

(See "MUNICIPAL BOND INSURANCE" and "RATING INFORMATION" herein)

*Axe and Ecklund, P.C., Bond Counsel, is of the opinion that, assuming compliance with certain covenants by the County, under existing law as presently interpreted, the interest on the Bonds is excluded from gross income for federal income tax purposes and the Bonds and the interest thereon are exempt from all taxation in the State of Michigan except inheritance and estate taxes, and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein and "FORM OF LEGAL OPINION", Section D, for a description of certain provisions of the Internal Revenue Code of 1986, as amended, (the "Code") which may affect the tax treatment of interest on the Bonds for certain Bondholders.*

The Bonds HAVE NOT been designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

**\$12,500,000**  
**COUNTY OF WASHTENAW, STATE OF MICHIGAN**  
**WASHTENAW COUNTY - SYLVAN TOWNSHIP**  
**WATER AND WASTEWATER IMPROVEMENTS BONDS**  
**SERIES 2001**

**OFFICIAL STATEMENT**

The Bonds are being issued pursuant to the provisions of Act 185, Public Acts of Michigan, 1957, as amended (the "Act"), and pursuant to a resolution duly adopted by the Board of Commissioners of the County of Washtenaw for the purpose of defraying the cost of constructing a new water system and wastewater system improvements project (the "Project") in the Township of Sylvan (the "Township").

Pursuant to the provisions of the Act, the County and the Township have entered into contracts, whereby the Township have agreed to pay to the County amounts sufficient to pay the principal of and interest on the Bonds as same become due and payable. In order to pay such amounts to the County, the Township have pledged their full faith and credit and are obligated, to the extent necessary, to levy ad valorem taxes on all taxable property located within their boundaries, subject to applicable charter, statutory and constitutional tax limitations. It is the intent of the Township to defray their contractual payments to the County through a combination of special assessments, connection fees and user charges.

As additional security, the full faith and credit of the County have also been pledged for the prompt payment of principal and interest on the Bonds. Accordingly, if the payments received from the Township are not sufficient to pay principal of and interest on the Bonds when due, the County is obligated to make such payment from its general funds as a first budget obligation and is obligated, to the extent necessary, to levy ad valorem taxes on all taxable property in the County for such purpose subject to the applicable statutory and constitutional tax limitations.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, as described herein. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds.

Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Bonds and paid for by the Underwriter.



Interest on the Bonds will be payable semi-annually on the first days of May and November of each year commencing November 1, 2001. Principal and interest will be paid by the County to Bank One Trust Company, National Association, Detroit, Michigan, the paying agent for the Bonds or its successor which will in turn remit such principal and interest to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described in the Bonds and as referenced in certain proceedings of the County referred to therein.

The record date of the Bonds will be the fifteenth day of the month preceding each interest payment date.

Certain of the Bonds are subject to redemption prior to maturity. See "PRIOR REDEMPTION" herein.

**MATURITY SCHEDULE**

Dated: September 1, 2001

Principal Due:

May 1 of each year as shown below

Interest				Reofferring				Interest				Reofferring			
Year	Amount	Rate	Rate	Year	Amount	Rate	Rate	Year	Amount	Rate	Rate	Year	Amount	Rate	Rate
2003	\$400,000	3.750%	2.530%	2010	\$600,000	4.750%	4.090%	2017	\$700,000	4.875%	4.900%				
2004	400,000	4.000	2.870	2011	600,000	4.200	4.200	2018	800,000	4.875	4.970				
2005	400,000	3.750	3.100	2012	600,000	4.300	4.340	2019	800,000	5.000	5.060				
2006	400,000	3.750	3.340	2013	600,000	4.400	4.470	2020	800,000	5.000	5.110				
2007	500,000	3.750	3.590	2014	700,000	4.500	4.600	2021	900,000	4.750	5.200				
2008	500,000	4.125	3.800	2015	700,000	4.700	4.710	2022	900,000	4.750	5.220				
2009	500,000	6.750	4.000	2016	700,000	4.800	4.820								

STANDARD CAPITAL MARKETS A DIVISION OF ABN AMRO FINANCIAL SERVICES, INC.

DAIN RAUSCHER, INC.

PRUDENTIAL SECURITIES INCORPORATED

HANIFEN IMHOFF

COMMERCE CAPITAL MARKETS, INC. SWS SECURITIES, INC.

NATCITY INVESTMENTS, INC.

The date of this Official Statement is September 25, 2001.

**COUNTY OF WASHTENAW**

**BOARD OF COMMISSIONERS**

SUZANNE SHAW  
Chair

VIVIENNE ARMENTROUT  
Vice Chair

JOSEPH J. YEKULIS, JR  
District 1

MARTHA KERN  
District 2

RICHARD A. DeLONG  
Vice-Chair Pro Tem District 3

LAWRENCE KESTENBAUM  
District 4

BARBARA LEVIN BERGMAN  
District 5

ROLLAND SIZEMORE, JR.  
District 6

WESLEY PRATER  
District 7

STEPHEN SOLOWCZUK  
District 8

VIVIENNE N. ARMENTROUT  
District 9

P. CHRISTINA MONTAGUE  
District 10

JEFF IRWIN  
District 11

LEAH GUNN  
District 12

RONNIE PETERSON  
District 13

SUZANNE SHAW  
District 14

DILLARD ROY CRAIGER  
District 15

**COUNTY OFFICIALS**

CATHERINE McCLARY  
Treasurer

PEGGY M. HAINES  
Clerk/Registrar

JANIS A. BOBRIN  
Drain Commissioner

BRIAN MACKIE  
Prosecuting Attorney

DANIEL MINZEY  
Sheriff

**ADMINISTRATION**

ROBERT E. GUENZEL  
Administrator

FRANK CAMBRIA  
Deputy Administrator

PETER BALLIOS  
Finance Director

**TOWNSHIP OF SYLVAN**

**BOARD OF TRUSTEES**

REUBEN LESSER, JR.

EARL. J. HELLER

**OFFICIALS**

LU ANN S. KOCH  
Clerk

CHARLES BURGESS  
Supervisor

ARLENE J. GRAU  
Treasurer

GERALD DRESSELHOUSE  
Project Coordinator

## **PROFESSIONAL SERVICES**

REGISTRAR/TRANSFER AGENT	BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION Detroit, Michigan
TOWNSHIP ATTORNEY	KEUSCH & FLINTOFT Chelsea, Michigan
BOND COUNSEL	AXE AND ECKLUND, P.C. Grosse Pointe Farms, Michigan
FINANCIAL ADVISOR	BENDZINSKI & CO., MUNICIPAL FINANCE ADVISORS Detroit, Michigan
ENGINEERS	JONES & HENRY ENGINEERS, LTD Toledo, Ohio

The Bonds have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, or registered in any state and will not be listed on any stock or other securities exchange. Neither the SEC nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale, except as disclosed herein.

No dealer, salesman or any other person has been authorized to give any information or to make any representation, other than the information and representations contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to whom it is unlawful to make such offer or solicitation. The information set forth herein has been provided by the County and the Township and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness.

All summaries contained in this Official Statement are subject in all respects to the complete statute, regulation, rule, court decision or report. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor the sale made hereunder shall under any circumstance create any implication that there has been no change in the affairs of the County or the Township since the date hereof.

