

COUNTY ADMINISTRATOR  
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TO: Jeff Irwin, Chair  
Ways & Means Committee

THROUGH: Robert E. Guenzel  
County Administrator

FROM: Curtis N. Hedger  
Corporation Counsel

DATE: November 1, 2006

SUBJECT: Approval of Resolution Authorizing the Board of Commissioners to Issue Capital Improvement Bonds, Series 2006A to Fund Washtenaw County Jail Expansion, Infrastructure Upgrade and Expanded Support Systems, in the Amount of \$21,675,000.00 and Directing the County Clerk to Publish a Notice of Intent to Issue Such Bonds and Providing for a Referendum Period.

**Board Action Requested:**

County Administration requests that the Board of Commissioners approve a Resolution authorizing the Board of Commissioners to directly issue capital improvement bonds in the amount of \$21,675,000.00 to fund the County Administrator's recommendation to expand the jail by 96 beds, upgrade the jail infrastructure and expand the jail's support systems, and directing the County Clerk to Publish a Notice of Intent to issue such bonds and provide for a referendum period.

**Background:**

In the past few years, the Washtenaw County Jail has been chronically overcrowded. The County's Public Safety and Justice System have been working on finding long-term solutions to this systemic problem. Requests for a millage as well as earlier bond issues have all failed to generate the monies needed to upgrade the jail.

Today, the jail remains statutorily overcrowded. In fact, the Washtenaw County Sheriff recently locked down the jail, agreeing only to accept those new inmates who posed a danger to society. Currently, inmates are being lodged in the jail gymnasium.

To address this critical problem, County Administration is proposing a bond issue that would address the overcrowding problem by significantly expanding the jail's capacity by 96 beds. The new wing will remain on the existing jail site. The design of the new wing would permit future expansions, if necessary. Constructing additional beds will free up programming and recreational space that is currently being used to house inmates.

Moreover, the bond issue would pay for jail infrastructure upgrades involving security, mechanical, ventilation and communication equipment. Additionally, the proposed bond issue would pay to expand the jail's support system, including the kitchen, medical space, laundry, intake and booking, holding cells, sallyport and an inmate property room.

The construction costs, including contingency, for the proposed improvements are \$21,200,000.00. Financing costs and bond discount are \$475,000.00 thus bringing the total amount of the bond issue to \$26,675,000.00.

**Discussion:**

Approval of the Bond Resolution and Notice of Intent to Issue Such Bonds will permit the County to begin the construction of a badly needed jail expansion, along with the accompanying jail infrastructure and support system upgrades. The use of bonding permits the County to receive the full amount needed to immediately begin building the capital needs stated above, while providing a schedule to pay for those costs over a number of years.

Michigan law states that if the County's Building Authority is used to oversee the construction of the County's capital projects, it must have an ownership interest in those projects. Section 517 of the Revised Municipal Finance Act, (MCLA 141.2517), however, provides that a County may directly authorize the issuance of bonds without using a County Building Authority.

As noted above, the present bond issue request is for \$21,675,000.00, which involves construction of an additional 96 beds to the County jail, along with accompanying jail infrastructure and support system upgrades. The debt service schedule to repay this bond issue is twenty years. It would be much less complicated in the long-term, if the Building Authority did not possess an ownership interest in the County Jail for the twenty year repayment period of the bond issue. Thus, Administration is requesting that the Board of Commissioners directly approve the issuance of \$21,675,000.00 of capital improvement bonds to pay for the above-stated projects.

On July 6, 2005, the Board of Commissioners created the Public Safety and Justice Oversight Committee. This Committee is comprised of five positions: (1) Chair of the Board of Commissioners; (2) County Administrator; (3) Chief Judge of the 22<sup>nd</sup> Judicial Circuit; (4) Chief Judge of the 14-A District Court; and (5) the County Sheriff. Once approved by the Board of Commissioners, the Public Safety and Justice Oversight Committee would review and approve contracts, bills and other legal documents for the projects.

Finally, under Michigan law, there is a 45-day period from the approval of a proposed bond issuance to the time when the bonds may be sold. During this time, any interested citizen may

procure enough signatures to have the bond issue placed on the ballot. If there is no support for such a referendum after the 45-day period, the bonds may be sold. Final approval of the Resolution will trigger this 45-day period.

**Impact on Human Resources:**

This request will have no impact on the County's human resources.

**Impact on Budget:**

The bonds, once sold, will pay for the County Jail expansion and accompanying infrastructure and support system upgrades. The debt service on the bond issue is approximately \$1.6 million dollars per year for the 20 year debt service schedule, which will be paid from the savings realized by the County from the new police service methodology with local contracting entities.

**Impact on Indirect Costs:**

There are no indirect costs associated with this Resolution.

**Impact on Other County Departments or Outside Agencies:**

There is no impact on other County departments or outside agencies associated with this Resolution.

**Conformity to County Policies:**

This Resolution conforms to all County policies and procedures.

**COUNTY OF WASHTENAW**

At a \_\_\_\_\_ meeting of the Board of Commissioners of the County of Washtenaw, Michigan, held on the \_\_\_\_ day of \_\_\_\_\_, 2006, at \_\_:\_\_.m., Eastern Standard Time, at the County \_\_\_\_\_ Building in Ann Arbor, Michigan there were:

PRESENT: \_\_\_\_\_  
\_\_\_\_\_

ABSENT: \_\_\_\_\_

The following preambles and resolution were offered by \_\_\_\_\_ and seconded by \_\_\_\_\_:  
\_\_\_\_\_:

**BOND RESOLUTION  
County of Washtenaw  
Capital Improvement Bonds, Series 2006A**

WHEREAS, there have been prepared and presented to the Board of Commissioners (the "Board") of the County of Washtenaw, Michigan (the "County"), a description of improvements to the County of Washtenaw (the "Capital Improvement Project"), all as more fully described in EXHIBIT A, pursuant to the terms of Section 517 of Act No. 34, Public Acts of Michigan, 2001 as amended ("Act 34"); and

WHEREAS, it has been estimated that the period of usefulness of the Capital Improvement Project is not less than 25 years and that the total cost of the Capital Improvement Project and issuing the Bonds will not exceed \$21,675,000 to be provided by the proceeds from the sale of bonds by the County pursuant to Act 34; and

