



COUNTY ADMINISTRATOR
220 NORTH MAIN STREET, P.O. BOX 8645
ANN ARBOR, MICHIGAN 48107-8645
(734) 222-6850
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TO: Felicia Brabec, Chair
Ways & Means Committee

FROM: Verna J. McDaniel
County Administrator

Curtis N. Hedger
Corporation Counsel

DATE: May 15, 2013

SUBJECT: Notice of Intention of Washtenaw County to Issue Retiree Health
Care and Pension Bonds

BOARD ACTION REQUESTED:

It is requested that the Board of Commissioners approve a Resolution authorizing the publishing of a Notice of Intent for Washtenaw County to issue retiree health care and pension bonds.

BACKGROUND:

On October 9, 2012, the Michigan Legislature enacted PA 329 of 2012, which amended the Revised Michigan Municipal Finance Act (MCLA 141.2101 et seq) to authorize a city, county, village, or township to bond for unfunded actuarially accrued pension and retiree health care liability (collectively referred to as unfunded actuarially accrued liability "UAAL"). Under this legislation, the window to bond for these UAAL costs expires on December 31, 2014.

There are a number of steps which must be completed before a UAAL bond may be issued. For instance, MCLA 141.2518(3) specifically states that before a county may attempt to issue a UAAL bond, it must publish a Notice of Intent to issue those bonds. The purpose of the Notice of Intent is to provide a forty-five (45) day referendum period for the public to gather enough signatures to have the issue placed on the ballot before it may be enacted. Under the law, the number of signatures required to have the issue placed on the ballot is 10% of registered electors in the County or 15,000, whichever is less. As there are 276,552 registered electors in Washtenaw County, the number of signatures needed to place the bonding on the ballot would be 15,000.

DISCUSSION:

Under the Revised Michigan Municipal Finance Act, there are a number of actions which must be completed before a county may issue bonds for its UAAL costs. It is critical to note that the current resolution requesting the Board of Commissioners to approve the insertion of the Notice of Intent to bond is only the first of these actions which must be taken. In future meetings of the Ways & Means Committee and the Board, the Board of Commissioners will be asked to approve the actual bond resolution, as well as the continuing disclosure resolution and comprehensive financial plan for the bonding. Even after all of these future Resolutions are approved, the State of Michigan must still review and approve the proposed bonding before the bonds may be sold.

Approving the current resolution authorizing the insertion of the Notice of Intent simply begins the 45-day referendum period as required by the Revised Municipal Finance Act. It is not the formal approval of the bonding resolution or of any of the other contingencies listed above. Approval of this Resolution will permit the 45-day referendum period to begin, thus meeting one of the contingencies to bonding in a timely fashion.

IMPACT ON HUMAN RESOURCES:

None

IMPACT ON BUDGET:

Approval of the proposed Resolution would have no impact on the County's general fund budget.

IMPACT ON INDIRECT COSTS:

None

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

Approval of the proposed Resolution will require the County Clerk to insure that the Notice of Intent to bond is published in annarbor.com to begin the 45-day referendum period.

CONFORMITY TO COUNTY POLICIES:

The proposed Resolution conforms to all County Policies.

ATTACHMENTS:

Proposed Notice of Intention (attached to Resolution)

APPENDIX I

NOTICE OF INTENT OF THE COUNTY OF WASHTENAW
TO ISSUE NOT TO EXCEED \$345,000,000 IN
RETIREES HEALTH CARE AND PENSION 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"), will authorize the issuance of not to exceed \$345,000,000 in Retirees Health Care and Pension Bonds to provide funds to fully pre-fund what are currently partly un-funded long-term retiree health care and pension obligations which are unfunded annual actuarial liabilities (UAAL) of the County which must be paid annually on behalf of Washtenaw County employees as described in Exhibit A below (the "Project"). The Bond Resolution will provide further that the County will finance one hundred percent (100%) of the total cost of the Project by the issuance of one or more series of Retirees Health Care and Pension Bonds (the "Bonds") pursuant to the provisions of Section 518 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 \$345,000,000, the term of the Bonds shall not exceed 30 years and the Bonds shall bear interest at a rate or rates that will result in a maximum net interest rate of not more than 5.5% per annum. The maximum Project cost is estimated at not to exceed \$345,000,000.