# TABLE OF CONTENTS

<b>SECTION A - THE BONDS</b> .....	<b>A-1</b>
<b>INFORMATION FOR BIDDERS</b> .....	<b>A-2</b>
<b>MATURITIES</b> .....	<b>A-2</b>
<b>DESCRIPTION AND FORM OF THE BONDS</b> .....	<b>A-2</b>
<b>PRIOR REDEMPTION</b> .....	<b>A-3</b>
<b>BOOK-ENTRY-ONLY SYSTEM</b> .....	<b>A-3</b>
<b>TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM</b> .....	<b>A-4</b>
<b>THE PROJECT</b> .....	<b>A-5</b>
<i>DESCRIPTION</i> .....	<i>A-5</i>
<i>USE OF BOND PROCEEDS</i> .....	<i>A-5</i>
<b>AUTHORITY</b> .....	<b>A-5</b>
<b>ORDER PROVIDING EXCEPTION</b> .....	<b>A-5</b>
<b>SECURITY</b> .....	<b>A-5</b>
<b>SUMMARY OF PROVISIONS OF CONTRACTS</b> .....	<b>A-6</b>
<b>CONSTITUTIONAL TAX LIMITATIONS</b> .....	<b>A-6</b>
<b>MICHIGAN PROPERTY TAX REFORM PROPOSALS</b> .....	<b>A-7</b>
<b>NOT QUALIFIED TAX-EXEMPT OBLIGATIONS</b> .....	<b>A-7</b>
<b>TAX MATTERS</b> .....	<b>A-7</b>
<i>GENERAL</i> .....	<i>A-7</i>
<i>ORIGINAL ISSUE DISCOUNT</i> .....	<i>A-8</i>
<b>APPROVAL OF LEGALITY</b> .....	<b>A-8</b>
<b>BOND COUNSEL'S RESPONSIBILITY</b> .....	<b>A-8</b>
<b>FINANCIAL ADVISORS TO THE COUNTY</b> .....	<b>A-9</b>
<b>RATING INFORMATION</b> .....	<b>A-9</b>
<b>CONTINUING DISCLOSURE</b> .....	<b>A-9</b>
<b>PRINTING AND DELIVERY</b> .....	<b>A-9</b>
<b>ABSENCE OF CERTAIN LITIGATION</b> .....	<b>A-10</b>
<i>COUNTY OF WASHTENAW</i> .....	<i>A-10</i>
<i>TOWNSHIP OF SYLVAN</i> .....	<i>A-10</i>
<b>OTHER MATTERS</b> .....	<b>A-10</b>
<b>SECTION B - COUNTY OF WASHTENAW - GENERAL DESCRIPTION AND STATISTICAL INFORMATION</b> .....	<b>B-1</b>
<b>SECTION C - TOWNSHIP OF SYLVAN - GENERAL DESCRIPTION AND STATISTICAL INFORMATION</b> .....	<b>C-1</b>
<b>SECTION D - FORM OF LEGAL OPINION</b> .....	<b>D-1</b>
<b>SECTION E - FINANCIAL STATEMENTS OF THE COUNTY OF WASHTENAW FOR THE FISCAL YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998</b> .....	<b>E-1</b>
<b>SECTION F - FINANCIAL STATEMENTS OF THE TOWNSHIP OF SYLVAN FOR THE FISCAL YEARS ENDED MARCH 31, 2000, 1999 AND 1998</b> .....	<b>F-1</b>
<b>SECTION G - FORMS OF CONTINUING DISCLOSURE UNDERTAKING</b> .....	<b>G-1</b>
<b>SECTION H - MUNICIPAL BOND INSURANCE</b> .....	<b>H-1</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **SECTION A**

### **THE BONDS**

**\$12,500,000**  
**COUNTY OF WASHTENAW, STATE OF MICHIGAN**  
**WASHTENAW COUNTY - SYLVAN TOWNSHIP**  
**WATER AND WASTEWATER IMPROVEMENTS BONDS**  
**SERIES 2001**

**INFORMATION FOR BIDDERS**

Date of Sale:	September 25, 2001		
Time of Sale:	11:00 a.m., Eastern Daylight Time		
Place of Sale:	Office of Department of Public Works County of Washtenaw P.O. Box 8645 110 N. Fourth Avenue Ann Arbor, MI 48107-8645	-or-	Bendzinski & Co., Municipal Finance Advisors 607 Shelby, Suite 600 Detroit, Michigan 48226-3206
Dated:	September 1, 2001	Maximum Interest Rate:	8%, (3% Spread)
Principal Due:	May 1, Serially	Maximum Discount Allowed:	1%
Denomination:	\$5,000 or multiples thereof up to the amount of a single maturity	Multiples:	1/8 or 1/20 of 1% or both
Registration:	Book-Entry-Only	Qualified Tax-Exempt Obligations:	No

**MATURITIES**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2003	\$400,000	2010	\$600,000	2017	\$700,000
2004	400,000	2011	600,000	2018	800,000
2005	400,000	2012	600,000	2019	800,000
2006	400,000	2013	600,000	2020	800,000
2007	500,000	2014	700,000	2021	900,000
2008	500,000	2015	700,000	2022	900,000
2009	500,000	2016	700,000		

**DESCRIPTION AND FORM OF THE BONDS**

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of September 1, 2001 and will bear interest from that date. Interest on the Bonds shall be payable on November 1, 2001, and semiannually each May 1 and November 1 thereafter prior to maturity or earlier redemption. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

Bank One Trust Company, National Association, Detroit, Michigan, or its successor will serve as Paying Agent (the "Paying Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds which are held in the book-entry-only system, see "*Book-Entry-Only System*" below. In the event the Bonds cease to be held in the book-entry-only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. See "*Transfer Outside Book-Entry-Only System*" herein.



## **PRIOR REDEMPTION**

Bonds maturing in the years 2003 to 2009, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2010 to 2022, inclusive, shall be subject to redemption prior to maturity, at the option of the County, in any order of maturity and within any maturity by lot, on any interest payment date on or after May 1, 2009, at par and accrued interest to the date fixed for redemption, plus a premium (expressed as a percentage of the principal amount redeemed), as follows:

½% of the principal amount of each Bond or portion thereof called for redemption on or after May 1, 2009, but prior to May 1, 2012.

No premium shall be paid on Bonds or portions thereof called for redemption on or after May 1, 2012.

## **BOOK-ENTRY-ONLY SYSTEM**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of

the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

## **TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM**

In the event the Book-Entry-Only System is discontinued, the following provisions would apply to the Bonds. The Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its principal corporate trust office. Subject to the further conditions contained in the Resolution (hereinafter defined), the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the principal corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the 15 days immediately preceding the date of mailing ("Record Date") of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the County and the Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

## THE PROJECT

### DESCRIPTION

The Bonds are being issued for the purpose of constructing, operating and maintaining a water supply, water treatment, and water distribution system located in the Township and a wastewater system to transport wastewater from Sylvan Township, through Grass Lake Township and Leoni Township to the existing Leoni Wastewater Treatment Facility.

### USE OF BOND PROCEEDS

The estimated project cost is as follows:

Construction .....	\$9,565,748
Engineering .....	1,310,000
Contingencies .....	866,192
Bond Discount (1%) .....	125,000
Legal, Financial, Administrative and Publishing .....	178,000
Capitalized Interest .....	731,417
<b>TOTAL .....</b>	<b>\$12,776,357</b>
Less: Interest Earned on Capitalized Interest .....	46,898
Interest Earned during Construction .....	229,459
<b>AMOUNT OF BOND ISSUE .....</b>	<b><u>\$12,500,000</u></b>

## AUTHORITY

The Bonds are being issued under the provisions of Act 185, Public Acts of Michigan, 1957, as amended (the "Act"), and pursuant to a resolution duly adopted by the Board of Commissioners of the County of Washtenaw (the "Resolution").

## ORDER PROVIDING EXCEPTION

The County has received an Order Providing Exception from Prior Approval for the Bonds from the Michigan Department of Treasury.

## SECURITY

The Bonds are issued in anticipation of, and are payable primarily from, certain contractual payments to be paid by the County to the Washtenaw County Board of Public Works (the "Board"), acting for and on behalf of the County, pursuant to contracts dated as of July 1, 2001, between the County and the Township. By the provisions of said contracts and pursuant to the authorization provided by law, the Township has pledged its full faith and credit for the payment of its contractual obligations. The County has irrevocably pledged to the payment of the Bonds the contractual payments, which payments are payable at such times and are established in such amounts as are required to pay the entire principal of and interest on the Bonds promptly when due.

As additional security for the payment of the Bonds and the interest thereon, the County, as authorized by law, has pledged its full faith and credit for the prompt and timely payment thereof, should the Township's contractual payments prove insufficient for any reason.

The full faith and credit pledges of the Township and the County are a limited tax general obligation of each severally, and each is required to pay debt service on the Bonds as a first budget obligation from its respective general funds, including the collections of any ad valorem taxes which it is authorized to levy. However, the ability of the County and the Township to levy such taxes is subject to applicable charter, statutory and constitutional limitations.

The rights and remedies of Bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity including those relating to equitable subordination.

## **SUMMARY OF PROVISIONS OF CONTRACTS**

The Board, on behalf of the County, have entered into the contracts with the Township, dated July 1, 2001, providing, among other things, for the payment of the debt service obligations by the Township. The contracts provide, among other things, that:

1. The County, through its Board, will acquire and construct the project, in accordance with the plans and specifications of the Contract.
2. The County shall be owner, and will lease the project to the Township as long as the bonds remain outstanding, and the Township shall be responsible for operation, maintenance and administration thereof.
3. The Township will retain the exclusive right and option to establish, maintain and collect rates and charges for service to its inhabitants or other person using the System. The rates and charges to be charged by the Township will be adjusted as necessary to be sufficient to pay the expenses of operation, maintenance and administration of the System and debt service on the Bonds when due.
4. The Township will pay to the County an amount sufficient to pay all principal and all interest due on the next succeeding Bond interest payment dates (May 1 and November 1) and any other related costs such as paying agent, bond registration, transfer agent fees and other costs as are relative to the Bonds.
5. As authorized by law, the Township has irrevocably pledged its full faith and credit for the prompt and timely payment of its debt service obligations. Pursuant to such pledge, if other funds are not available, the Township shall be required to pay such amounts from any of its general funds as a first budget obligation and shall each year levy an ad valorem tax on all taxable property in the Township in an amount sufficient to pay such obligations under the contract, subject to the applicable charter, statutory and constitutional tax limitations. (See "CONSTITUTIONAL TAX LIMITATIONS", below.)
6. In the event that the Township shall fail for any reason to pay its respective contract obligations to the County at the times specified in the contract, the Board shall notify the Township Treasurer, County Treasurer, the Treasurer of the State of Michigan and any other officials charged with disbursement of funds to the Township returned by the State, and said State Treasurer or other appropriate official shall withhold and pay to the County the amount necessary to meet the amount due from the Township, to the extent permitted by law. In addition to the foregoing, the Board shall have all other rights and remedies provided by law to enforce the contractual obligations of the Township.
7. The Township shall indemnify and save the County harmless from any liability in connection with the operation and maintenance of the project.
8. During the term of the lease, the Township shall maintain insurance on the facilities of the system and with respect to its operation, maintenance and use.