WHEREAS, the County proposes to undertake the Capital Improvement Project and to incur taxable or tax-exempt debt (the "Reimbursement Obligations") to finance all or a portion of the costs of the Capital Improvement Project; and

WHEREAS, the County may make certain expenditures for said Capital Improvement Project prior to issuance of the Reimbursement Obligations and may wish to use the proceeds of the Reimbursement Obligations to reimburse all or a portion of said expenditures; and

WHEREAS, it is in the public interest and for the public benefit that the County designate an authorized officer for the purposes of declaring official intent of the County with respect to expenditures; and

WHEREAS, there has been prepared and attached hereto as APPENDIX I a form of notice entitled "NOTICE OF INTENTION OF THE COUNTY OF WASHTENAW TO ISSUE CAPITAL IMPROVEMENT BONDS AND NOTICE OF RIGHT TO PETITION FOR REFERENDUM THEREON" (the "Notice of Intention").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF WASHTENAW, MICHIGAN, AS FOLLOWS:

1. **Approval of Plans:** The preliminary plans and estimates relating to the Capital Improvement Project identified in EXHIBIT A hereto are hereby approved and ordered filed with the County Clerk.

2. **Insertion of Notice of Intent:** It is hereby determined that the Notice of Intention provides information sufficient to adequately inform the electors and taxpayers of the County of the nature of the obligations to be undertaken by the County by the issuance of the bonds and of their right under Act 34 to file a petition requesting a referendum election on the issuance of the bonds.

3. **Form of Notice of Intent:** The form and content of the Notice of Intention as set forth in Appendix I, are hereby approved, and the County Clerk is hereby authorized and directed to cause the Notice of Intention to be published once in the *Ann Arbor News*, Ann Arbor, Michigan, a newspaper of general circulation within the County which is hereby determined to be the newspaper reaching the largest number of electors and taxpayers of the County. The notice shall be inserted in an advertisement at least one-quarter of a page in size.

4. **Referendum Period:** The referendum period within which voters and taxpayers shall have the right to circulate petitions is 45 days after publication of the notice of intention authorized in paragraph 2.

5. **Official Intent:** The County Administrator is hereby authorized to declare official intent of the County with respect to reimbursement.

6. **Individual Declarations of Intent:** Each declaration of official intent shall be substantially in the form set forth in APPENDIX II attached hereto and by this reference incorporated herein, and said form may be modified from time to time on the advice of bond counsel to the County and as necessary to conform to requirements of the reimbursement regulations as the same may be adopted by the Internal Revenue Service or amended from time to time, or with the requirements of applicable rulings or regulations relating to tax-exempt borrowings.

7. **Filing Official Intent:** The County Administrator is hereby directed to file each declaration of official intent in the office of the Clerk of the County of Washtenaw, which

location constitutes the customary location of the records of the County which are available to the general public.

8. **Declarations of Intent Available:** The County Clerk is further directed to assure that each declaration of intent is continuously available during normal business hours of the County on every business day of the period beginning the earlier of 10 days after the date of execution of said declaration of intent and ending on the date of issuance of the Reimbursement Bonds.

9. **Bond Details:** Pursuant to Section 517 of Act 34, the bonds of the County, aggregating not to exceed the principal sum of \$21,675,000, shall be issued for the purpose of defraying the County's portion of the cost of the Capital Improvement Project. The bonds shall be known as "County of Washtenaw Capital Improvement Bonds, Series 2006A" (the "Bonds") and shall be dated January 1, 2007 or such later date not more than twelve calendar months thereafter as the County Administrator shall provide by order. The Bonds shall be fully registered Bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000 numbered from 1 upwards as determined by the County Administrator, regardless of rate and maturity date. The Bonds shall mature on July 1 in each year as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>YEAR</u>	<u>PRINCIPAL</u>	<u>YEAR</u>	<u>PRINCIPAL</u>
2008	\$725,000	2015	\$ 950,000	2022	\$1,250,000
2009	750,000	2016	1,000,000	2023	1,325,000
2010	775,000	2017	1,025,000	2024	1,375,000
2011	800,000	2018	1,075,000	2025	1,425,000
2012	850,000	2019	1,125,000	2026	1,500,000
2013	875,000	2020	1,175,000	2027	1,550,000
2014	925,000	2021	1,200,000		

The Bonds shall be in substantially the form attached hereto as Exhibit B with such changes, additions or deletions as are not inconsistent with this resolution.

10. **Discount:** The Bonds may be offered for sale at a price of not less than 98% of the face amount thereof, and the County Administrator is authorized, in his or her discretion, to provide for a higher minimum purchase price in the Request for Proposal for the Bonds.

11. **Interest Payment and Date of Record:** The Bonds shall bear interest payable July 1, 2007 and each January 1 and July 1 thereafter, until maturity, which interest shall not exceed 7% per annum. Interest shall be paid by check or draft mailed to the registered owner of each Bond as of the applicable date of record, provided, however, that the County Administrator may agree with the bond registrar on a different method of payment. If interest is paid differently, the Bond form attached as EXHIBIT B and Request for Proposal form attached as EXHIBIT C shall be changed accordingly.

The date of record for each interest payment shall be the 15th day of the calendar month preceding the date such payment is due.

12. **Prior Redemption:** Bonds maturing prior to July 1, 2015, shall not be subject to redemption prior to maturity. Bonds maturing on and after July 1, 2015 shall be subject to redemption in whole or in part on any interest payment date on and after July 1, 2014, and in any order, at the option of the County, at par, plus accrued interest to the date fixed for redemption.

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

Notice of redemption shall be sent to the registered holder of each Bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the Bonds. 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.

13. **Capitalized Interest:** As the County Administrator so orders prior to the time of delivering the Bonds, up to two years of the interest payable on the Bonds may be capitalized.

14. **Reduction in Aggregate Amount of Bonds:** In the event the cost of the Capital Improvement Project shall be less than the current cost estimates and after this bond resolution has been adopted it shall be determined by the County Administrator that the Capital Improvement Project cost shall be less than such estimates, the County Administrator shall reduce the principal amount of the Bonds by any amount in \$5,000 denominations, such reductions for any maturity in any order of maturity, to the extent required to avoid the issuance of more Bonds than will be required in light of the proposals received, and the Request for Proposal shall be correspondingly altered.

