

**COUNTY OF WASHTENAW**

At a \_\_\_\_\_ meeting of the Board of Commissioners of the County of Washtenaw, Michigan, held on the \_\_\_ day of \_\_\_\_\_, 2008, at \_\_:\_\_.m., Eastern Daylight Savings Time, at the County \_\_\_\_\_ Building in Ann Arbor, Michigan there were:

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

\_\_\_\_\_

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

The following ordinance was offered by \_\_\_\_\_ and seconded by \_\_\_\_\_:

**AN ORDINANCE TO ESTABLISH AN ALTERNATIVE FUNDING MECHANISM FOR WASHTENAW COUNTY TO FULFILL ITS CONTRACTUAL OBLIGATIONS TO PROVIDE RETIREE MEDICAL BENEFITS FOR RETIREES AND CERTAIN ACTIVE EMPLOYEES OF THE COUNTY; TO AUTHORIZE THE FORMATION BY THE COUNTY OF AN WASHTENAW COUNTY RETIREE MEDICAL BENEFITS FUNDING TRUST FOR THE PURPOSE OF ISSUING TAXABLE CERTIFICATES OF PARTICIPATION TO PROVIDE FUNDS TO PAY A SPECIFIED AMOUNT OF THE UNFUNDED ACCRUED ACTUARIAL LIABILITIES OF THE COUNTY FOR THE ESTIMATED COSTS OF FULFILLING SUCH OBLIGATIONS; TO APPROVE THE FORM OF A CONTRACT BETWEEN THE COUNTY AND SUCH FUNDING TRUST;. THIS ORDINANCE DOES NOT INTEND TO AND DOES NOT RESCIND ANY SUBSTANTIVE RIGHTS, ENTITLEMENTS OR OBLIGATIONS WITH RESPECT TO BENEFITS EARNED OR ACCRUED OF RETIREES OR EMPLOYEES OF THE COUNTY OR THEIR DEPENDENTS. THIS ORDINANCE DOES NOT SUPERSEDE ANY CONFLICTING PROVISION OF ANY COLLECTIVE BARGAINING AGREEMENTS.**

THE COUNTY OF WASHTENAW ORDAINS:

**Section 1. Title of ordinance.**

This ordinance shall be known and may be cited as the Retiree Medical Benefits Funding Ordinance.

**Section 2. Authority to adopt ordinance.**

The Washtenaw County Board of Commissioners (the “**Board of Commissioners**”) is granted authority by Section 11 of Public Act No. 156 of the Public Acts of Michigan of 1851, as amended, to adopt ordinances necessary for the conduct of county business which relate to county affairs.

### **Section 3. Legislative findings.**

The Board of Commissioners expressly finds and determines that:

A. The Board of Commissioners is authorized by statute to provide for medical benefits for County retirees and their dependents, and to create reserves for the purpose of providing pension and other retirement benefits on a sound actuarial basis.

B. The County is contractually obligated to provide retiree medical benefits to eligible retired and active County employees and their dependents, as confirmed and restated in the Retiree Medical Benefits Contractual Obligations Ordinance adopted by the Board of Commissioners on the same date as the adoption of this ordinance.

C. Maintaining the actuarial integrity of the County's retiree medical benefits program is an important public purpose to ensure that retirees obtain the medical benefits to which they are entitled.

D. Pursuant to a Resolution No. 96-0291 adopted by the Board of Commissioners on December 27, 1996 and a trust agreement effective as of December 27, 1996, the County established a voluntary employee benefit association trust ("**VEBA Trust**") as a vehicle for funding the County's contractual obligations to provide retiree medical benefits, which continues in full force and effect. The VEBA Trust provides the County a prudent means to pay the costs of providing these benefits when they come due and to create reserves for the purpose of maintaining the actuarial integrity of the County's system for funding these benefits.

F. The County's actuary, in consultation with the VEBA Trust's actuary, has estimated that the County's unfunded accrued actuarial liabilities for retiree medical benefits for certain eligible retired and active employees of the County is \$146,089,569 as of December 31, 2006.

G. The County in the next month will, after consultation with the County's actuary and the VEBA Trust's actuary, make a final estimate of the county's unfunded accrued actuarial liabilities for retiree medical benefits for certain eligible retired and active employees in the County which is not expected to exceed \$162,050,000 ("**Subject RMB UAAL**").

H. It is in the best interest of the County to authorize by this ordinance an alternative to its traditional mechanism for funding the costs of fulfilling its contractual obligations to provide retiree medical benefits (an “**Alternative Funding Mechanism**”), to better maintain the actuarial integrity of its retiree medical benefits program and to reduce the financial burden to the County of the Subject RMB UAAL. The Alternative Funding Mechanism will enable the County to enter into a transaction (the “**Funding Transaction**”) to obtain funds to fund the Subject RMB UAAL.

