Bond is transferable on the bond registration books of the Bond Registrar upon surrender of this 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 such transfer, one or more fully registered bonds with denominations of \$5,000 or any integral multiple thereof, in the same aggregate principal amount and the same maturity and interest rate, will be issued to the designated transferee or transferees. The Bond Registrar shall not be required to honor any transfer of Bonds during the period from the applicable date of record preceding an interest payment date to such interest payment date.

This Bond is issued in anticipation of, and is primarily payable from, the collection of installments of assessments against the following Public Corporation in the amounts set forth below:

Name of Public

City of

Corporation
To be Assessed

Ann Arbor

Amount of Assessment
against Public
Corporation Based
Upon Percentage of
Apportionment:

\$750,000

In addition, the limited tax full faith and credit of the County has been pledged for the making of such payments. The ability of the County to raise funds with which to meet such pledge is subject to applicable statutory and constitutional tax limitations. In addition, the full faith and credit of the District has been pledged for the prompt payment of the principal of and interest on the Bonds. Neither the Drainage Board nor the District has the power to levy ad valorem taxes for the payment thereof.

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 the Bonds of this series, existed, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Michigan, and that the total indebtedness of the District, including the Bonds of this series, does not exceed any constitutional or statutory 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 shall have been duly executed by the Bond Registrar.

IN WITNESS WHEREOF, the Traver Creek Drain Crossing Project Drainage District, County of Washtenaw, Michigan, by its Board has caused this Bond to be executed in its name with the facsimile signatures of the Chair and one other member of its Board, has caused a facsimile of its seal to be affixed hereto and has caused this Bond to be authenticated by the Bond Registrar, as the District's authenticating agent, all as of the Date of Issuance.

TRAVER CREEK DRAIN CROSSING
PROJECT DRAINAGE DISTRICT

By: [FACSIMILE]_____

Janis A. Bobrin
Chair of the Drainage Board

And: [FACSIMILE] _____
Member of the Drainage Board

jra.traver

CERTIFICATE OF AUTHENTICATION

This Bond is one of the series of Bonds designated "Traver Creek Drain Crossing Project Drainage District Bonds, Series 2001."

Date of Authentication:

_____,as
BOND REGISTRAR AND
AUTHENTICATING AGENT

By: _____
Authorized Signer

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ this Bond and all rights hereunder and hereby irrevocably appoints attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____
Signature

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of this Bond in every particular.

[APPENDIX B - FORM OF NOTICE OF SALE]

OFFICIAL NOTICE OF SALE

\$750,000

COUNTY OF WASHTENAW

STATE OF MICHIGAN

TRAVER CREEK DRAIN CROSSING PROJECT DRAINAGE DISTRICT
BONDS, SERIES 2001

SEALED BIDS: Sealed bids for the purchase of the above bonds will be received by the undersigned at _____, Ann Arbor, Michigan, on ____ day, _____, 2001 until __:00 o'clock __.M., Eastern Daylight Savings Time, at which time and place the bids will be publicly opened and read.

In the alternative, sealed bids will also be received on the same date and until the same time by an agent of the undersigned at the office of the Bendzinski & Company, 607 Shelby, Suite 600, Detroit, Michigan 48226, where they will simultaneously be publicly opened. Bids opened at Detroit, Michigan, will be read first, followed by bids received at the alternate location. Bidders may choose either location to present bids and good faith checks, but not both locations. The award of the bonds will be made by the Drainage Board at a meeting to be held beginning at __:00 __.M., Eastern Daylight Savings Time, on the day of the sale.

BOND DETAILS: The bonds will be fully registered bonds in any denomination of \$5,000 or any integral multiple thereof, dated June 1, 2001, numbered from 1 upwards, and will bear interest from their date of issuance payable on October 1, 2001, and semiannually thereafter. The bonds will mature on April 1 in each year, as follows:

PRINCIPAL DUE

AMOUNT

PRIOR REDEMPTION: The Bonds will not be subject to redemption prior to maturity.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 8% per annum, to be fixed by the bids for the bonds,

expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one bond shall be at one rate only, all bonds maturing in any one year must carry the same interest rate and the difference between the highest and lowest rate bid on the bonds shall not exceed 4%. No proposal for the purchase of less than all of the bonds, or at a price less than ___% of their par value or a price or an interest rate or rates that will result in a net interest cost exceeding ___% per annum, will be considered.

BOND REGISTRAR AND DATE OF RECORD: _____, Michigan has been selected as Bond Registrar for the bonds. The Bond Registrar will keep records of the registered holders of the bonds, serve as transfer agent for the bonds, authenticate the original and any re-issued bonds and pay interest by check or draft mailed to the registered holders of the bonds as shown on the records of the Bond Registrar on the applicable date of record. The date of record shall be September 15 with respect to interest payments made on October 1 and March 15 with respect to interest payments made on April 1. Principal of the bonds will be paid upon presentation and surrender thereof to the Bond Registrar.