15. **Bond Registrar and Paying Agent/Book Entry Depository Trust:** The County Administrator 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 County Administrator 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 County Administrator who shall transfer ownership of interests in the Bonds by book entry and who shall issue depository trust receipts or acknowledgments to owners of interests in the Bonds. Such book entry depository trust arrangement, and the form of depository trust receipts or acknowledgments, shall be as determined by the County Administrator after consultation with the depository trustee. The depository trustee may be the same as the Bond Registrar otherwise named by the Administrator, and the Bonds may be transferred in part by depository trust and in part by transfer of physical certificates as the Administrator may determine.

16. **Transfer or Exchange of Bonds:** Any bond shall be transferable on the bond register maintained by the Bond Registrar with respect to the Bonds upon the surrender of the Bond to the Bond Registrar 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 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.

Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid for by the County, unless otherwise agreed by the County and the Bond Registrar. 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.

17. **Mutilated, Lost, Stolen or Destroyed Bonds:** In the event any Bond is mutilated, lost, stolen or destroyed, the Chair of the Board of Commissioners and the Clerk of the County may, on behalf of the County, execute and deliver, a new Bond having a number not then outstanding, of like date, maturity 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 County 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 County and the Bond Registrar against loss due to the lost, stolen or destroyed Bond and the issuance of any replacement Bond; and (iv) the agreement of the owner of the Bond (or his or her attorney) to pay all expenses of the County and the Bond Registrar in connection with the replacement, including the transfer and exchange costs which otherwise would be paid by the County.

18. **Execution and Delivery:** The County Clerk and the Chair of the County Board of Commissioners are hereby authorized and directed to execute the Bonds for and on behalf of the County by manually executing the same or by causing their facsimile signatures to be affixed. If facsimile signatures are used, the Bonds shall be authenticated by the Bond Registrar before delivery. The Bonds shall be sealed with the County's seal or a facsimile thereof shall be imprinted thereon. When so executed and (if facsimile signatures are used) authenticated, the Bonds shall be delivered to the County Administrator, who is hereby authorized and directed to deliver the Bonds to the purchaser upon receipt in full of the purchase price for the Bonds.

19. **Source of Repayment:** The County agrees to pledge for the repayment of the Bonds sufficient amounts of County taxes levied each year provided that the amount of taxes necessary to pay the principal and interest on the Bonds, together with the other taxes levied for the same year, shall not exceed the limit authorized by law.

20. **Principal and Interest Fund:** All monies set aside by the County toward the cost of the Capital Improvement Project shall be kept by the County in a separate fund hereby established, to be known as the "Principal and Interest Fund." All moneys in the Principal and Interest Fund shall be kept in a separate depository account with one or more banks or trust companies where the principal of and interest on the bonds are payable, and such moneys shall be used solely for the payment of the principal of and interest on the Bonds and expenses incidental thereto. All accrued interest and the premium, if any, received from the purchaser of the Bonds shall be deposited

in the Principal and Interest Fund upon receipt. Capitalized interest, as determined pursuant to Section 6, shall be deposited in the Principal and Interest Fund.

21. **Improvement Fund:** There is hereby established an Improvement Fund into which all proceeds of the borrowing shall be deposited, except the accrued interest on the Bonds and premium, if any, received from the purchaser of the Bonds and any capitalized interest. All moneys in the Improvement Fund shall be used solely for the payment in full of costs of the Capital Improvement Project, including the costs of issuing the Bonds. Surplus moneys remaining in the Improvement Fund after completion of the Capital Improvement Project and payment in full of the costs of the Capital Improvement Project (or provision for such payment) shall be deposited in the Principal and Interest Fund.

22. **Investments:** Moneys in the Principal and Interest Fund and the Improvement Fund may be continuously invested and reinvested in the United States government obligations, obligations the principal of and interest on which are unconditionally guaranteed by the United States government, or in interest-bearing time deposits selected by the County Treasurer which are permissible investments for surplus funds under Act No. 20 of the Public Acts of 1943, as amended. Such investments shall mature, or be subject to redemption at the option of the holder, not later than (a) in the case of the Principal and Interest Fund, the dates moneys in such fund will be required to pay the principal of and interest on the Bonds, and (b) in the case of the Improvement Fund, the estimated dates when moneys in such fund will be required to pay costs of the Capital Improvement Project. Obligations purchased as an investment of moneys in the Principal and Interest Fund or the Improvement Fund, as the case may be, 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.

23. **Depositories:** All of the banks located in the State of Michigan are hereby designated as permissible depositories of the moneys in the funds established by this Resolution, except that the moneys in the Principal and Interest Fund shall only be deposited in such banks where the principal of and interest on the Bonds are payable. The County Treasurer shall select the depository or depositories to be used from those banks authorized in this Section.

24. **Arbitrage and Tax Covenants:** Notwithstanding any other provision of this resolution, the County covenants that it will not at any time or times:

(a) Permit any proceeds of the Bonds or any other funds of the County 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 the State of Michigan income taxation.

25. **Not Qualified Tax-Exempt Obligations:** The Bonds are not 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, unless, at the time the Request for Proposal is circulated, the Bonds have been determined to be eligible to be so designated on the basis of the County's reasonable expectations at the time of such publication. In such event, the Request for Proposal shall be changed appropriately and the Bond shall there be so designated.

26. **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 County 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 County 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 County 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 resolution of the County, 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.

27. **Filing with Municipal Finance Division:** If necessary, the County Administrator is authorized and directed to:

- (a) apply to the Municipal Finance Division of the Michigan Department of Treasury for approval of the sale of the Bonds;
- (b) file with such application all required supporting material; and
- (c) pay all fees required in connection therewith.