## **CONSTITUTIONAL TAX LIMITATIONS**

The Michigan Constitution places certain restrictions on new taxes and tax increases and limits taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding on or after December 23, 1978, unless such obligations are approved by the electors of the issuing public corporation.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, the Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

On March 15, 1994, the electors of the State of Michigan also voted to amend the State Constitution to increase the state sales tax from 4% to 6% and to place a yearly cap on property value assessment increases. The State now levies a property tax to finance education, and a higher real estate transfer tax is imposed on the sale of real property.

## **MICHIGAN PROPERTY TAX REFORM PROPOSALS**

Several bills have been introduced in the Michigan Legislature which, if enacted in their present forms, would exempt up to \$25,000 of taxable value of personal property from collection of taxes. The final forms and thus the ultimate impact of this legislation, if enacted, on the finances of the County, and the Townships cannot be determined at this time.

The Michigan Department of Treasury approved revisions to the state's personal property tax tables which are effective in the year 2000 and which may reduce overall personal property tax revenues in some jurisdictions. The State Tax Tribunal has informally indicated that it may allow the new multipliers to be applied retroactively in pending personal tax appeals. In anticipation of the new multipliers, many personal property taxpayers filed appeals of their existing tax assessments. The financial impact of the change in multipliers and any appeals, if successful on the County and the Township operating revenues is unknown. Certain information pertaining to the County's personal property tax base is set forth in "HISTORY OF PROPERTY VALUATIONS" in Section B to this Official Statement. Similar information with respect to Sylvan Township is set forth in "HISTORY OF PROPERTY VALUATIONS" in Section C to this Official Statement.

While the ultimate nature, extent and impact of the legislation or administrative action and of other tax and revenue measures which are still under consideration cannot currently be predicted, purchasers of the Bonds offered herein should be alert to the potential effect of such measures upon the Bonds, the security therefor, and the operations of the County and the Township.

### **NOT QUALIFIED TAX-EXEMPT OBLIGATIONS**

The County **has not** designated the Bonds as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **TAX MATTERS**

#### **GENERAL**

The approving opinion of Axe and Ecklund, P.C., Grosse Pointe Farms, Michigan, ("Bond Counsel") will include an opinion to the effect that under existing law, the interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such opinion will note that certain corporations must take into account interest on the Bonds in determining adjusted current earnings for the purposes of computing such alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the County and the Township comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The County and the Township have covenanted to comply with all such requirements. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Prospective purchasers of the Bonds should be aware that (i) interest on the Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Bonds may be subject to a tax on excess net passive income of certain S corporations imposed by Section 1375 on the Code, (iii) interest on the Bonds is included in the calculation of modified adjusted gross income for purposes of determining taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Bonds by life insurance companies may affect the federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Bonds, (vi) holders acquiring the Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income.

In addition, the approving opinion of Bond Counsel will include an opinion to the effect that under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

## *ORIGINAL ISSUE DISCOUNT*

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the face amount) over the "issue price" of such Bonds. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity are sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant interest rate method, compounded semiannually. With respect to an initial purchaser of a Discount Bond at its issue price, that portion of OID that accrues during the period that the purchaser owns the Discount Bonds (or book entry interest in that Bond) (i) is interest excludable from that purchasers' gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above as to other interest on the Bonds, and (ii) is added to that purchaser's tax basis for purposes of determining gain or loss on the maturity, prior sale or other dispositions of the Discount Bonds (or book entry interest).

Owners of Discount Bonds should consult their own tax advisors as to the determination for federal tax purposes of the amount of OID properly accruable each year with respect to the Discount Bonds and as to other federal tax consequences and any state and local aspects of owning Discount Bonds or book entry interest in them.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

## **APPROVAL OF LEGALITY**

The unqualified approving opinion of Axe and Ecklund, P.C., attorneys of Grosse Pointe Farms, Michigan, in substantially the form attached hereto as "Section D".

## **BOND COUNSEL'S RESPONSIBILITY**

Bond Counsel has reviewed the statements made in this Official Statement under the captions entitled, "MATURITIES," "DESCRIPTION AND FORM OF THE BONDS," "PRIOR REDEMPTION," "TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM," "AUTHORITY," "ORDER PROVIDING EXCEPTION," "SECURITY," "CONSTITUTIONAL TAX LIMITATIONS," "MICHIGAN PROPERTY TAX REFORM PROPOSALS," "NOT QUALIFIED TAX-EXEMPT OBLIGATIONS," "TAX MATTERS," "APPROVAL OF LEGALITY," "BOND COUNSEL'S RESPONSIBILITY," and "CONTINUING DISCLOSURE," but has not been retained to review and has not reviewed any other portion of this Official Statement. Bond Counsel has not made inquiry of any official or employee of the County or the Township or any other person with respect to, or otherwise made any independent verification of, the accuracy or completeness of any statement made in this Official Statement (including those that it has reviewed) and has not expressed and will not express an opinion as to the accuracy or completeness of any statement made herein.

Except as stated in the immediately preceding paragraph and to the extent necessary to render its approving opinion respecting the validity of the Bonds and the exemption of the Bonds and the interest thereon from taxation, Bond Counsel has not been retained 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, will not express any opinion with respect to the accuracy or completeness of any such documents, statements or other materials.

The fees of Axe and Ecklund, P.C., ("Bond Counsel") for services rendered in connection with their approving opinion are expected to be paid from Bond proceeds.

## **FINANCIAL ADVISORS TO THE COUNTY**

Bendzinski & Co., Municipal Finance Advisors, Detroit, Michigan (the "Financial Advisors") has been retained by the County to provide certain financial advisory services including, among other things, preparation of the deemed "final" Preliminary Official Statement and the final Official Statement (the "Official Statements"). The information contained in the Official Statements was prepared in form by the Financial Advisors and is based on information supplied by various officials from records, statements and reports required by various local, county or state agencies of the State of Michigan in accordance with constitutional or statutory requirements.

To the best of the Financial Advisors' knowledge, all of the information contained in the Official Statements, which it assisted in preparing, while it may be summarized is (i) complete and accurate; (ii) does not contain any untrue statement of a material fact; (iii) does not omit any material fact, or make any statement which would be misleading in light of the circumstances under which these statements are being made. However, the Financial Advisors have not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Financial Advisors' duties, responsibilities and fees arise solely as financial advisor to the County and they have no secondary obligation or other responsibility. The Financial Advisors' fees are expected to be paid from bond proceeds.

## **RATING INFORMATION**

Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch IBCA, Inc., have assigned their municipal bond ratings of "Aaa", "AAA" and "AAA" respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by MBIA Insurance Corporation and paid for by the Underwriter.

## **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with section (b)(5) of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934 (the "Rule"), the County and the Township shall covenant pursuant to resolutions adopted by their governing bodies to enter into an undertaking (the "Undertaking") for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the County and the Township to certain information repositories annually, and to provide notices of the occurrence of certain events enumerated in the Rule to certain information repositories or the Municipal Securities Rulemaking Board and to any state information depository. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the County and the Township at the time the Bonds are delivered. Such Certificate will be in substantially the form attached hereto as "Section G". The County and the Township have never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of materials events. A failure by the County or the Township to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **PRINTING AND DELIVERY**

The County will furnish Bonds at its expense for delivery to the purchaser. Delivery of the Bonds shall be within 45 days from the date of sale of the Bonds. Payment for the Bonds shall be made in Federal Reserve Funds.

## **ABSENCE OF CERTAIN LITIGATION**

### ***COUNTY OF WASHTENAW***

According to Washtenaw County Corporation Counsel, Curtis N. Hedger, there is no litigation to his knowledge, pending or threatened, in any court (either state or federal) which seeks to restrain or enjoin the issuance or delivery of the Bonds, which questions (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the legal existence of the County or the title to the office of the present officials of the County, or (iv) the ability of the County to operate or any other matter which may materially affect the financial condition of the County.

### ***TOWNSHIP OF SYLVAN***

According to Township Attorney, Peter C. Flintoft, of Keusch & Flintoft, there is no litigation to his knowledge, pending or threatened, in any court (either state or federal) which seeks to restrain or enjoin the issuance or delivery of the Bonds, which questions (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the legal existence of the Township or the title to the office of the present officials of the Township, or (iv) the ability of the Township to operate or any other matter which may materially affect the financial condition of the Township.

## **OTHER MATTERS**

All information contained in this Official Statement, other than that provided by the County and the Township, is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of such information. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The date of the Preliminary Official Statement is August 30, 2001. The information contained herein is subject to revision, amendment and completion. As of that date, the Preliminary Official Statement was deemed "final" by the County and the Township for purposes of paragraph (b)(1) of the Rule.