I. Toward that end, it is in the best interest of the County to authorize by this ordinance these elements of the Alternative Funding Mechanism: (i) the establishment of the Funding Trust (as defined in this ordinance) and the VEBA Trust, and (ii) the County’s entering into a related contract with the Funding Trust as a means for the County to fund the Subject RMB UAAL.

J. This ordinance shall not be deemed to affect any benefits under the County’s retiree medical benefit program or other subjects of collective bargaining or Act 312 arbitration awards and shall be so interpreted.

**Section 4. Certain definitions.**

**Certificates of Participation** means the 2008 Washtenaw County Retiree Medical Benefits Funding Trust Taxable Certificates of Participation, Series 2008 to be issued by the Funding Trust to evidence the right to payment from an income stream of Scheduled Payments and Contract Charges to be made by the County.

**Chair of the County Board of Commissioners** means the Chair of the Washtenaw County Board of Commissioners.

**County Administrator** means the Controller/Administrator of the County of Washtenaw.

**County Clerk** means the Washtenaw County Clerk.

**2008 Contract** means the 2008 Washtenaw County Retiree Medical Benefits Contract, dated as of September 1, 2008, authorized by this ordinance between the County and the Funding Trust in substantially the form attached hereto as Appendix A.

**Disclosure Document** means any nearly final or final offering circular or other disclosure document prepared for use in connection with the initial offering of Certificates of Participation.

**Finance Director** means the Finance Director of the County of Washtenaw.

**Funding Trust** means the 2008 Washtenaw County Retiree Medical Benefits Funding Trust authorized by this ordinance to be established by a trust agreement, dated as of September 1, 2008, between the County and the Trustee (“**Funding Trust Agreement**”) in substantially the form attached hereto as Appendix B.

**Ordinance**, when used as “this ordinance,” means this ordinance with the number in the caption as originally adopted by the Board of Commissioners and thereafter as it may be amended by ordinance of the County; provided, however, that the term “this ordinance” does not include any amendment of this ordinance as originally adopted affecting the 2008 Contract unless such amendment expressly so provides and then only if such amendment does not materially impair any obligations to any holders of any Certificates of Participation issued in respect to either the 2008 Contract or to the Trustee.

**Person** means any natural person, firm, association, corporation, trust, partnership, joint venture, joint-stock company, municipal corporation, public body or other entity, however organized.

**Trustee** means the Person acting as trustee of the Funding Trust.

## **Section 5. Approvals and determinations.**

Any approval or determination authorized to be given or made by any individual pursuant to this ordinance shall be conclusively evidenced if an instrument or document executed by such individual provides for the subject matter of such determination, and it shall not be necessary that such determination or the basis therefor be specifically recited in such instrument or document.

**Section 6. The Funding Trust.**

A. The Chair of the County Board of Commissioners and the County Clerk are hereby authorized to enter into the Funding Trust Agreement for the creation of the Funding Trust after inserting the necessary numbers and other information to complete the blanks contained in Sections 101 and 405 of the Funding Trust Agreement based upon the approval executed by the County Administrator in accordance with the provisions of Section 6, Subsection D and the determinations by the County Administrator as to the Subject RMB UAAL and the costs of issuance of the Certificates of Participation in accordance with the provisions of Section 7, Subsection D..

B. The Funding Trust shall be established for the purpose of assisting the County in maintaining the actuarial integrity of the County's retiree medical benefits program by providing a mechanism for funding the Subject RMB UAAL.

C. The Trustee shall be appointed by the Finance Director and shall be a trust company or bank with trust powers organized under the laws of the United States of America or any state of the United States with a combined capital and surplus of at least \$50,000,000.

D. The agreement establishing the Funding Trust may contain such other provisions as the parties deem necessary or desirable.

E. No future amendment to any provision of the Funding Trust Agreement required by this ordinance shall become effective unless approved by an ordinance or resolution of the Board of Commissioners.

F. After the original issuance of the Certificates of Participation and when no Certificates of Participation are any longer outstanding and when the Funding Trust has no obligations outstanding, the Board of Commissioners shall take appropriate action to revoke or terminate the Funding Trust, if revocation or termination is permitted under applicable law.

**Section 7. The 2008 Contract.**

A. The Chair of the Board of Commissioners and County Clerk are authorized to execute and deliver the 2008 Contract, in the name of and on behalf of the County, to fund the Subject RMB UAAL.

B. The terms and conditions for the 2008 Contract shall be in substantially the form attached hereto as Appendix A, with such changes as may be approved by the Chair of the Board of Commissioners.