28. **Negotiated Sale - Request for Proposal:** The County hereby determines that in order to save the cost of publication of an official Notice of Sale that it will sell the bonds at a negotiated sale after solicitation of proposals from prospective purchasers by its Financial Consultant. The County's Financial Consultant is authorized to solicit proposals from at least twenty-five prospective purchasers and to circulate a Request for Proposal at least seven days prior to the date fixed for receipt of proposals for the purchase of the Bonds. The Request for Proposal shall be in substantially the form attached to this resolution as Exhibit C with such changes therein as are not inconsistent with this resolution and as are approved by the County Administrator after conferring with Bond Counsel. Once all proposals are received, the County Administrator, or in the absence of the County Administrator, the County Finance Director, shall determine the lowest true interest cost proposed and thereafter award the Bonds to the proposer meeting that criteria. The Financial Consultant is hereby designated to act for and on behalf of the County to receive proposals for the purchase of the Bonds and to take all other steps necessary in connection with the sale and delivery thereof.

29. **Bond Anticipation Notes:** Prior to the issuance of the Bonds but after expiration of the referendum period set forth in paragraph 4 above, the County may issue its Bond Anticipation Notes (the "Notes") in an amount not to exceed 50% of the entire issue in anticipation of the proceeds of the Bonds as authorized by Section 413 of Act 34. The Notes shall also be payable from other revenues of the County.

The Notes, if issued, shall be dated January 1, 2007 or on the first day of any month thereafter in 2007 as the County Administrator shall order.

The Notes, if issued, shall bear interest payable at maturity, semi-annually or at other intervals as the County Administrator shall order.

The Notes, if issued, shall mature on or before July 1, 2008. An earlier or later maturity date may be established by order of the County Administrator.

30. **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 County in connection with the issuance, sale and delivery of the Bonds.

31. **Retention of Financial Consultants.** Municipal Financial Consultants Incorporated, Grosse Pointe Farms, Michigan, is hereby retained to act as financial consultant and advisor to the County in connection with the sale and delivery of the Bonds.

32. **Approval of Expenditures and Contracts.** The County Public Safety and Justice Committee is authorized to approve contracts, expenditures and any other matters related to the Capital Improvement Project. The County Public Safety and Justice Committee shall be comprised of the following members: (1) Chair of the Board of Commissioners; (2) County Administrator; (3) Chief of the 22<sup>nd</sup> Judicial Circuit Court; (4) Chief of the 14-A District Court and (5) County Sheriff. The County Finance Director, Facilities Management Director and Corporation Counsel shall serve as staff to the Committee.

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

34. **Effective Date.** This Resolution shall become effective immediately upon its adoption and shall be recorded in the minutes of the County as soon as practicable after adoption.

A roll call vote on the foregoing resolution was then taken, and was as follows:

YES: \_\_\_\_\_

\_\_\_\_\_

NO: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

The resolution was declared adopted.

STATE OF MICHIGAN     )  
                                  ) ss.  
COUNTY OF WASHTENAW)

The undersigned, being the duly qualified and acting Clerk of the County of Washtenaw, hereby certifies that the foregoing is a true and complete copy of a resolution duly adopted by the County of Washtenaw Board of Commissioners at its \_\_\_\_\_ meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2006, at which meeting a quorum was present and remained throughout and that an original thereof is on file in the records of the County.

I further certify that the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, and that minutes of such meeting were kept and will be or have been made available as required thereby.

\_\_\_\_\_  
Clerk, County of Washtenaw

DATED: \_\_\_\_\_, 2006

las.r1-was175

## EXHIBIT A

### PROJECT DESCRIPTION

#### 1. Jail Expansion - 96 Beds

This portion of the project will involve construction of a new wing for the correction facility. The new wing will remain on the existing site of the jail; the current location houses a parking area. In addition to the construction of a new housing pod, the design of the facility permits future expansions. This is consistent with the Jail Master Plan and would also allow for space to be designed according to recent trends in the classification of inmates and the Sheriff's inmate management philosophy of direct supervision. This would also free up programming and recreation space in the jail that is currently being used to house inmates.

#### 2. Jail Infrastructure Upgrades

This parts involves upgrading the existing jail in infrastructure areas including security, mechanical, ventilation, and communication equipment. The key cause of the upgrades is because the jail is designed for a capacity of 215 and regularly experiences nearly double that capacity. In addition, the age of much of the equipment and systems is more than 30 years old.

#### 3. Expansion of Jail Support Systems

The jail's primary function is to incarcerate inmates as determined by the judiciary. In order to perform that function, there are several elements in the jail that are necessary to support incarceration. These elements include a kitchen, medical space, laundry, intake, booking, holding cells (for individuals awaiting arraignment), a sallyport, and an inmate property room. Each of these elements was designed for a capacity of 215 inmates and is 30 years old. As the jail's population has increased over time, the effectiveness of these functions has been severely limited by the shortage of space.

The project is located as follows:

#### Washtenaw County Service Center

Commencing at the northwest corner of Section 1, thence north 89°18'00'' east, 323.93 feet for a Point of Beginning; thence north 89°18'00'' east, 671.41 feet; thence south 00° west 2102.26 feet; thence north 72°41'30'' west, 814.31 feet; thence north 00°08'00'' east, 383.32 feet; thence north 74°30'00'' west, 226.39 feet; thence north 0°11'00'' east, 1115.93 feet; thence north 89°18'00'' east, 331.02 feet; thence north 00°42'00'' west,

473 feet to the Point of Beginning; being a part of the northwest quarter, Section 1, T3S, R6E

**ESTIMATED PROJECT COSTS**

Construction Costs Including Contingency \$21,200,000

Financing Costs & Bond Discount 475,000

**MAXIMUM AMOUNT OF BONDS \$21,675,000**

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## APPENDIX I

NOTICE OF INTENTION OF THE COUNTY OF WASHTENAW  
TO ISSUE NOT TO EXCEED \$21,675,000 IN  
CAPITAL IMPROVEMENT BONDS AND  
NOTICE OF RIGHT TO PETITION FOR REFERENDUM THEREON

TO ALL ELECTORS AND TAXPAYERS OF  
THE COUNTY OF WASHTENAW:

NOTICE IS HEREBY GIVEN that the Board of Commissioners of the County of Washtenaw, Michigan (the "County"), has authorized the issuance of not to exceed \$21,675,000 in Capital Improvement Bonds to provide for the expansion of the jail and its support systems and jail infrastructure upgrades located in the County further described in Exhibit A attached hereto (the "Capital Improvement Project"). The Bond Resolution provides further that the County will finance all or a portion of the total cost of the Capital Improvement Project by the issuance of one or more series of capital improvement bonds (the "Bonds") pursuant to the provisions of Section 517 of Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34"). The maximum amount of Bonds to be issued in one or more series shall not exceed \$21,675,000, the term of the Bonds shall not exceed 20 years and the Bonds shall bear interest at a rate or rates that will result in a net interest cost of not more than 7% per annum. The maximum Capital Improvement Project cost is estimated at not to exceed \$21,675,000.