This Official Statement has been duly approved, executed and delivered by the County and the Township on the date as set forth on the front cover of this Official Statement.

### **WASHTENAW COUNTY BOARD OF PUBLIC WORKS**

By: /s/ Daniel R. Myers

DANIEL R. MYERS, Division of Public Works Director

### **TOWNSHIP OF SYLVAN**

By: /s/ Charles Burgess

CHARLES BURGESS, Supervisor



## **SECTION B**

# **COUNTY OF WASHTENAW GENERAL DESCRIPTION AND STATISTICAL INFORMATION**

## **COUNTY OF WASHTENAW**

### **LOCATION AND DESCRIPTION**

The County of Washtenaw encompasses a 716 square mile area in the southeastern portion of Michigan's lower peninsula, approximately 40 miles west of downtown Detroit. Within the County there are 28 units of government: 4 cities, 4 villages and 20 townships. The largest municipality is the City of Ann Arbor, with a 2000 population of 114,024.

### **FORM OF GOVERNMENT**

The County's legislative body is a 15 member Board of Commissioners who are elected by district for two year terms. The Board annually elects, from within its ranks, a Chairman and Vice Chairman by majority vote. The Chairman serves as the chief executive officer of the County and is assisted by a County Administrator appointed by the Board of Commissioners who serve at the Board's pleasure.

### **POPULATION**

2000 U.S. Census	322,895
1990 U.S. Census	282,937
1980 U.S. Census	264,748
1970 U.S. Census	234,103

—

### **FISCAL YEAR**

January 1 to December 31

### **PROPERTY VALUATIONS**

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Since 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of existing property is limited to the lesser of the percentage net change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

## *REAL PROPERTY TAX ASSESSMENTS*

Responsibility for assessing taxable real property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Real property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in the Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended ("Act 198") are recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in the Official Statement except as noted.

## *PERSONAL PROPERTY TAX ASSESSMENTS*

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The Michigan Department of Treasury has approved revisions to the State's personal property tax tables effective for the year 2000 which may reduce overall personal property tax revenues in some jurisdictions. The State Tax Tribunal has informally indicated that it may allow the new multipliers to be applied retroactively in pending personal property tax appeals. In anticipation of the new multipliers, many personal property taxpayers have filed appeals of their existing tax assessments. The financial impact of such appeals, if successful, on the County's operating revenues is unknown.

## *APPEAL OF PROPERTY ASSESSMENTS*

Property taxpayers may appeal their assessments to the Michigan Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. The County has several tax appeals pending before the Tax Tribunal (including personal property appeals, none of which are expected to have a significant impact on the County's State Equalized Valuation, Taxable Value or the resulting taxes.

## HISTORY OF PROPERTY VALUATIONS

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value**</u>
2001	\$12,191,018,388	\$10,449,795,055
2000	10,951,329,363	9,659,379,194
1999	9,955,398,867	9,077,146,725
1998	8,981,072,796	8,461,917,840
1997	8,222,788,510	7,887,194,490
1996	7,588,824,479	7,417,822,027
1995	7,063,561,166	6,991,654,122
1994	6,717,463,432	Not applicable
1993	6,456,162,804	Not applicable
1992	5,990,899,608 *	Not applicable

\* In April, 1991, the Michigan Legislature adopted Public Act 15 of 1991 which temporarily froze assessed values on existing real property in 1992 by requiring that the assessment as equalized for the 1991 tax year be used on the 1992 assessment roll and be adjusted only to reflect additions, losses, splits and combinations. Public Act 15 was effective May 1, 1991.

\*\* Beginning in 1995, ad valorem millage will be based on the Taxable Value rather than the State Equalized Valuation. See "PROPERTY VALUATIONS" herein.

An analysis of **Taxable Value** is as follows:

	BY CLASS		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
Real Property	9,364,847,310	\$8,600,440,497	\$8,002,082,352
Personal Property	1,084,947,745	1,058,938,697	1,075,064,373
TOTAL	<u>\$10,449,795,055</u>	<u>\$9,659,379,194</u>	<u>\$9,077,146,725</u>
	BY USE		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
Residential	\$6,674,880,955	\$6,100,786,357	\$5,616,207,372
Agricultural	202,010,682	198,775,906	203,088,675
Commercial	1,862,826,696	1,710,298,043	1,593,871,015
Industrial	598,623,026	557,925,896	537,985,243
Developmental	26,505,951	32,654,295	50,930,047
Personal Property	1,084,947,745	1,058,938,697	1,075,064,373
TOTAL	<u>\$10,449,795,055</u>	<u>\$9,659,379,194</u>	<u>\$9,077,146,725</u>

**2001 TAXABLE VALUE BY GOVERNMENTAL UNIT**

	<u>Real Property</u>	<u>Personal Property</u>	<u>TOTAL</u>
<b>Townships:</b>			
Ann Arbor	329,043,338	\$40,645,700	\$369,689,038
Augusta	119,738,640	6,054,386	125,793,026
Bridgewater	55,180,830	5,163,000	60,343,830
Dexter	184,047,617	9,579,800	193,627,417
Freedom	56,459,252	9,008,700	65,467,952
Lima	118,180,352	12,772,200	130,952,552
Lodi	247,919,188	9,621,500	257,540,688
Lyndon	80,002,438	6,997,400	86,999,838
Manchester	113,063,303	20,001,800	133,065,103
Northfield	240,505,894	15,962,900	256,468,794
Pittsfield	1,089,475,259	116,060,200	1,205,535,459
Salem	214,547,341	19,228,031	233,775,372
Saline	52,880,143	2,860,200	55,740,343
Scio	767,259,249	118,155,700	885,414,949
Sharon	60,034,374	2,098,477	62,132,851
Superior	307,655,581	20,415,000	328,070,581
Sylvan	245,116,500	46,587,100	291,703,600
Webster	221,754,968	7,698,100	229,453,068
York	220,017,800	8,897,500	228,915,300
Ypsilanti	1,111,880,863	205,428	1,112,086,291
<b>Cities:</b>			
Ann Arbor	3,156,807,036	273,782,800	3,430,589,836
Milan	61,870,525	6,738,221	68,608,746
Saline	261,605,496	66,326,880	327,932,376
Ypsilanti	255,024,845	54,863,200	309,888,045
<b>TOTAL</b>	<b>\$9,570,070,832</b>	<b>\$879,724,223</b>	<b>\$10,449,795,055</b>

Source: Washtenaw County Equalization Department.

### MAJOR TAXPAYERS\*

<u>Taxpayer</u>	<u>Real Property Assessment</u>	<u>Personal Property Assessment</u>	<u>Total Assessment</u>
Ford Motor Co.	\$39,618,283	\$207,107,400	\$246,725,683
General Motors Corp.	37,151,170	174,376,040	211,527,210
Detroit Edison	9,435,188	112,370,045	121,805,233
Parke-Davis	76,945,300	34,371,500	111,316,800
Michigan Consolidated Gas Company	1,560,006	69,834,379	71,394,385
Briarwood Complex (including Penney's, Sears, Hudson's and Jacobson's)	51,278,719	3,171,900	54,450,619
Domino's Pizza Inc.	40,881,986	4,374,270	45,256,256
Toyota	24,681,030	7,876,200	32,557,230
Daimier/Chrysler Corp.	14,670,232	17,447,400	32,117,632
Media One	131,299	32,172,760	32,304,059
Great Lakes Bank/Retirement LP	29,540,555	2,900	29,543,455
NSK Corp. Bearing Division	9,771,603	16,086,600	25,858,203
Consumers Energy	1,469,698	19,218,127	20,687,825
Dexter Fastener	5,837,300	13,784,600	19,621,900
Meijers/Goodwill	14,164,060	4,276,500	18,440,560

\*Unaudited.

Source: County of Washtenaw annual financial statement for the fiscal year end December 31, 2000.

### TAX RATES

(Per \$1,000 of Taxable Value)

	<u>2000</u>	<u>1999</u>	<u>1998</u>
County of Washtenaw - Operating	\$4.7598	\$4.7978	\$4.8263
- Drain	0.0014	0.0016	0.0017
- Parks & Recreation 1994 (Voted)	0.2465	0.2485	0.0000
- Parks & Recreation 1998 (Voted)	0.2480	0.2500	0.4442
Huron-Clinton Metro Authority	0.2202	0.2218	0.2235
Total All Jurisdictions	<u>\$5.4759</u>	<u>\$5.5197</u>	<u>\$5.4957</u>

Source: County of Washtenaw.

## TAX RATE LIMITATIONS

Article IX, Section 6, of the Michigan Constitution of 1963 provides in part:

"Except as otherwise provided in this Constitution, the total amount of general ad valorem taxes imposed upon real and tangible personal property for all purposes in any one year shall not exceed 15 mills on each dollar of the assessed valuation of property as finally equalized."

Section 6 further provides that by a majority vote of qualified electors of the County, the 15 mill limitation may be increased to a total of not to exceed 18 mills, and the millages of the local units involved shall then be permanently fixed within that greater millage limitation.