C. The authority of the Chair of the Board of Commissioners to make changes or additions to the form of the 2008 Contract is subject to the limitations contained in this ordinance.

D. The 2008 Contract will provide for payments to be made by the County (“**Contract Payments**”) consisting of Scheduled Payments, Optional Prepayments and Contract Charges as set forth in the form of the 2008 Contract attached hereto as Appendix A. The maximum annual amounts of the Scheduled Payments will be as set forth on Appendix C. The maximum annual amount of the Contract Charges will be as set forth on Appendix D. Once the County Administrator awards the Certificates of Participation and the County Administrator determines the final amount of Subject RMB UAAL and the costs of issuance of the Certificates of Participation he is authorized to substitute the actual Scheduled Payments, Optional Prepayments and Contract Charges in a Revised Appendix C and Revised Appendix D the forms of which are attached hereto and are approved. The County Administrator shall execute an approval for each in the form attached thereto.

E. The 2008 Contract shall permit the sale of participation interests under the Funding Trust and in the Contract Payments of the County to be made thereunder in the form of Certificates of Participation.

F. In addition to the Subject RMB UAAL, the aggregate amount of the Certificates of Participation may include amounts, not in excess of two percent (2.0%) of the Subject RMB UAAL acceptable to the Finance Director, in connection with the County’s obtaining funds to fund the Subject RMB UAAL through the Funding Trust’s issuance of Certificates of

Participation, including Costs of Issuance (as defined in the 2008 Contract) and prefunded Contract Charges.

G. Scheduled Payments shall be paid over a period of not more than twenty (20) annual payments, as determined by the Finance Director, provided that the last Scheduled Payment shall not be later than December 31, 2028.

H. No Scheduled Payment shall be subject to mandatory prepayment or acceleration.

### **Section 8. Disclosure Information.**

A. The Finance Director is authorized to prepare or cause the preparation of information relating to the County (“**County Information**”) for inclusion in the Disclosure Document; to deem the County Information “final” for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Act of 1934, as amended (the “**Rule**”); and to sign the County Information in the name of and on behalf of the County.

B. The Finance Director may authorize the distribution of the County Information in connection with the initial offering of the Certificates of Participation, as he deems fit.

C. The Finance Director may enter into a Continuing Disclosure Agreement in the name of and on behalf of the County with respect to the County Information in customary form in order to permit Persons subject to the Rule to comply therewith in connection with the purchase and sale of the Certificates of Participation.

### **Section 9. Offering Circular**

The Finance Director in cooperation with Municipal Financial Consultants Incorporated is authorized to cause an offering circular to be circulated to potential purchasers of the Certificates or Participation.

### **Section 10. Notice of sale; sealed bids; award.**

A. Sealed bids for the purchase of the Certificates of Participation shall be accepted up to a time to later be determined by the Finance Director. Notice of the sale shall be published once in the Bond Buyer, in substantially the form attached as Appendix E to this ordinance. The

Finance Director, after conferring with Certificates Counsel, Axe & Ecklund, P.C., attorneys of Grosse Pointe Farms, Michigan, may make such changes to the attached Notice of Sale, or cause it to be published in additional publications, as he deems appropriate.

B. Once all bids are received, the County Administrator is authorized to award the Certificates to the bidder whose bid produces the lowest true interest cost to the Trust by signing an order in the form attached hereto as Appendix F.

C. The County Administrator is authorized fill in the blanks in Appendix E - Form of Notice of Sale and Appendix F - Award Order prior to executing and filing these documents with the Washtenaw County Clerk.

D. The Finance Director is authorized to act as an agent for the Funding Trust in formation to receive and invest prior to the closing the good faith check called for in the Notice of Sale.

**Section 11. Closing.**

(a) The Closing shall occur after the Certificates of Participation have been sold at a public sale and shall occur on or before November 30, 2008.

(b) At the Closing the following shall occur:

(1) The Funding Trust Agreement and the 2008 Contract shall both be executed and delivered together with certified copies of all resolutions or other official actions required before their execution.

(2) The Certificates of Participation shall be delivered to the initial purchasers in return for the proceeds of the sale which shall be delivered to the Trustee.

(3) Opinions of counsel shall be executed and delivered to the Trustee, the initial purchasers and the County.

(4) Such additional certificates, approvals, opinions or other documents of any nature whatsoever required in order to obtain the opinions of counsel shall be executed and delivered.