FULL FAITH AND CREDIT AND TAXING POWER OF  
THE COUNTY OF WASHTENAW WILL BE PLEDGED

NOTICE IS FURTHER GIVEN that in the Bond Resolution the County will obligate itself to make payments to the Bond Holder in amounts sufficient to pay the principal of and interest on the Bonds. The limited tax full faith and credit of the County will be pledged for the making of such bond payments. Pursuant to such pledge of its full faith and credit, the County will be obligated to levy such ad valorem taxes upon all taxable property in the County as shall be necessary to make bond payments, which taxes, however, will be subject to applicable statutory and constitutional limitations on the taxing power of the County. In addition to its obligation to make payments on the Bonds, the County will agree in the Bond Resolution to pay all costs and expenses of operation and maintenance of the Capital Improvement Project and all expenses of the County incidental to the issuance and payment of the Bonds, to the extent such expenses are not payable from the proceeds of the Bonds.

## RIGHT TO PETITION FOR REFERENDUM

NOTICE IS FURTHER GIVEN to the electors and taxpayers of the County to inform them of the right to petition for a referendum on the question of issuing the Bonds. The County intends to issue the Bonds without a vote of the electors thereon. If, within 45-days after publication of this notice, a petition for referendum requesting an election on the Bonds, signed by not less than 10% or 15,000 of the registered electors of the County, whichever is less, has been filed with the County Clerk, the Bonds shall not be issued unless and until approved by a majority of the electors of the County voting thereon at a general or special election.

This notice is given by order of the Board of Commissioners pursuant to Act 34. Further information may be obtained at the office of the Washtenaw County Clerk, 200 N. Main, Suite 120, Ann Arbor, Michigan 48107.

### EXHIBIT A

#### PROJECT DESCRIPTION

##### 1. Jail Expansion - 96 Beds

This portion of the project will involve construction of a new wing for the correction facility. The new wing will remain on the existing site of the jail; the current location houses a parking area. In addition to the construction of a new housing pod, the design of the facility permits future expansions. This is consistent with the Jail Master Plan and would also allow for space to be designed according to recent trends in the classification of inmates and the Sheriff's inmate management philosophy of direct supervision. This would also free up programming and recreation space in the jail that is currently being used to house inmates.

##### 2. Jail Infrastructure Upgrades

This parts involves upgrading the existing jail in infrastructure areas including security, mechanical, ventilation, and communication equipment. The key cause of the upgrades is because the jail is designed for a capacity of 215 and regularly experiences nearly double that capacity. In addition, the age of much of the equipment and systems is more than 30 years old.

##### 3. Expansion of Jail Support Systems

The jail's primary function is to incarcerate inmates as determined by the judiciary. In order to perform that function, there are several elements in the jail that are necessary to

support incarceration. These elements include a kitchen, medical space, laundry, intake, booking, holding cells (for individuals awaiting arraignment), a sallyport, and an inmate property room. Each of these elements was designed for a capacity of 215 inmates and is 30 years old. As the jail's population has increased over time, the effectiveness of these functions has been severely limited by the shortage of space.

The project is located as follows:

Washtenaw County Service Center

Commencing at the northwest corner of Section 1, thence north 89°18'00'' east, 323.93 feet for a Point of Beginning; thence north 89°18'00'' east, 671.41 feet; thence south 00° west 2102.26 feet; thence north 72°41'30'' west, 814.31 feet; thence north 00°08'00'' east, 383.32 feet; thence north 74°30'00'' west, 226.39 feet; thence north 0°11'00'' east, 1115.93 feet; thence north 89°18'00'' east, 331.02 feet; thence north 00°42'00'' west, 473 feet to the Point of Beginning; being a part of the northwest quarter, Section 1, T3S, R6E

**ESTIMATED PROJECT COSTS**

Construction Costs Including Contingency	\$21,200,000
Financing Costs & Bond Discount	<u>475,000</u>
<b>MAXIMUM AMOUNT OF BONDS</b>	<b><u>\$21,675,000</u></b>

Lawrence Kestenbaum  
Washtenaw County Clerk

DATED: [Date of Publication]

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**APPENDIX II**

**FORM OF DECLARATION  
OF OFFICIAL INTENT**

I, the undersigned \_\_\_\_\_ of the County of Washtenaw, Michigan, do hereby certify as follows:

1. I am an officer of the County authorized to declare official intent of the County to reimburse expenditures made, prior to the issuance of debt, from the proceeds of said debt.

2. This Declaration relates to the following expenditures (the "Expenditures"):

<u>Amount</u>	<u>General Purpose</u>
---------------	------------------------

3. The Expenditures are with respect to property (the "Property") having:

(A) the following general character, type or purpose:

\_\_\_\_\_  
\_\_\_\_\_;

(B) the following size, quantity or cost: \_\_\_\_\_;  
\_\_\_\_\_;  
and

(C) a reasonably expected economic life at least one (1) year.

4. I understand that a substantial deviation between the above description of the Property for which the Expenditures are being made and the actual Property which is acquired or constructed will invalidate this declaration of official intent with the result that any proceeds of tax-exempt debt which are used to reimburse for the Expenditures will not be deemed to have been expended upon such reimbursement.

5. The County intends to reimburse the Expenditures by incurring taxable or tax-exempt debt (the "Reimbursement Obligations").

6. The expected source of funds that will be used to pay the Expenditures is as follows: \_\_\_\_\_.

7. The expected source of funds to be used to pay debt service on the Reimbursement Obligation is as follows:

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8. This declaration of intent is consistent with the budgetary and financial circumstances of the County as of the date hereof in that there are no funds which are now or are reasonably expected to be, (A) allocated on a long-term basis, (B) reserved, or (C) otherwise available pursuant to the County's budget, to pay the Expenditure.