Act 62, Public Acts of Michigan, 1933, as amended, defined local units as Counties, Townships, Villages, Cities, a First Class School District (only Detroit schools), Community College Districts, Intermediate School Districts, and Districts, Divisions and other organizations which may be established that have the power to levy taxes, except Villages and Cities which have provisions in their charters or general law fixing maximum limits on the power to levy taxes against property and School Districts.

The amount of mills allocated to the County, townships in the County and the intermediate school district have been fixed by vote as follows:

<u>Units of Government</u>	<u>Rates</u>	<u>Maximum Authorized Tax Rate</u> <sup>1</sup>
County of Washtenaw	\$5.5000	\$4.7978
Any Township	1.1600	
Intermediate School District	0.1200	
Total	<u>\$6.7800</u>	

<sup>1</sup> See "CONSTITUTIONAL MILLAGE ROLL-BACK", below.

Pursuant to Act 314 of the Public Acts of Michigan of 1993, as amended, school districts may not levy mills allocated to them by vote, and any subsequent vote to reallocate mills among local units may not include the number of mills allocated to the school district in 1993.

In addition, Article IX, Section 6, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bond and bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.
2. Operating purposes for a specified period of time provided that said increase is approved by a majority of the qualified electors of the local unit.

## CONSTITUTIONAL MILLAGE ROLL-BACK

Article IX, Section 31, of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be permanently reduced through a Millage Reduction Factor unless reversed by a vote of the electorate of the local taxing unit.

## TAX LEVIES AND COLLECTIONS

<u>Year</u>	<u>Tax Levy</u>	<u>Collections to March 1 of Following Year</u>	
2000	\$52,893,795	In process of Collection	
1999	49,444,080	47,151,623	95.36%
1998	46,135,320	43,673,258	94.66%
1997	43,164,015	40,920,859	94.80%
1996	40,761,846	38,703,199	94.95%
1995	38,535,786	36,524,079	94.78%
1994	38,690,887	36,539,835	94.44%
1993	37,278,991	34,853,917	93.49%
1992	35,065,851	32,648,326	93.11%
1991	34,547,064	31,824,119	92.12%

Source: Treasurer, County of Washtenaw.

The County's taxes are due and payable at the offices of the various local Treasurers and a lien is created upon the assessed property on December 1 of each year. All real property taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection.

The General Property Tax Act was amended by Act 123 of Public Acts of Michigan of 1999 ("Act 123") which made extensive revision to the procedures for collection of delinquent real property taxes. In general, for real property taxes levied after December 31, 1998, all property returned for delinquent taxes is subject to forfeiture, foreclosure and sale for the delinquent taxes in lieu of the tax lien sale held heretofore by the County Treasurer on the second Monday in May (which followed by twenty six (26) months the return of the delinquent taxes). Act 123 has the effect of shortening the process for collection of delinquent real property taxes from approximately six years (including statutory redemption periods) to approximately four years. Act 123 will not affect the obligation or authority of the County to levy any taxes necessary for payment of debt service on general obligation limited tax bonds of the County, including the Bonds offered herein, subject to constitutional and statutory limitations.

Washtenaw County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1st of each year. Said fund pays all local units, school districts, villages, townships and the County general fund for the full amount of taxes levied against real property. If feasible, it is anticipated that the County will continue to reimburse the local units, school districts, villages, townships and County general fund for any uncollected taxes, but there is no assurance that this will be the case since the County is not obligated to continue this fund in future years. Uncollected personal property taxes must be collected by the local treasurer and are negligible.

## REVENUES FROM THE STATE OF MICHIGAN

The County receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act"). The table appearing at the end of this section shows State revenue sharing distributions received by the County during the County's past five fiscal years, and the estimated receipts for the County's 2001 fiscal year.

The State's fiscal year begins October 1 of each year and ends September 30 of the following calendar year. Before the State's 1996-97 fiscal year, the State shared revenues received from personal income tax, intangibles tax, sales tax and single business tax collections with counties, cities, townships and villages. In 1996, the State legislature began reform of both the formula for distribution of State revenue sharing and the designated sources of revenue to be shared. At that time, the State expressly designated the revenues of the sales tax as the sole source for revenue sharing.



At the end of calendar year 1998, the Legislature again amended the Revenue Sharing Act to accomplish the following:

- To freeze payments to the City of Detroit for 8.5 years at 1997-98 levels.
- To create a three-part formula for distribution to all other cities, villages and townships.
- To re-adjust the percent share of statutory distributions from 24.5% for counties and 75.5% to cities, villages and townships, to 25.06% for counties and 74.94% to cities, villages and townships.
- To limit the annual increase in distributions to any one city, village or township to 8% of the previous year's distribution.
- To provide for an 8.5 year phase-in of the new formulas, beginning in the State's fiscal year ending September 30, 1999.
- To create an artificial sunset of the statute by including language that revenue sharing after June 30, 2007 will be distributed "as provided by law".

The sales tax revenues come from a 6% State levy on retail sales (other than sales of items such as food and drugs). The State Constitution limits the rate of sales tax to 6%, and dedicates 100% of the revenue of sales tax imposed at a rate of 2% to the State School Aid Fund. The State Constitution further mandates that 15% of the total revenues collected from sales taxes levied at the remaining 4% be distributed to townships, cities and villages. The Revenue Sharing Act distributes an additional 21.3% of those revenues to Michigan municipalities. The State's ability to make revenue sharing payments to the County in the amounts and at the times specified in the Revenue Sharing Act is subject to the State's overall financial condition and its ability to finance any temporary cash flow deficiencies.

Beginning with the State fiscal year ending September 30, 1999, through June 30, 2007, the County will receive its pro rata share determined per capita of the following amount:

25.06% of 21.3% of the difference between the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and \$31,926,947.32

The County's receipts could therefore vary depending on the population of the County and the County's taxable value per capita compared to the population and taxable value per capita in the State as a whole.

In addition to payments of revenue sharing moneys, the State pays the County to support judges' salaries, as well as other miscellaneous state grants.

**Revenue sharing payments and other monies paid to municipalities (other than the portion which is mandated by the State constitution) are subject to annual appropriation by the State legislature, and may be reduced or delayed by Executive Order during any fiscal year in which the Governor, with the approval of the legislature's appropriation committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.**

The following table sets forth the annual revenue sharing payments and other monies received by the County for the fiscal years ended December 31, 1996 through December 31, 2000, and the currently anticipated revenue sharing payments to be received in the fiscal year ended December 31, 2001.

<u>Fiscal Year Ending December 31</u>		<u>Revenue Sharing Payments</u>
2001	*	\$7,068,541
2000	**	5,863,522
1999		5,713,046
1998		5,845,720
1997		5,660,055
1996		5,208,736

\*Estimated

Source: [www.treasury.state.mi.us](http://www.treasury.state.mi.us)

\*\*Estimated revenue sharing payments for fiscal ending December 31, 2000 based on budget.

Source: County of Washtenaw Comprehensive Annual Financial Reports.

## INDUSTRIAL FACILITIES TAX

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended) ("Act 198") provides significant property tax incentives to industry to renovate and expand aging industrial facilities and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the taxable value of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one-half the total mills levied by all taxing units, except for mills levied for local school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for local school district operating purposes in 1993. For new facility abatements granted after 1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Tax Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198.

*The County has 209 IFT exemption certificates currently outstanding under this Act, aggregating the half rate of \$280,129,050 and the full rate of \$772,600 in 2000 Taxable Value.*

## LABOR AGREEMENTS

The County has fifteen (15) employee bargaining units which have negotiated comprehensive salary, wage, fringe benefit and working conditions contracts with the County. The employee groups, number of employees and contract expiration dates in each group are as follows:

<u>Employee Group</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
Supervisors	53	December 31, 2002
AFSCME Unit A	300	December 31, 2002
AFSCME Unit B	269	December 31, 2002
AFSCME Unit C	56	December 31, 2002
AFSCME Juvenile Court	38	December 31, 2002
AFSCME Juvenile Detention	24	December 31, 2002
AFSCME Juvenile Court Supervisors	5	December 31, 2002
Michigan Nurses Association I	16	December 31, 2002
Michigan Nurses Association Supervisors	3	December 31, 2001
Assistant Prosecutors Association	24	December 31, 2001
Public Defender Association	11	December 31, 2002
POAM Deputies	221	December 31, 2001
COAM Command	33	December 31, 2001
District Court Teamsters	25	December 31, 2001
District Court Teamsters Supervisors	8	December 31, 2001

---

Source: Washtenaw County Human Resources Department.

## RETIREMENT PLAN

The County operates two Retirement Systems, a Defined Benefit Plan and a Defined Contribution Plan.

### ***Defined Benefit Plan***

*Washtenaw County Employee Retirement Plan System (ERS)* - Bank One is the trustee of this plan. This plan is closed to new enrollment. The County's contribution to the retirement system for the fiscal year ended December 31, 2000 was \$1,513,759 and was \$1,038,243 for the fiscal year ended December 31, 1999. As of December 31, 2000, there were 223 active members and 554 retirees. As of December 31, 1999, there were 227 active members and 532 retirees. Total assets as of December 31, 2000 were \$185,766,721. Total assets as of December 31, 1999 were \$190,501,917.