**Section 12. Actions on Behalf of the County.**

A. The Chair of the County Board of Commissioners, County Clerk, County Administrator or the Finance Director, or any one or more of them, and each of them is, at any time hereafter and without further action by or authority or direction from the Board of Commissioners of the County, authorized to execute and deliver or cause to be executed and delivered all such other and further agreements, requests, statements, instruments and documents and to do or cause to be done all such other and further acts and things as any such official may determine to be necessary or advisable under or in connection with the Funding Trust Agreement, the 2008 Contract or this ordinance and the execution by any such official of any such agreement, request, statement, instrument or document or the doing of any such act or thing shall be conclusive evidence of his/her or their determination in that respect.

B. In addition to the authority herein expressly granted to the County Administrator and the Finance Director, the County Administrator and the Finance Director are hereby authorized and directed to do all things and take all actions necessary or desirable to consummate the other transactions contemplated by this ordinance.

**Section 13. Severability.**

If any provision of this ordinance is held invalid, the invalidity does not affect other provisions that can be given effect without the invalid provision.

**Section 14. Effective Date.**

This ordinance shall become effective upon adoption by the Board of Commissioners and upon publication in the Ann Arbor News unless, within 50 days after the County Board of Commissioners adopts this ordinance, a petition signed by not less than 20% of the electors residing in the County is filed with the County Clerk asking that the ordinance be submitted to electors of the County for approval or rejection, then this ordinance shall not take effect until it is



APPENDIX A  
[SEE CONTRACT]

APPENDIX B

[SEE FUNDING TRUST AGREEMENT]

APPENDIX C

MAXIMUM ANNUAL AMOUNTS OF THE SCHEDULED PAYMENTS

<u>YEAR</u>	<u>SCHEDULED PAYMENT</u>	<u>YEAR</u>	<u>SCHEDULED PAYMENT</u>	<u>YEAR</u>	<u>SCHEDULED PAYMENT</u>
2010	\$5,250,000	2017	\$7,500,000	2023	\$10,750,000
2011	5,500,000	2018	8,000,000	2024	11,250,000
2012	5,750,000	2019	8,500,000	2025	12,000,000
2013	6,000,000	2020	9,000,000	2026	12,750,000
2014	6,250,000	2021	9,500,000	2027	13,750,000
2015	6,750,000	2022	10,000,000	2028	14,500,000
2016	7,000,000				

APPENDIX D

MAXIMUM ANNUAL AMOUNT OF THE CONTRACT CHARGES

The maximum annual amount of the Contract Charges will be computed at a rate per annum which does not exceed \_\_\_\_\_ percent (\_\_\_\_%) of the unpaid Scheduled Payments from \_\_\_\_\_ until the final payment on \_\_\_\_\_.

**APPENDIX E**  
**[FORM OF OFFICIAL NOTICE OF SALE]**  
\$ \_\_\_\_\_\*

**2008 WASHTENAW COUNTY RETIREE MEDICAL BENEFITS FUNDING TRUST**

**2008 WASHTENAW COUNTY RETIREE MEDICAL BENEFITS FUNDING TRUST  
TAXABLE CERTIFICATES OF PARTICIPATION, SERIES 2008**

[\\*Subject to reduction -- see "REDUCTION IN PRINCIPAL AMOUNT."](#)

**SEALED BIDS:** Sealed written bids for the purchase of the Taxable Certificates of Participation described herein (the "Certificates") will be received on behalf of the 2008 Washtenaw County Retiree Medical Benefits Funding Trust (the "Funding Trust") by an agent of the undersigned, at the office of the Finance Director, 220 N. Main Street Ann Arbor, Michigan, 48107 on \_\_\_\_\_, 200\_, until \_\_:\_\_ .m., Eastern Daylight Savings Time, at which time and place the bids will be publicly opened and read.

In the alternative, sealed written bids will also be received on the same date and until the same time by an agent of the undersigned at the Municipal Advisory Council of Michigan, First National Building, 660 Woodward, Suite 1445, Detroit, Michigan 48226, where they will be publicly opened simultaneously. Bids received at Ann Arbor, 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.

**FAXED BIDS:** In the alternative, only members of the Municipal Advisory Council of Michigan may submit signed bids by fax to the Municipal Advisory Council of Michigan at (313) 963-0943 on the same date and until the same time, provided that the bidder bears all risks of transmission failure. No bidder is authorized to submit a bid by fax to Pontiac, Michigan.

NO FAXED BIDS WILL BE ACCEPTED UNLESS THE BIDDER HAS SUBMITTED A FINANCIAL SURETY BOND OR A GOOD FAITH CHECK IN THE AMOUNT REQUIRED.

**ELECTRONIC BIDS:** In the alternative, electronic bids 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 BIDS WILL BE ACCEPTED UNLESS THE BIDDER HAS SUBMITTED A FINANCIAL SURETY BOND OR A GOOD FAITH CHECK IN THE AMOUNT REQUIRED.