9. The County does not have a pattern of failure to reimburse expenditures for which official intent has been declared in that at least seventy-five percent (75%) of all expenditures made after \_\_\_\_\_, for which the County has declared an intent to reimburse from the proceeds of taxable or tax-exempt debt have been, or are expected to be, so reimbursed.

10. I acknowledge that in the event that the County fails to use the proceeds of Reimbursement Obligations issued within three (3) years of the date hereof to reimburse expenditures the same may adversely affect the ability of the County to use the proceeds of tax-exempt obligations in the future to reimburse for expenditures made prior to the issuance of such obligations.

11. I further acknowledge that unless the Expenditures constitute preliminary expenditures (in the nature of architect services and soil testing but excluding land acquisition) for the Property not in excess of ten percent (10%) of the expected cost of the Capital Improvement Project of which the Property constitutes a part, the Expenditures will be paid within not in excess of two (2) years following the date hereof or, as an alternative, this declaration of intent will be renewed.

12. I further acknowledge that it is expected that the proceeds of Reimbursement Obligations will be used for reimbursement of each Expenditure not later than (A) the date that is one (1) year after the date on which such Expenditure is paid, or (B) the date that is one (1) year after the date on which the Property is placed in service.

13. I further acknowledge that I will assure that the allocation referenced in item 12 (A) will be evidenced by an entry on the records of the County maintained with respect to the Reimbursement Obligations, (B) will specifically identify the Expenditure being reimbursed, and (C) on the advice of the appropriate counsel will be sufficient to relieve the allocated proceeds of the Reimbursement Obligations covered by such entry from any restrictions under the relevant legal documents and applicable state law that apply only to unspent proceeds of Reimbursement Obligations.

14. I further acknowledge that I will assure that except as referenced in item 15 the proceeds of the Reimbursement Obligations that are used to reimburse the Expenditures will not

be used, directly or indirectly, (A) to pay debt service on an issue of tax-exempt obligations, (B) to create or increase the balance in a sinking fund established for the payment of debt service on the Reimbursement Obligations or another issue of tax-exempt obligations of the County or to replace funds that have been, are being, or will be so used for reserve or replacement fund purpose, or (C) to reimburse any expenditures or any payment with respect to financing of an expenditure that was originally paid with proceeds of any tax-exempt obligations of the County to any person or entity other than the County.

15. I understand that item 14 does not prohibit the use of those proceeds of the Reimbursement Obligations that are used to reimburse the Expenditures for (A) deposit in a bona fide debt service fund (that is, a fund established to pay debt service on any tax-exempt obligation of the County, other than the Reimbursement Obligation, which is depleted annually except for a reasonable carry over amount not in excess of one (1) year's interest earnings on said fund or one-twelfth (1/12th) of annual debt service), (B) to pay current debt service coming due within the next succeeding one-year period on any tax-exempt obligation of the County, other than the Reimbursement Obligations, or (C) to reimburse for expenditures originally made from the proceeds of a tax-exempt obligation of the County which were not reasonably expected by the County, on the date of issue of such obligation, to be used for such expenditure.

IN WITNESS WHEREOF, the undersigned has executed this declaration of official intent this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

EXHIBIT B

[FORM OF BOND]  
UNITED STATES OF AMERICA - STATE OF MICHIGAN -  
COUNTY OF WASHTENAW

COUNTY OF WASHTENAW  
CAPITAL IMPROVEMENT BOND, SERIES 2006A

No. \_\_\_\_\_

RATE                      MATURITY DATE                      DATE OF ISSUANCE                      CUSIP

\_\_\_\_\_ 1, \_\_\_\_\_

=====

REGISTERED OWNER:

PRINCIPAL AMOUNT:

=====

FOR VALUE RECEIVED, the County of Washtenaw, (the "County"), State of Michigan, hereby acknowledges itself indebted and promises to pay (but only from the sources referred to herein) on the Maturity Date specified above, unless paid prior thereto as hereinafter provided, to the Registered Owner specified above, or its registered assigns, the Principal Amount specified above upon presentation and surrender of this Bond at the principal corporate trust office of \_\_\_\_\_, \_\_\_\_\_, Michigan, as paying agent and bond registrar (the "Bond Registrar"), together with interest thereon to the Registered Owner of this Bond, as shown on the books of the County maintained by the Bond Registrar, on the applicable date of record from the Date of Issuance specified above, or such later date through which interest has been paid, at the Rate per annum specified above, commencing \_\_\_\_\_ 1, \_\_\_\_\_, and semiannually thereafter on the first day of \_\_\_\_\_ and \_\_\_\_\_ in each year to and including the Maturity Date or earlier redemption of this Bond. The date of record for each payment of interest shall be the 15th day of the month preceding the date such payment is due.

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 County maintained by the Bond Registrar on the applicable date of record and shall be calculated on the basis of a 360-day year consisting of twelve (12) thirty (30) day months.

This Bond is one of a series of bonds of like date and tenor except as to denomination, date of maturity and interest rate, numbered from 1 upwards, aggregating the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), issued by the County, pursuant to and in full conformity with the Constitution and Statutes of the State of Michigan and especially Section 517 of Act No. 34, Public Acts of Michigan, 2001, as amended (the "Act"), for the purpose of

\_\_\_\_\_

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which is located in \_\_\_\_\_, Michigan (the "Capital Improvement Project").

This Bond and the series of which this is one are payable as follows: \_\_\_\_\_

which are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the bonds. To secure payment of the principal of, premium, if any, and interest on the bonds. The \_\_\_\_\_ pledged to the payment of the principal of, premium, if any, and interest on the bonds shall be and remain subject to the statutory lien until the principal of, premium, if any, and interest on the bonds have been paid in full. The limited tax full faith and credit of the County has been pledged for the making of such payments, and the County is obligated to levy ad valorem taxes in such amounts as shall be necessary for the making of such cash rental payments. HOWEVER, NO TAXES MAY BE LEVIED IN EXCESS OF CONSTITUTIONAL AND STATUTORY LIMITS.