### ***Defined Contribution Plan***

*Money Purchase Pension Plan (MPPP)* is a Defined Contribution Plan. Scudder Kemper is the trustee and record keeper for this plan. All new employees except Sheriff Department are enrolled in this plan which provides full vesting of assets to the individual enrollees based on their account balances. Total assets, as of December 31, 1999, were \$26,906,826. Total assets as of December 31, 2000 were \$26,730,063.

### ***For the Sheriff Department Only***

As of October 1995 all new Sheriff Department employees and all existing Sheriff Department MPPP members were enrolled in the Michigan Municipal Employees Retirement System (MERS). This Defined Benefit Plan as of December 31, 1999 had 197 active members and 3 retirees.

The County's contribution to MERS for fiscal year ended December 31, 2000 was \$654,259 and for the fiscal year ended December 31, 1999 was \$442,029. Total actuarial value of assets as of December 31, 1999 was \$7,104,392.

The County also administers a Voluntary Employees Beneficiary Association (VEBA) to provide for retiree health care. As of December 31, 2000 total assets of this trust were \$18,493,111. As of December 31, 1999 total assets of this trust were \$17,852,258. The funding is determined on an actuarial basis. As of December 31, 2000 there were 13 retirees drawing from this fund. As of December 31, 1999 there were 9 retirees drawing from this fund.

---

Source: County of Washtenaw Administrative Office.

## GENERAL FUND-FUND BALANCE

The County's General Fund fund balance for the last five years has been as follows:

<u>Fiscal Year Ending</u> <u>December 31</u>	<u>Fund Balance</u>
2000	\$7,140,889
1999	6,758,834
1999	5,754,356
1998	5,282,806
1997	4,778,356
1996	4,231,013

---

Source: County of Washtenaw audited financial statements.

## DEBT STATEMENT

(As of September 30, 2001, including the Bonds described herein)

### DIRECT DEBT:

		Self-Supporting or Portion Paid Directly By Benefited Municipalities	Net
	Gross		
General Obligation Limited Tax Notes	\$8,200,000 (a)	\$8,200,000	\$0
Water Bonds	3,580,000	3,580,000	0
Sewer Bonds	26,270,000	21,730,000	4,540,000
Wastewater Bonds	1,885,000	1,885,000	0
Water & Wastewater Bonds	12,500,000	12,500,000	0
Drain Bonds	4,385,000	3,961,875	423,125
Building Authority Bonds	38,160,000	0	38,160,000
Road Bonds	280,000 (b)	280,000	0
MTF Notes	760,000 (b)	760,000	0
Total	<u>\$96,020,000</u>	<u>\$52,896,875</u>	<u>\$43,123,125</u>

(a) Paid down monthly (balance as of August, 2001 - Source: MFCI)

(b) No County credit pledged.

### OVERLAPPING DEBT:

School Districts	\$591,055,086
Intermediate School Districts	7,345
Cities	88,305,852
Villages	14,676,610
Townships	46,121,468
Community College	51,131,220
Library	2,727,530

### TOTAL OVERLAPPING DEBT

\$794,025,111

### NET DIRECT AND OVERLAPPING DEBT

\$837,148,236

Source: Municipal Advisory Council of Michigan

### DEBT RATIOS:

Per Capita 2001 State Equalized Valuation	\$37,755.36
Per Capita 2001 True Cash Value	\$75,510.73
Per Capita Net Direct Debt	\$133.55
Per Capita Combined Net Direct and Overlapping Debt	\$2,592.63
Percent of Net Direct Debt of 2001 State Equalized Valuation	0.354%
Percent Net Direct and Overlapping Debt of 2001 State Equalized Valuation	6.867%
Percent of Net Direct Debt of 2001 True Cash Value	0.177%
Percent of Net Direct and Overlapping Debt of 2001 True Cash Value	3.433%

# SCHEDULE OF BOND MATURITIES

(As of September 30, 2001, including the Bonds described herein)

Year	General Obligation Limited Tax Notes (a)	Water Bonds	Sewer * Bonds	Wastewater Bonds	Water & Wastewater Bonds	Drain Bonds	Building Authority Bonds	MTF Notes	Road Bonds (b)
2001	\$0	\$195,000	\$1,245,000	\$0	\$0	\$0	\$0	\$0	\$0
2002	2,200,000	255,000	2,845,000	100,000	0	765,000	2,985,000	95,000	70,000
2003	6,000,000	280,000	3,050,000	100,000	400,000	550,000	3,385,000	95,000	70,000
2004	0	275,000	3,275,000	105,000	400,000	450,000	3,195,000	95,000	70,000
2005	0	305,000	2,135,000	105,000	400,000	405,000	2,650,000	95,000	70,000
2006	0	305,000	1,830,000	110,000	400,000	405,000	2,375,000	95,000	0
2007	0	130,000	1,420,000	110,000	500,000	365,000	2,205,000	95,000	0
2008	0	130,000	960,000	115,000	500,000	330,000	2,285,000	95,000	0
2009	0	140,000	1,085,000	115,000	500,000	330,000	2,350,000	95,000	0
2010	0	140,000	1,085,000	120,000	600,000	280,000	2,425,000	0	0
2011	0	140,000	1,085,000	120,000	600,000	155,000	2,625,000	0	0
2012	0	150,000	1,110,000	125,000	600,000	100,000	2,750,000	0	0
2013	0	150,000	1,110,000	125,000	600,000	100,000	2,905,000	0	0
2014	0	155,000	1,160,000	130,000	700,000	75,000	875,000	0	0
2015	0	160,000	1,150,000	130,000	700,000	75,000	950,000	0	0
2016	0	160,000	550,000	135,000	700,000	0	975,000	0	0
2017	0	165,000	575,000	140,000	700,000	0	1,025,000	0	0
2018	0	170,000	300,000	0	800,000	0	1,075,000	0	0
2019	0	85,000	300,000	0	800,000	0	1,125,000	0	0
2020	0	90,000	0	0	800,000	0	0	0	0
2021	0	0	0	0	900,000	0	0	0	0
2022	0	0	0	0	900,000	0	0	0	0
	<u>\$8,200,000</u>	<u>\$3,580,000</u>	<u>\$26,270,000</u>	<u>\$1,885,000</u>	<u>\$12,500,000</u>	<u>\$4,385,000</u>	<u>\$38,160,000</u>	<u>\$760,000</u>	<u>\$280,000</u>

(a) Paid down monthly (balance as of August, 2001 - Source: MFCI)

## STATEMENT OF LEGAL DEBT MARGIN

(As of September 30, 2001, including the Bonds described herein)

2001 State Equalized Valuation		<u>\$12,191,018,388</u>
Debt Limit (10% of State Equalized Valuation)		\$1,219,101,839
Amount of Outstanding Debt (See Debt Statement)	\$96,020,000	
Less: No County Credit Pledged Bonds	<u>1,040,000</u>	<u>94,980,000</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$1,124,121,839</u></u>

DEBT HISTORY: There is no record of default.

FUTURE BONDING: The County does not presently anticipate the issuance of Bonds within the next six months.

## MAJOR EMPLOYERS

Major employers in the County are as follows:

<u>Firm Name</u>	<u>Type of Business</u>	<u>Employees</u>
University of Michigan	Educational Institution	24,059
University of Michigan Hospitals	Health-care Institution	6,742
St. Joseph Mercy Health System	Health-care Institution	3,698
General Motors Corp./Power Train	Automobile Manufacturer	2,900
Visteon/Ford Motor/ Instr. & Plas.	Automobile Manufacturer	2,370
Visteon/Ford Motor/Rawsonville	Automobile Manufacturer	2,300
Parke Davis	Pharmaceuticals	2,000
Eastern Michigan University	Higher Education	1,991
Visteon/Ford Motor/Ypsilanti Parts	Automobile Manufacturer	1,350
Washtenaw County	County Government	1,200

Source: County of Washtenaw.