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 holders 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 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.

EXHIBIT A

Project Description

The Project consists of a plan to fully fund what are currently partly un-funded long-term retiree health care and pension obligations paid by the County on behalf of Washtenaw County employees who retire from County service and who have the adequate vesting and service benefit level requirements. The project will utilize an intermediate trust fund in conjunction with the Washtenaw County Voluntary Employee Beneficiary Association Trust and the Washtenaw County Employee Retirement System Benefit Trust which will result in significant savings to the County which are currently estimated to be in excess of \$75,000,000. Public Act No. 329 of the Public Acts of Michigan of 2012, which amends Public Act No. 34 of the Public Acts of Michigan of 2001 enables the County to issue general obligation limited tax bonds for this purpose.

Maximum Cost Estimates

Maximum Funds Required to Finance the Project, Financing Costs and Contingency)	\$345,000,000
Maximum amount of Bonds to be issued:	\$345,000,000
Maximum term of bond issue:	30 years

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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 Project and identified in EXHIBIT A attached 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 Intent 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 Retirees Health Care and Pension Bonds and of their right under Act 34 to file a petition requesting a referendum election on the issuance of the Retirees Health Care and Pension Bonds.

3. **Form of Notice of Intent:** The form and content of the Notice of Intent as set forth in Appendix I, are hereby approved, and the Washtenaw County Clerk is hereby authorized and directed to cause the Notice of Intent to be published once in the *AnnArbor.com*, 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. **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.

5. **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.

6. **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 Intent authorized in paragraph 2.

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

8. **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.

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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, Ann Arbor, Michigan 48107.

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Project Description

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Maximum Funds Required to Finance the Project, Financing Costs and Contingency)	\$345,000,000
Maximum amount of Bonds to be issued:	\$345,000,000
Maximum term of bond issue:	30 years

LAWRENCE KESTENBAUM
COUNTY CLERK

DATED: [Date of Publication]
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COUNTY OF WASHTENAW

At a _____ meeting of the Board of Commissioners of the County of Washtenaw, Michigan, held on the ____ day of _____, 2013, at ____:____ .m., Eastern Daylight Savings Time, at the County _____ Building in Ann Arbor, Michigan there were:

PRESENT:

ABSENT:

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

**RESOLUTION AUTHORIZING THE INSERTION
OF NOTICE OF INTENT OF THE COUNTY OF WASHTENAW
TO ISSUE RETIREES HEALTH CARE AND PENSION BONDS, SERIES 2013
(GENERAL OBLIGATION LIMITED TAX)**

WHEREAS, the Board of Commissioners (the "Commission") of the County of Washtenaw, Michigan (the "County"), wishes to issue bonds for the purpose of providing funds for the County's unfunded post-employment health care benefits and pension benefits for public employee retirees of the County as described in EXHIBIT A attached hereto (the "Project"), pursuant to the terms of Section 518 of Act No. 34, Public Acts of Michigan, 2001 as amended ("Act 34"); and

WHEREAS, in order to authorize the issuance of the County of Washtenaw Retirees Health Care and Pension Bonds, Series 2013 (General Obligation Limited Tax) (the "Bonds"), it is necessary to insert a Notice of Intent of the County of Washtenaw to Issue Retirees Health Care and Pension Bonds pursuant to Act 34 in the *AnnArbor.com*, Ann Arbor, Michigan; and

WHEREAS, there has been prepared and attached hereto as APPENDIX I a form of notice entitled "NOTICE OF INTENT OF THE COUNTY OF WASHTENAW TO ISSUE RETIREES HEALTH CARE AND PENSION BONDS AND NOTICE OF RIGHT TO PETITION FOR REFERENDUM THEREON" (the "Notice of Intent"); and

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)

CERTIFICATION

The undersigned, being the 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 _____, 2013, 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.

COUNTY CLERK

DATED: _____, 2013