The Bonds maturing prior to \_\_\_\_\_, shall not be subject to redemption prior to maturity. Bonds maturing on and after \_\_\_\_\_ shall be subject to redemption in whole or in part on any interest payment date on and after \_\_\_\_\_, and in any order, at the option of the County, at par, plus accrued interest to the date fixed for redemption.

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

Notice of redemption shall be sent to the registered holder of each bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption, if different than otherwise provided 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 shall be transferable on the books of the County maintained by the Bond Registrar upon surrender of this Bond to the Bond Registrar 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 authorized denominations in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

This Bond may likewise be exchanged 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 is not required to honor any transfer or exchange of bonds during the fifteen (15) days preceding an interest payment date. Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid for by the County (subject, however, to reimbursement by the County pursuant to the Lease), unless otherwise agreed upon by the County and the Bond Registrar. 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.

This Bond and the bonds of this series have \_\_\_ been designated as "qualified tax-exempt obligations" for purposes of Paragraph 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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.

It is hereby certified, recited and declared that all things, conditions and acts required to exist, happen and be performed precedent to and in connection with the issuance of this Bond and the other 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 County, including this series of bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the County of Washtenaw, State of Michigan by its Board of Commissioners has caused this Bond to be executed in its name with the facsimile signatures of its Chair of the Board of Commissioners and its Clerk and 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 County's

authenticating agent, all as of the Date of Issuance set forth above.

COUNTY OF WASHTENAW

By: Chair

[SEAL]

By: Clerk

DATE OF AUTHENTICATION:

**BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION**

This Bond is one of the series of bonds designated "County of Washtenaw Capital Improvement Bonds, Series 2006A."

\_\_\_\_\_, Michigan  
as Bond Registrar and Authenticating Agent  
By:

\_\_\_\_\_  
Authorized Representative

**CERTIFICATE**

The above is a true copy of the legal opinion of Axe & Ecklund, P.C., a true copy of which was delivered on the date of delivery of the Bonds to which it relates.

BY: \_\_\_\_\_  
Clerk

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ this Bond and all rights hereunder and hereby irrevocably constitutes and 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(s) to this assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

The transfer agent will not effect transfer of this Bond unless the information concerning the transferee requested below is provided:

Name and Address: \_\_\_\_\_  
\_\_\_\_\_

(Include information for all joint owners if bond is held by joint account)

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF TRANSFEREE

(Insert number for first named transferee if held by joint account)

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EXHIBIT C

[FORM OF REQUEST FOR PROPOSAL]

§

COUNTY OF WASHTENAW, STATE OF MICHIGAN

COUNTY OF WASHTENAW

CAPITAL IMPROVEMENT BONDS, SERIES 2006A

**SEALED OR ELECTRONIC PROPOSALS:** Sealed written proposals for the purchase of the bonds described herein (the "Bonds") will be received by the undersigned on behalf of the County of Washtenaw (the "County"), at the office of the County Administrator, 220 N. Main St., Ann Arbor, Michigan 48107-8645, on \_\_\_\_\_, \_\_\_\_\_, until \_\_\_\_:\_\_\_\_.m., Eastern \_\_\_\_\_ Time, at which time and place the proposals will be publicly opened and read.

In the alternative, sealed written proposals will also be received on the same date and until the same time by an agent of the undersigned at the Municipal Advisory Board of Michigan, First National Building, 660 Woodward, Suite 1445, Detroit, Michigan 48226, where they will be publicly opened simultaneously. Proposals received at Ann Arbor, Michigan will be read first followed by proposals received at the alternate location. Proposers may choose either location to present proposals and good faith checks, but not both locations.

Any proposer may submit a proposal in person to either proposing location. However, no proposer is authorized to submit a FAX proposal to Ann Arbor, Michigan.

Also in the alternative, electronic proposals will also be received on the same date and until the same time by an agent of the undersigned Bidcomp/Parity. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Eric Washington, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York, 10018, (212) 849-5021.

NO ELECTRONIC PROPOSALS WILL BE ACCEPTED UNLESS THE PROPOSER HAS SUBMITTED A FINANCIAL SURETY BOND OR A GOOD FAITH CHECK IN THE AMOUNT REQUIRED.

If any provision of this Request for Proposal shall conflict with information provided by Bidcomp/Parity as the approved provider of electronic proposing services, this Request for Proposal shall control.

**The Bonds will be awarded or all proposals will be rejected by the County at a proceeding to be held within forty-eight hours of the sale.**

**BOND DETAILS:** The Bonds will be fully registered bonds, both as

to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000, not exceeding the aggregate principal amount for each maturity, dated \_\_\_\_\_ 1, \_\_\_\_\_, numbered from 1 upwards and will bear interest from their date of issuance payable on \_\_\_\_\_ 1, \_\_\_\_\_ and semiannually thereafter on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1 until maturity. The Bonds will mature on \_\_\_\_\_ 1 of each year as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>YEAR</u>	<u>PRINCIPAL</u>
-------------	------------------	-------------	------------------

**PRIOR REDEMPTION:** The Bonds maturing prior to \_\_\_\_\_, shall not be subject to redemption prior to maturity. Bonds maturing on and after \_\_\_\_\_ shall be subject to redemption in whole or in part on any interest payment date on and after \_\_\_\_\_, and in any order, at the option of the County, at par, plus accrued interest to the date fixed for redemption.

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

Notice of redemption shall be sent to the registered holder of each bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption, if different than otherwise provided 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.

**INTEREST RATE AND PROPOSAL DETAILS:** The Bonds shall bear interest at a rate or rates not exceeding \_\_\_% per annum, to be fixed by the proposals therefor, 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 and all bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY YEAR SHALL NOT BE AT A RATE LOWER THAN THE RATE BORNE BY BONDS MATURING IN ANY PRECEDING YEAR. No proposal for the purchase of less than all of the Bonds, at a price less than \_\_\_% of their par value or at an interest rate or rates that will result in a net interest cost of more than \_\_\_% per annum, will be considered.

**TERM BOND OPTION:** Bonds maturing in the years \_\_\_\_-\_\_\_\_, inclusive, are eligible for designation by the original purchaser at the time of sale as serial Bonds or term Bonds, or both. There may be more than one Term Bond maturity. However, principal maturities designated as Term Bonds shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on \_\_\_\_\_ 1st of the year in which the Bonds are presently scheduled to mature. Each maturity of Term Bonds and Serial bonds must carry the same interest rate. Any such designation must be made at the time the proposals are submitted.