## INDUSTRIAL CHARACTERISTICS

In addition to the above major employers, according to the 2001 Michigan Manufacturers Directory, other employers in the County include the following:

<u>Firm Name</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Ann Arbor Machine Co.	Industrial Prototypes & Patterns	350
Ann Arbor News	Newspaper, Publishing and/or Printing	429
Bell & Howell Information & Learning	Archives, Micro-filming	800
Chelsea Milling Co.	Flour, Grain Milling	350
Collins & Aikman	Plastic Parts	500
Delphi Saginaw Steering System	Steering Systems & Components	4,500
Dura Automotive Systems, Inc.	Automotive Hinges	270
Eaton Corp.	Automotive Parts & Assembly	450
Edwards Bros., Inc.	Books & Journals Printing	550
Engineered Plastic Products Inc.	Plastic Products	275
Flint Ink Corp.	Ink	300
Ford Motor Co., Ypsilanti PLT	Automotive Components	1,500
Malloy Lithographing, Inc.	Printing, Books	412
McNaughton & Gunn, Inc.	Printing, Books	230
MTI Saline Inc.	Automotive Parts	450
NSK Corp.	Bearings	250
Pall Corp.	Hospital Supplies	1,000
Pilot Industries, Inc.	Assembly Sheltered Workshop	250
Plastic Technologies Group	Plastic Machinery	475
R & B Machine Tool Co.	Machine Tools, Metal Cutting	265
Sheridan Books Inc.	Book Printing	450
Superior Coating, Inc.	Coating, Engraving, Allied Services-Misc.	250
Termo Cardio Vascular System	Open Heart Surgery Equipment	400
Thomson-Shore, Inc.	Book Printing	345

In addition, the County has:

<u>Number of Employers</u>	<u>Number of Employees</u>
353	1 - 50
30	51 - 100
13	101 - 150
12	151 - 225

## LABOR CHARACTERISTICS

The 1990 U.S. Census of Population lists the labor force characteristics for the County of Washtenaw, for employed persons 16 years and over, as follows:

<u>BY OCCUPATION:</u>	<u>Number of Employees</u>
Executive, administrative and managerial occupations .....	19,350
Professional specialty occupations .....	36,960
Technicians and related support occupations .....	8,789
Sales occupations .....	15,177
Administrative support occupations, including clerical .....	23,014
Private household occupations .....	542
Protective service occupations .....	1,876
Service occupations, except protective and household .....	17,537
Farming, forestry and fishing occupations .....	1,697
Precision production, craft and repair occupations .....	11,633
Machine operators, assemblers, and inspectors .....	8,671
Transportation and material moving occupations .....	3,181
Handlers, equipment cleaners, helpers, and laborers .....	3,253
<b>TOTAL</b> .....	<b><u>151,680</u></b>
<u>BY INDUSTRY:</u>	<u>Number of Employees</u>
Agriculture, forestry and fisheries .....	2,050
Mining .....	93
Construction .....	5,480
Manufacturing, nondurable goods .....	6,069
Manufacturing, durable goods .....	20,578
Transportation .....	4,068
Communications and other public utilities .....	1,893
Wholesale trade .....	3,917
Retail trade .....	23,335
Finance, insurance, and real estate .....	7,216
Business and repair services .....	6,937
Personal services .....	3,351
Entertainment and recreation services .....	1,902
Health services .....	18,733
Education services .....	30,297
Other professional and related services .....	11,709
Public administration .....	4,052
<b>TOTAL</b> .....	<b><u>151,680</u></b>



## COMMERCIAL CHARACTERISTICS

An estimate of retail sales for the County of Washtenaw for 2001 as shown by the "Editor and Publisher Market Guide" is as follows:

	<u>Number of Stores</u> <sup>1</sup>		<u>Estimate of Sales</u> <sup>2</sup>	
	<u>Washtenaw County</u>	<u>City of Ann Arbor</u>	<u>Washtenaw County</u>	<u>City of Ann Arbor</u>
Motor Veh./Parts	92	33	\$1,424,284	\$518,197
Furniture	74	27	126,537	46,038
Electr./Appl.	59	21	149,238	54,297
Building Materials	94	34	386,409	140,587
Food/Bev.	162	59	443,162	161,235
Health	82	30	165,137	60,082
Gasoline	117	43	232,189	84,477
Clothing/Access.	173	63	219,416	79,830
General Merchandise	24	9	612,075	222,691

<sup>1</sup> 1997

<sup>2</sup> 2001 Estimate of Sales (thousands)

## UNEMPLOYMENT DATA

According to the Michigan Employment Security Commission, Research and Statistical Division, the unemployment statistics for the County of Washtenaw during the last three calendar years, and the most recent data available for 2001, are as follows:

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
January	2.0%	1.8%	2.2%	2.1%
February	2.0	1.7	2.2	2.0
March	2.0	1.6	2.0	2.0
April	1.8	1.5	1.7	1.6
May	2.2	1.6	1.8	1.6
June	2.5	1.9	2.0	1.9
July		2.1	2.1	2.6
August		1.6	1.6	1.6
September		1.7	1.7	2.2
October		1.5	1.5	1.7
November		1.3	1.5	1.6
December		<u>1.3</u>	<u>1.4</u>	<u>1.6</u>
Annual Average		<u>1.6%</u>	<u>1.8%</u>	<u>1.9%</u>

## BUILDING PERMITS

The number of building permits issued in the County during the last three calendar years, are as follows:

	<u>2001*</u>	<u>2000</u>	<u>1999</u>	<u>Total</u>
Single Family	698	1,736	2,219	4,653
Multi Family	<u>260</u>	<u>334</u>	<u>446</u>	<u>1,040</u>
Gross Total	958	2,070	2,665	5,693
Demo	<u>42</u>	<u>61</u>	<u>25</u>	<u>128</u>
Total	<u>916</u>	<u>2,009</u>	<u>2,640</u>	<u>5,565</u>

\*As of July, 2001.

Source: Southeast Michigan Council of Governments (SEMCOG).

## RESIDENTIAL CHARACTERISTICS

There are 131,069 housing units located within the County according to the **2000 U.S. Census** of Population and Housing, of which 99.15% are year-round homes; 59.7% are owner-occupied. A breakdown of the dwelling units per **1990 U.S. Census** is as follows:

Single Family	57.08%
Multi Family	38.37%
Mobile Homes	4.55%

According to the 1990 U.S. Census of Population and Housing, the median value of an owner-occupied residence in the County is \$96,000.

## INCOME CHARACTERISTICS

There were 105,114 households in the County in 1989, according to the 1990 U.S. Census, which had a median household income of \$36,307. A breakdown of the income for the County's households is as follows:

<u>Income of Households</u>	<u>Number of Households</u>
Less than \$5,000	4,955
\$5,000 to \$9,999	7,062
\$10,000 to \$14,999	7,737
\$15,000 to \$24,999	15,638
\$25,000 to \$34,999	15,204
\$35,000 to \$49,999	18,765
\$50,000 to \$74,999	20,732
\$75,000 to \$99,000	8,133
\$100,000 to \$149,999	4,738
\$150,000 or more	2,150

The per capita income for the County in 1989 was \$17,115.

## AGE STATISTICS

Age groups for the County's residents, according to the U.S. Census, are as follows:

	1990	2000
	<u>Percentage</u>	<u>Percentage</u>
Under 5 Years	6.78%	6.23%
5 to 19 Years	14.82%	21.03%
20 to 24 Years	19.59%	11.91%
25 to 44 Years	35.91%	32.10%
45 to 64 Years	15.40%	20.59%
Over 65 Years	7.50%	8.14%

## EDUCATIONAL CHARACTERISTICS

The primary and secondary educational needs of the residents of the County are adequately handled by the twenty (20) public school districts which serve the County.

The **University of Michigan** has played a central role in the quality of life in the area since its move to Ann Arbor in 1837. The American Council on Education has rated twelve (12) of the university's departments in the top ten nationwide. The University of Michigan Medical Center is located adjacent to the central campus and provides patient care, teaching and research facilities. Total enrollment at the University's Ann Arbor campus in the Fall 2000 semester was approximately 24,412 undergraduate students and 10,513 graduate students.

**Eastern Michigan University**, founded in 1849, has five colleges and a graduate school. The University recently completed construction of a \$19.6 million convocation center/arena. The 204,316 square foot facility is a three-level, multi-purpose facility for commencement exercises, intercollegiate men's and women's basketball and entertainment. The University recently completed construction of a \$41 million library project, funded by the State of Michigan. Total enrollment at the University for the Winter 2000 semester was approximately 16,600 undergraduate students and 5,000 graduate students.

In addition to the above universities, higher educational opportunities are available at the following institutions, which are located in the County:

Cleary College  
Concordia College  
Washtenaw Community College

According to the 1990 U.S. Census, the educational characteristics for the County of Washtenaw are as follows:

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>
Less than 9th grade	4.19%
9th to 12th grade, no diploma	8.60%
High school graduate	19.37%
Some college, no degree	19.76%
Associate degree	6.21%
Bachelor's degree	21.08%
Graduate or professional degree	20.79%

## UTILITIES

County residents are supplied with water and sewer service by the Detroit Water and Sewerage Department, the Ypsilanti Community Utility Authority, the City of Ann Arbor, Villages of Chelsea and Dexter, the Township of Northfield, the Portage Lake Sewer Authority and the Loch Alpine Sanitary Authority. Natural gas service is provided by MichCon, electrical service is provided by DTE and telephone service is provided by Ameritech.

## **TRANSPORTATION**

Washtenaw County has access to major freeways, including Interstate Highways 94 and 275, U.S. Highways 23 and 12 and Michigan State Highways 14 and 52. Rail service is available through four major rail lines including Amtrack and the County also has access to Detroit's deep water port. Detroit Metropolitan International Airport is located within 11 miles of the County. The County is also served by Willow Run and Ann Arbor City general aviation airports. Bus service is available through several inter-city bus lines.