PURPOSE AND SECURITY: The bonds are to be issued pursuant to the provisions of Act No. 40, Public Acts of Michigan, 1956, as amended, to defray part of the cost of establishing, locating, acquiring, constructing and financing the Traver Creek Drain Crossing Project (the "Project") to serve part of the City of Ann Arbor (the "Public Corporation"). The bonds are to be issued in anticipation of, and are primarily payable from, the collection of assessments against the Public Corporation and property in the District in an amount equal to the principal of and interest on the bonds.

FULL FAITH AND CREDIT OF COUNTY: Pursuant to a resolution adopted by its Board of Commissioners, the County has pledged its limited tax full faith and credit for the prompt payment of principal of and interest on the bonds. In the event and to the extent that moneys required to pay such principal and interest are not collected from the aforementioned assessments the County is required to pay from its general fund, as a first budget obligation, sufficient moneys to pay such principal and interest. The ability of the County to raise funds with which to meet such pledge is subject to applicable statutory and constitutional tax limitations. In addition, the full faith and credit of the District has been pledged for the prompt payment of the principal of and interest on the Bonds. Neither the Drainage Board nor the District has the power to levy ad valorem taxes for the payment thereof.

GOOD FAITH: A certified or cashier's check in an amount equal to 2% of the face amount of the bonds, drawn upon an incorporated bank or trust company and payable to the order of the Treasurer of the County, must accompany each bid as a guarantee of good faith on the part of the bidder, to be forfeited as liquidated damages if such bid is accepted and the bidder fails to

take up and pay for the bonds. No interest shall be allowed on the good faith checks, and checks of the unsuccessful bidders will be promptly returned to each bidder's representative or by registered mail. The good faith check of the successful bidder will be immediately cashed and payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF THE BONDS: The bonds will be awarded to the bidder whose bid produces the lowest interest cost computed by determining, at the rate or rates specified in the bid, the total dollar amount of all interest on the bonds from _____ 1, 200_, to their maturity and deducting therefrom any premium or adding thereto any discount.

LEGAL OPINION: Bids shall be conditioned upon the unqualified approving opinion of Axe & Ecklund, P.C., Grosse Pointe Farms, Michigan ("Bond Counsel"), a copy of which will be printed on the reverse side of each Bond, and the original of which will be furnished without expense to the purchaser of the Bonds at the delivery thereof. The fees of Bond Counsel for its services in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue such opinion and as described in the Official Statement, Bond Counsel has not been requested to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in connection with the authorization, marketing or issuance of the Bonds and, therefore, has not expressed and will not express an opinion with respect to the accuracy or completeness of the Official Statement or any such financial documents, statements or materials.

TAX MATTERS: In the opinion of Bond Counsel, assuming compliance with certain covenants, (1) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations and (2) the Bonds and the interest thereon are exempt from all taxation provided by the laws of the State of Michigan. THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR PURPOSES OF DEDUCTION OF INTEREST EXPENSE BY FINANCIAL INSTITUTIONS.

DELIVERY OF BONDS: The District will furnish Bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser at Detroit, Michigan, or any mutually agreeable location. 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 12:00 noon, Eastern Standard Time, on the first business day that is 45 or more calendar days after the date of sale, 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 District shall promptly return the good faith

deposit. Payment for the Bonds shall be made in immediately available funds. Accrued interest to the date of delivery of the Bonds shall be paid by the purchaser at the time of delivery. Unless the purchaser of the Bonds furnishes the Bond Registrar with a list of names and denominations in which it wishes to have the Bonds issued at least ten business days before delivery of the Bonds, the Bonds will be delivered in the form of one Bond for each maturity, registered in the name of the purchaser. Before delivery of the Bonds, the successful bidder will be required to furnish a certificate, in a form acceptable to Bond Counsel, respecting the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended.

OFFICIAL STATEMENT: A copy of the Official Statement may be obtained by contacting Municipal Financial Consultants Incorporated. The Official Statement is in a form deemed final as of its date by the District 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 District, within twenty-four hours after the award of the Bonds, all pricing information and any underwriter identification determined by Bond Counsel to be necessary to complete the Official Statement.

The District will furnish to the successful bidder, at no cost, ___ copies of the final Official Statement within seven business days after the award of the Bonds. Additional copies will be supplied upon the bidder's agreement to pay the cost of the District for those additional copies.

The District 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 District 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.

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 constitute cause for the purchaser to refuse to accept delivery of, or to pay for, the Bonds. All expenses for printing CUSIP numbers on the Bonds will be paid by the District, except that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and paid for by the purchaser.

ADDITIONAL INFORMATION: Further information may be obtained from Meredith S. Shanle, Senior Vice-President, 21 Kercheval Avenue, Suite 360, Grosse Pointe Farms, Michigan, 48236, telephone (313) 884-1550.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES: Envelopes containing the bids should be plainly marked "Proposal for Traver Creek Drain Crossing Project Drainage District Bonds, Series A"

Janis A. Bobrin, Chair
of the Drainage Board

jra.traver