If any provision of this Notice of Sale shall conflict with information provided by Bidcomp/Parity as the approved provider of electronic bidding services, this Notice of Sale shall control.

**The Certificates will be awarded or all bids will be rejected by the Finance Director, as an agent of the Funding Trust in formation at a proceeding to be held on the day of the sale.**

**CERTIFICATE DETAILS:** The Certificates evidence individual undivided proportionate interests in the rights to receive certain payments to be made to the Funding Trust by the County of Washtenaw, Michigan ("County") under its 2008 Washtenaw County Retiree Medical Benefits Contract with the Funding Trust. The Certificates will be fully registered Certificates,

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 amount for each maturity, dated \_\_\_\_\_ 1, 200\_, numbered from 1 upwards and will bear interest from \_\_\_\_\_ 1, 200\_ payable on \_\_\_\_\_ 1, 200\_ and semiannually thereafter on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1 until maturity. Principal of the Certificates will mature and be payable on \_\_\_\_\_ 1 of each year as follows:

<u>YEAR</u>	<u>PRINCIPAL*</u>	<u>YEAR</u>	<u>PRINCIPAL*</u>	<u>YEAR</u>	<u>PRINCIPAL*</u>
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[\\*Subject to reduction -- see "REDUCTION IN PRINCIPAL AMOUNT."](#)

**REDUCTION IN PRINCIPAL AMOUNT:** The aggregate principal amount of this issue has been determined as the amount necessary to meet the County's contractual obligations to fund its estimated unfunded accrued actuarial retiree medical benefits liabilities and to pay all of the costs of issuance of the Certificates, assuming certain conditions and events exist on the date of sale. Following receipt of bids and prior to final award, the County reserves the right to decrease the aggregate principal amount of the issue by an amount not to exceed \$\_\_\_\_\_. The decrease will be in increments of \$5,000 and will be made as uniformly as possible over each maturity. The purchase price will be adjusted proportionately to the reduction in issue size, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw the bid as a result of any changes made within these limits.

**ADJUSTMENT IN DISCOUNT:** In the event the principal amount of this issue is decreased, the discount bid, if any, will be adjusted so that it is the same percent as the discount originally bid.

**INTEREST RATE AND BIDDING DETAILS:** The Certificates of each maturity shall bear interest at a rate or rates not exceeding \_\_\_\_% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one Certificate shall be at one rate only. All Certificates maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rates bid shall not exceed 2%. THE INTEREST RATE BORNE BY CERTIFICATES MATURING IN EACH YEAR FROM \_\_\_\_ THROUGH \_\_\_\_, BOTH INCLUSIVE, SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY CERTIFICATES MATURING IN THE IMMEDIATELY PRECEDING YEAR. No bid for the purchase of less than all of the Certificates, no bid for the purchase of the Certificates at a price less than \_\_\_\_% or more than \_\_\_\_% of their par value, and no bid for the purchase of the Certificates at an interest rate or rates that will result in a true interest cost of more than \_\_\_\_% per annum will be considered.

**GLOBAL BOOK-ENTRY SYSTEM:** The Certificates will be issued in book-entry-only form. A single physical certificate per maturity 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 Certificates. Transfer of the Certificates will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive physical certificates representing their interests in the Certificates. Clearance is expected to be available through DTC and also through Clearstream and Euroclear, which will hold omnibus positions on behalf of their participants in the books of their respective depositories. The global book-entry system is described further in the nearly final offering circular for the Certificates.

**TRUSTEE, PAYING AGENT AND DATE OF RECORD:** The Huntington National Bank, Columbus, Ohio, has been selected as trustee and paying agent (the "Trustee") for the Certificates. The Trustee will keep records of the registered owners of the Certificates, serve as transfer agent for the Certificates, authenticate the original and any re-issued Certificates and pay interest by check or draft mailed to the registered owners of the Certificates as shown on the

registration books of the Funding Trust kept by the Trustee 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 Certificates will be paid when due upon presentation and surrender thereof to the Trustee. As long as DTC, or its nominee Cede & Co., is the registered owner of the Certificates, 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 Certificates is the responsibility of DTC participants and indirect participants as described in the nearly final offering circular for the Certificates. The County may from time to time as required designate a successor trustee and paying agent.

**OPTIONAL REDEMPTION:** Certificates maturing prior to \_\_\_\_\_ 1, \_\_\_\_\_, shall not be subject to redemption prior to maturity. Certificates maturing on and after \_\_\_\_\_ 1, \_\_\_\_\_ shall be subject to redemption in whole or in part on any interest payment date on and after \_\_\_\_\_ 1, \_\_\_\_\_, and in any order, at the option of the Funding Trust, at par, plus accrued interest to the date fixed for redemption.