**BOOK-ENTRY-ONLY:** The Bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchase of the Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. The book-entry-only system is described further in the nearly final official statement for the Bonds.

**BOND REGISTRAR, PAYING AGENT AND DATE OF RECORD:**

\_\_\_\_\_, \_\_\_\_\_, Michigan has been selected as bond registrar and paying agent (the "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 registration books of the County kept by the Bond Registrar on the applicable date of record. The date of record for each interest payment shall be the 15th day of the month before such payment is due. The principal of and redemption premium, if any, on the Bonds will be paid when due upon presentation and surrender thereof to the Bond Registrar. As long as DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants and indirect participants as described in the nearly final official statement for the Bonds. The County may from time to time as required designate a successor bond registrar and paying agent.

**PURPOSE AND SECURITY:** The Bonds are to be issued pursuant to Section 517 of Act No. 34, Public Acts of Michigan, 2001, as amended (the "Act"), for the purpose of the expansion of the jail and its support systems and jail infrastructure upgrades located in the County of Washtenaw, Michigan (the "Capital Improvement Project"). The County agrees to pledge for the repayment of the Bonds sufficient amounts of County taxes levied each year provided that the amount of taxes necessary to pay the principal

of and interest on the Bonds, together with the other taxes levied for the same year, shall not exceed the limit authorized by law and the Michigan Constitution.

**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 proposer/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the Bonds.

Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser. Any additional 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 COUNTY.

**GOOD FAITH CHECK:** A certified or cashier's check drawn upon an incorporated bank or trust company or a financial surety bond in an amount equal to 2% (\$\_\_\_\_\_) of the face amount of the Bonds, and payable to the order of the County Administrator must be deposited with the County within four hours of being notified by the County that the proposal is accepted on the part of the proposer, to be forfeited as liquidated damages if such proposal be accepted and the proposer fails to take up and pay for the Bonds. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of Michigan and such bond must be submitted to the County Administrator prior to the opening of the proposals. If the Bonds are awarded to a proposer utilizing a financial surety bond, then that purchaser (the "Purchaser") is required to submit its good faith deposit to the County in the form of a cashier's check (or wire transfer such amount as instructed by the County or its financial advisor) not later than twelve 12 o'clock noon, Eastern Time, on the next business day following the award. The good faith deposit will be applied to the purchase price of the Bonds.

No interest shall be allowed on the good faith checks, and checks of the unsuccessful proposers will be promptly returned to such proposer's representative or by registered mail. The good faith check of the successful proposer will be cashed immediately, in which event, payment of the balance of the purchase price of the Bonds shall be made at the closing.

**AWARD OF THE BONDS - TRUE INTEREST COST:** The Bonds will be awarded to the proposer whose proposal produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on \_\_\_\_\_ 1, \_\_\_\_\_ and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to \_\_\_\_\_ 1, \_\_\_\_\_ in an amount equal to the price proposed, excluding accrued interest. \_\_\_\_\_, \_\_\_\_\_ is the anticipated date of delivery of the Bonds.

**LEGAL OPINION:** Proposals shall be conditioned upon the approving

opinion of Axe & Ecklund, P.C., Grosse Pointe Farms, Michigan (the "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, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, the Bonds and the interest thereon are exempt from all taxation in the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

THE BONDS HAVE \_\_\_\_\_ BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" WITHIN THE MEANING OF SECTION 265 (b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

**CERTIFICATE REGARDING "ISSUE PRICE":** The successful proposer will be required to furnish, prior to the delivery of the Bonds, a certificate in a form acceptable to Bond Counsel, as to the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended.

**DELIVERY OF BONDS:** The County will furnish Bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser. 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 the 45th day is not a business day, the successful proposer 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 County shall promptly return the good faith deposit. Payment for the Bonds shall be made in Federal Reserve 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 (10) 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.

**UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE:** In order to assist the winning proposer in complying with SEC Rule 15c2-12, as amended, the County will covenant to undertake (pursuant to a resolution adopted or to be adopted by its governing body), to provide annual reports and timely notice of certain events for the benefit of beneficial owners of the Bonds. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the County, a form of which is included in the nearly final official statement and in the final official statement.

**OFFICIAL STATEMENT:**

**Hard Copy**

A copy of the nearly final Official Statement (the "Nearly Final Official Statement") may be obtained by contacting Municipal Financial Consultants Incorporated at the address listed below. The Nearly Final Official Statement is in a form deemed final as of its date by the County for purposes of SEC Rule 15c2-12(b)1, but is subject to revision, amendment and completion of a final Official Statement (the "Final Official Statement"). The successful proposer shall supply to the County, 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 Final Official Statement.

**Internet**

In addition, the County has authorized the preparation and distribution of a Nearly Final Official Statement containing information relating to the Bonds via the Internet. The Nearly Final Official Statement can be viewed and downloaded at [www.i-dealprospectus.com/PDF.asp?doc=](http://www.i-dealprospectus.com/PDF.asp?doc=) or at [www.tm3.com](http://www.tm3.com).

The County will furnish to the successful proposer, at no cost, \_\_\_ copies of the Final Official Statement within seven (7) business days after the award of the Bonds. Additional copies will be supplied upon the proposer's agreement to pay the cost of the County for those additional copies.

The County shall deliver, at closing, an executed certificate to the effect that as of the date of delivery the information contained in the Final Official Statement, including revisions, amendments and completions as necessary, relating to

the County and the Bonds is true and correct in all material respects, and that such Final 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 County, 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 A. Shanle, Municipal Financial Consultants Incorporated, 21 Kercheval Ave., Suite 360, Grosse Pointe Farms, Michigan 48236 (telephone (313) 884-9824).

**THE RIGHT IS RESERVED TO REJECT ANY OR ALL PROPOSALS.**

**ENVELOPES:** Envelopes containing the proposals should be plainly marked "Proposal for County of Washtenaw Capital Improvement Bonds, Series 2006A."

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Robert Guenzel,  
County Administrator,  
County of Washtenaw

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