***[INSERT FINAL VERSION OF REDEMPTION PROVISIONS]***

Notice of Redemption shall be mailed by first-class mail, not less than 30 days nor more than 45 days before the Redemption Date, to the Registered Holder of this certificate, as shown on the Certificate registry kept by the Trustee, but neither failure to receive notice of redemption given as provided in the trust agreement dated \_\_\_\_\_ 1, 200\_ (the "Trust Agreement") nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption of any Certificates for which no failure or deficiency occurred. The Trust Agreement provides that the Trustee shall provide additional notice that provides material compliance with Securities Exchange Act Release No. 34-23856 (December 3, 1986) as the same may be modified, amended or supplemented from time to time by formal action of the Securities and Exchange Commission or by generally accepted practice of corporate trustees. No failure to give such additional notice or defect therein or in the manner in which given shall affect the sufficiency of the proceedings for the redemption of any Certificates.

**PURPOSE AND SECURITY:** The Certificates will be issued pursuant to the 2008 Washtenaw County Retiree Medical Benefits Funding Trust Agreement dated as of \_\_\_\_\_ 1, 200\_ between the County and the Trustee (the "Trust Agreement"), approved by an ordinance adopted by the Washtenaw County Board of Commissioners on \_\_\_\_\_, 200\_ (the "Ordinance") pursuant to the authority granted to the Board of Commissioners by Section 11 Act No. 156 of Public Acts of Michigan of 1851, as amended. The Certificates will be issued to provide moneys to fund on the date of original delivery of the Certificates specific amounts of the County's estimated unfunded accrued actuarial retiree medical benefits liabilities and to pay costs of issuance of the Certificates. The Certificates will be payable from scheduled payments (the "Scheduled Payments") and contract charges (the "Contract Charges") to be paid by the County to the Trustee under the Trust Agreement pursuant to the 2008 Washtenaw County Retiree Medical Benefits Contract dated as of \_\_\_\_\_ 1, 200\_ between the County and the Funding Trust (the "Contract"), which was also approved by the Ordinance.

The Certificates are payable solely from all Contract Payments which may be received by the Trustee pursuant to the Contract. Such Contract Payments will include all Scheduled Payments and Contract Charges payable by the County under the Contract, corresponding to the principal of and interest on the Certificates. The County's obligations to make Contract Payments are unsecured contractual obligations of the County, enforceable in the same manner as any other contractual obligation of the County. Such payment obligations of the County are not general obligations of the County, and neither the faith and credit, taxing power nor any

specific revenues of the County are pledged to the Contract Payments coming due under the Contract.

The County's unconditional contractual obligation to pay all Contract Payments is not "subject to appropriation," as is customary with many certificate of participation transactions entered into by municipalities in the United States. The County's Contract is not subject to termination if the County were to fail to appropriate sufficient amounts for the required payments in any single year. The County is legally bound to make all Contract Payments for the full term of the Contract, and statutory remedies, including, but not limited to, the Revised Judicature Act of 1961, Act No. 236 of the Michigan Public Acts of 1961, as amended, (Michigan Compiled Laws Section 600.6093), exist to enforce the County's obligations.

**INSURANCE AT PURCHASER'S OPTION:** If the Certificates qualify for issuance of any policy of insurance or commitment therefor at the option of the bidder/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the Certificates. Any increased costs of issuance of the Certificates 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 INSURER TO ISSUE THE POLICY AFTER THE CERTIFICATES HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE CERTIFICATES FROM THE FUNDING TRUST.

**GOOD FAITH DEPOSIT:** A certified or cashier's check drawn upon an incorporated bank or trust company or a financial surety bond in the amount of \$\_\_\_\_\_ and payable to the order of the Washtenaw County Finance Director (the "Finance Director"), as agent for the Funding Trust in formation, must be deposited with the Finance Director within four hours of being notified by the Finance Director that the bid is accepted on the part of the bidder, to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Certificates. 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 Finance Director prior to the opening of the bids. If the Certificates are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit its good faith deposit to the Finance Director in the form of a cashier's check (or wire transfer such amount as instructed by the Finance Director or Municipal Financial Consultants Incorporated, whose contact information is listed below) 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 Certificates. No interest shall be allowed on the good faith checks, and checks of each unsuccessful bidder will be promptly returned to such bidder's representative or by registered mail. The good faith check of the successful bidder will be cashed immediately, in which event payment of the balance of the purchase price of the Certificates shall be made at the closing

**AWARD OF THE CERTIFICATES – TRUE INTEREST COST:** The Certificates will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on \_\_\_\_\_ 1, \_\_\_\_\_ and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to \_\_\_\_\_, 200\_ in an amount equal to the price bid, excluding accrued interest. Each bidder shall state in its bid the true interest cost to the Funding Trust, computed in the manner specified above. The anticipated date of delivery of the Certificates shall not be later than \_\_\_\_\_, 200\_.

**LEGAL OPINION:** Bids shall be conditioned upon the approving opinion of Axe & Ecklund, P.C., Grosse Pointe Farms, Michigan (the "Certificate Counsel"), a copy of which opinion will be furnished without expense to the Purchaser of the Certificates at the delivery thereof. The

fees of Certificate Counsel for its services in connection with such approving opinion are expected to be paid from Certificate proceeds. Except to the extent necessary to issue such opinion and as described in the offering circular, Certificate 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 Certificates and, therefore, has not expressed and will not express an opinion with respect to the accuracy or completeness of the offering circular or any such financial documents, statements or materials.

**TAX STATUS:** The opinion of Roberts & Holland LLP concludes that the Funding Trust will be treated as a grantor trust under Subpart E, Part I of Subchapter J, Chapter 1 of the Internal Revenue Code of 1986, as amended, each Beneficial Owner of Certificates will be treated as the owner of an undivided pro rata interest in the portion of the Funding Trust attributable to such Beneficial Owner's Certificates and the Contract Payments will constitute payments in respect of indebtedness. Accordingly, the Contract Charges received by the Funding Trust under the Contract will constitute interest in respect of indebtedness for U.S. federal income tax purposes.

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

**DELIVERY OF CERTIFICATES:** The Funding Trust will furnish physical certificates ready for execution at its expense. Certificates will be delivered without expense to the purchaser through DTC, New York, New York. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Certificates, will be delivered at the time of delivery of the Certificates. If the physical certificates 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 bidder may on that day, or any time thereafter until delivery of the physical certificates, withdraw its bid by serving written notice of cancellation on the undersigned, in which event the Treasurer shall promptly return the good faith deposit. Payment for the Certificates shall be made in immediately available funds. Accrued interest to the date of delivery of the Certificates shall be paid by the purchaser at the time of delivery.

**UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE:** The County will execute and deliver prior to delivery of the Certificates a written continuing disclosure undertaking in order to enable the successful bidder to comply with the requirements of SEC Rule 15c2-12, as amended. The details and terms of the undertaking are set forth in a Continuing Disclosure Undertaking to be executed and delivered by the County, a form of which is included in the nearly final offering circular and in the final offering circular.

## **OFFERING CIRCULAR:**

### **Hard Copy**

A copy of the nearly final offering circular (the "Nearly final Offering Circular") may be obtained by contacting Municipal Financial Consultants Incorporated at the address listed below. The Nearly final Offering Circular 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 offering circular (the "Final Offering Circular"). The successful bidder shall supply to the undersigned, as agent for the Funding Trust in formation, within twenty-four (24) hours after the award of the Certificates, all pricing information and any underwriter identification determined by Certificate Counsel to be necessary to complete the Final Offering Circular.

**Internet**

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

The County will furnish to the successful bidder, at no cost, up to 500 copies of the Final Offering Circular within seven (7) business days after the award of the Certificates. Additional copies will be supplied upon the bidder's agreement to pay the cost incurred by the Funding Trust 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 Offering Circular, including revisions, amendments and completions as necessary, relating to the County, the Funding Trust and the Certificates is true and correct in all material respects, and that such Final Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact necessary to make statements therein, in light of the circumstances under which they were made, not misleading.

**CUSIP NUMBERS:** It is anticipated that CUSIP numbers will be assigned to the Certificates and printed on any physical certificates, 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 Certificates. All expenses for printing CUSIP numbers will be paid by the Funding Trust, except that the CUSIP 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 the undersigned at the address specified above or 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 BIDS.**

**ENVELOPES:** Envelopes containing the bids should be plainly marked "Bid for 2008 Washtenaw County Retiree Medical Benefits Funding Trust Taxable Certificates of Participation, Series 2008"

PETER BALLIOS,  
WASHTENAW COUNTY FINANCE DIRECTOR  
ON BEHALF OF THE TRUST IN FORMATION

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**APPENDIX F**  
**[FORM OF AWARD ORDER]**

§ \_\_\_\_\_  
**2008 WASHTENAW COUNTY RETIREE MEDICAL BENEFITS FUNDING TRUST**  
**TAXABLE CERTIFICATES OF PARTICIPATION, SERIES 2008**

WHEREAS, on the date of this Order, the bids summarized on *EXHIBIT I* (attached hereto) for the purchase of the \$\_\_\_\_\_ principal amount of Taxable Certificates of Participation, Series 2008 (the "Certificates"), to be issued by the 2008 Washtenaw County Retiree Medical Benefits Funding Trust (the "Trust") were received and publicly opened and read; and

WHEREAS, the following bid produces the lowest interest cost computed by determining, at the rates specified in such bid, the total dollar value of all interest on the Certificates from \_\_\_\_\_ 1, 2008, to maturity and adding thereto any discount all as provided in the Notice of Sale with respect to the Certificates published in *The Bond Buyer* on \_\_\_\_\_, 2008:

Bidder: \_\_\_\_\_

True Interest Rate: \_\_\_\_\_%

Discount: \$\_\_\_\_\_

and the bid submitted by such bidder (the "Purchaser") in all respects conforms to the requirements of the Notice of Sale; and

WHEREAS, the sale of the Certificates was duly authorized and conducted according to law;

NOW, THEREFORE, IT IS ORDERED BY FINANCE DIRECTOR ON BEHALF OF THE TRUST, as follows:

1. The action of the Finance Director in fixing this date of sale of the Certificates, in dating the Certificates \_\_\_\_\_ 1, 2008, and in publishing such Notice of Sale as heretofore provided, are hereby ratified and confirmed.

2. The content of the aforementioned Notice of Sale (a copy of which is attached hereto) published in connection with the solicitation of bids for the purchase of the Certificates and the content of the Nearly Final Offering Circular, dated \_\_\_\_\_, 2008, and distributed in connection with the solicitation of bids for the purchase of the Certificates, are each hereby ratified and confirmed and the Final Offering Circular to be delivered with the Certificates shall be completed and delivered.

3. The bid of \_\_\_\_\_ to purchase the \$\_\_\_\_\_ aggregate principal amount of the Certificates in the maturities set forth in *EXHIBIT I* at par, plus accrued interest to the date of delivery, less a discount of \$\_\_\_\_\_ and bearing interest per annum as shown on *EXHIBIT I* with a true interest rate of \_\_\_\_\_% which bid produces the lowest true interest cost to the Trust, is hereby accepted, and all other bids (as set forth on *EXHIBIT I*) are hereby rejected and the checks of the unsuccessful bidders are ordered to be returned.

4. I hereby confirm the appointment of The Huntington National Bank, Columbus, Ohio, as registrar and paying agent for the Certificates.

5. The Trust shall issue the Certificates in accordance with the terms set forth in the Trust Agreement between the County and the Trustee approved by an ordinance of the Board of Commissioners of the County on \_\_\_\_\_, 2007 (the "Ordinance").

6. As County Administrator, I hereby decrease the aggregate amount of the Certificates, as set forth in *EXHIBIT II* attached hereto.

7. The Trust shall proceed to issue the Certificates in the total principal amount of \$\_\_\_\_\_ with annual maturities and at the interest rates set forth in *EXHIBIT II*. The Certificates shall be dated \_\_\_\_\_ 1, 2008 and will bear interest from their date of issuance payable on \_\_\_\_\_ 1, 200\_ and semiannually thereafter on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 in each year until maturity.

8. All resolutions and ordinances and parts of resolutions and ordinances insofar as the same may be in conflict herewith, are hereby rescinded.

Dated: \_\_\_\_\_, 2008

\_\_\_\_\_  
County Administrator  
on behalf of the Trust

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**EXHIBIT I**

\$ \_\_\_\_\_  
**2008 WASHTENAW COUNTY RETIREE MEDICAL BENEFITS FUNDING TRUST  
TAXABLE CERTIFICATES OF PARTICIPATION, SERIES 2008**

**Sale Date:** \_\_\_\_\_, 2008  
**Time:** \_\_\_\_:\_\_\_\_.m., ET  
**Dated:** \_\_\_\_\_ 1, 2008

**Good Faith Check:** \$ \_\_\_\_\_  
**Discount:** \$ \_\_\_\_\_ (\_\_\_\_%)  
**Maximum Interest:** \_\_\_\_%

**Maturities – Due** \_\_\_\_\_ **1**

**YEAR**      **AMOUNT**    **YEAR**      **AMOUNT**      **YEAR**      **AMOUNT**

Bidder: \_\_\_\_\_

20__	____%	20__	____%	Discount: \$ _____
20__	____%	20__	____%	
20__	____%	20__	____%	True Int Rate: _____%
20__	____%	20__	____%	
20__	____%	20__	____%	
20__	____%	20__	____%	
20__	____%	20__	____%	
20__	____%	20__	____%	
20__	____%	20__	____%	
20__	____%	20__	____%	

**Certificate Counsel  
AXE & ECKLUND, P.C.  
Grosse Pointe Farms, Michigan**