## **BANKING**

The banking needs of the County's residents can be adequately served by the following institutions:

Ann Arbor Commerce Bank  
Bank of Ann Arbor  
Bank One, Michigan  
Bank of Washtenaw  
Citizens Bank  
Comerica Bank  
Fifth Third Bank  
Flagstar Bank, FSB  
Huntington Bank  
KeyBank, National Association  
National City Bank of Michigan/Illinois  
Republic Bank  
Standard Federal Bank/ABN AMRO  
TCF Bank  
University Bank

---

Source: Washtenaw County Treasurer

## **SECTION C**

# **TOWNSHIP OF SYLVAN GENERAL DESCRIPTION AND STATISTICAL INFORMATION**

## **TOWNSHIP OF SYLVAN**

### **LOCATION AND DESCRIPTION**

The Township of Sylvan is located in the western portion of Washtenaw County and encompasses an area of approximately 36 square miles and is adjacent to the Village of Chelsea on the Eastern border of the Township.

### **FORM OF GOVERNMENT**

The Township is governed by a Board of Trustees which is composed of five members who are elected for four year terms. The Board is composed of a Supervisor, a Clerk, a Treasurer and two Trustees. The Supervisor is the chief executive and administrative officer of the Township. The Board is vested with all legislative powers except those otherwise provided by law.

### **POPULATION**

2000 U.S. Census	6,425
1990 U.S. Census	5,827
1980 U.S. Census	5,524
1970 U.S. Census	5,086

### **FISCAL YEAR**

April 1 to March 31

### **PROPERTY VALUATIONS**

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Since 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV. This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of existing property is limited to the lesser of the percentage net change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

### **REAL PROPERTY TAX ASSESSMENTS**

Responsibility for assessing taxable real property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Real property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in the Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended ("Act 198") are recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in the Official Statement except as noted.

#### **PERSONAL PROPERTY TAX ASSESSMENTS**

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The Michigan Department of Treasury has approved revisions to the State's personal property tax tables effective for the year 2000 which may reduce overall personal property tax revenues in some jurisdictions. The State Tax Tribunal has informally indicated that it may allow the new multipliers to be applied retroactively in pending personal property tax appeals. In anticipation of the new multipliers, many personal property taxpayers have filed appeals of their existing tax assessments. The financial impact of such appeals, if successful, on the Township's operating revenues is unknown.

#### **APPEAL OF PROPERTY ASSESSMENTS**

Property taxpayers may appeal their assessments to the Michigan Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. The Township has approximately four (4) tax appeals pending before the Tax Tribunal (including personal property appeals) for the years 1994 and 2001, none of which are expected to have a significant impact on the Township's State Equalized Valuation, Taxable Value or the resulting taxes.

#### **HISTORY OF PROPERTY VALUATIONS**

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value**</u>
2001	\$332,074,285	\$291,703,600
2000	301,921,555	267,242,466
1999	284,342,500	255,315,464
1998	261,271,088	237,831,717
1997	241,428,534	225,594,181
1996	217,988,814	209,169,837
1995	195,053,619	194,020,840
1994	187,384,155	Not applicable
1993	180,418,500	Not applicable
1992	160,938,900 *	Not applicable

\*In April, 1991, the Michigan Legislature adopted Public Act 15 of 1991 which temporarily froze assessed values on existing real property in 1992 by requiring that the assessment as equalized for the 1991 tax year be used on the 1992 assessment roll and be adjusted only to reflect additions, losses, splits and combinations. Public Act 15 was effective May 1, 1991.

\*\*Beginning in 1995, ad valorem millage is levied on the Taxable Value rather than the State Equalized Valuation. See "PROPERTY VALUATIONS" herein.

An analysis of **Taxable Value** is as follows:

	BY CLASS		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
Real Property	\$245,116,500	\$223,339,066	\$208,994,364
Personal Property	46,587,100	43,903,400	46,321,100
TOTAL	<u>\$291,703,600</u>	<u>\$267,242,466</u>	<u>\$255,315,464</u>
	BY USE		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
Residential	\$174,001,901	\$161,705,518	\$152,069,522
Agricultural	6,705,451	6,504,873	6,362,320
Commercial	38,412,900	30,985,703	26,930,507
Industrial	25,034,245	23,243,272	22,314,166
Developmental	962,003	899,700	1,317,849
Personal Property	46,587,100	43,903,400	46,321,100
TOTAL	<u>\$291,703,600</u>	<u>\$267,242,466</u>	<u>\$255,315,464</u>

Source: Washtenaw County Equalization Department

#### MAJOR TAXPAYERS

According to Township officials, the 2001 Taxable Value of each of the Township of Sylvan and the Village of Chelsea's major taxpayers are as follows:

<u>Name of Taxpayer</u>	<u>2001 Taxable Value</u>
Daimler Chrysler	\$37,100,600
Chelsea Milling	7,673,375
Sheridan Books	6,182,122
Hatch Stamping	5,013,834
Ann Arbor Machine	4,421,950
Arctic Coliseum	3,879,100
Michigan Consolidated	3,816,500
United Methodist	2,485,026
Federal Screw	2,342,600
FHC Management	2,278,570



**TAX RATES\***  
(Per \$1,000 of Taxable Value)

	2000		1999		1998	
	<u>Homestead</u>	<u>Non Homestead</u>	<u>Homestead</u>	<u>Non Homestead</u>	<u>Homestead</u>	<u>Non Homestead</u>
Township of Sylvan						
- Operating	\$0.9568	\$0.9568	\$0.9601	\$0.9601	\$0.9614	\$0.9614
County of Washtenaw	5.4759	5.4759	5.5197	5.5197	5.4957	5.4957
Chelsea District Library	1.6300	1.6300	1.6300	1.6300	0.0000	0.0000
Chelsea School District - Local	0.0000	18.0000	0.0000	17.8488	0.0000	18.0000
- Debt	7.9856	7.9856	7.9937	7.9937	7.9995	7.9995
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Washtenaw Co. Intermediate School District	3.1311	3.1311	3.1568	3.1568	3.3168	3.3168
Washtenaw County Community College	3.9944	3.9944	4.0319	4.0319	4.1029	4.1029
Total All Jurisdictions	<u>\$29.1738</u>	<u>\$47.1738</u>	<u>\$29.2922</u>	<u>\$47.1410</u>	<u>\$27.8763</u>	<u>\$45.8763</u>

\* *Homestead* means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. *Non-homestead* is property not included in the above definition.

Source: Township of Sylvan

**TAX RATE LIMITATIONS**

The County of Washtenaw voted on November 3, 1964 to fix millage rates pursuant to Section 6 of the 1963 Michigan Constitution. The fixed rate for townships is as follows:

<u>Purpose</u>	<u>Rate (per \$1,000 of Taxable Valuation)</u>	<u>Maximum Permitted Rate</u>
General Operating	\$1.1600	\$.9568

In addition, Article IX, Section 6, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.
2. Operating purposes for a specified period of time provided that said increase is approved by a majority of the qualified electors of the local unit.

**CONSTITUTIONAL MILLAGE ROLL-BACK**

Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be permanently reduced through a Millage Reduction Factor unless reversed by a vote of the electorate of the local taxing unit.

## TAX LEVIES AND COLLECTIONS

<u>Year</u>	<u>Tax Levy</u>	<u>Collections to March 1 of Following Year</u>	
2000	\$10,372,238	\$9,917,578	95.62%
1999	10,019,789	9,590,183	95.71%
1998	8,938,546	8,368,731	93.63%
1997	8,425,282	7,991,560	94.85%

Source: Treasurer, Township of Sylvan

The Township's taxes are due and payable and a lien created upon the assessed property on March 1, each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection.

The General Property Tax Act was amended by Act 123 of Public Acts of Michigan of 1999 ("Act 123") which made extensive revision to the procedures for collection of delinquent real property taxes. In general, for real property taxes levied after December 31, 1998, all property returned for delinquent taxes is subject to forfeiture, foreclosure and sale for the delinquent taxes in lieu of the tax lien sale held heretofore by the Township Treasurer on the second Monday in May (which followed by twenty six (26) months the return of the delinquent taxes). Act 123 has the effect of shortening the process for collection of delinquent real property taxes from approximately six years (including statutory redemption periods) to approximately four years. Act 123 will not affect the obligation or authority of the Township to levy any taxes necessary for payment of debt service on general obligation limited tax bonds of the Township, including the Bonds offered herein, subject to constitutional and statutory limitations.

Washtenaw County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1st of each year. If feasible, it is anticipated that the County will continue to reimburse the Township for any uncollected taxes, but there is no assurance that this will be the case since the County is not obligated to continue this fund in future years. Uncollected personal property taxes must be collected by the local treasurer and are negligible.

## REVENUES FROM THE STATE OF MICHIGAN

The Township receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act"). The table appearing at the end of this section shows State revenue sharing distributions received by the Township during the Township's past four fiscal years, and the estimated receipts for the Township's 2001 fiscal year.

The State's fiscal year begins October 1 of each year and ends September 30 of the following calendar year. Before the State's 1996-97 fiscal year, the State shared revenues received from personal income tax, intangibles tax, sales tax and single business tax collections with counties, cities, townships and villages. In 1996, the State legislature began reform of both the formula for distribution of State revenue sharing and the designated sources of revenue to be shared. At that time, the State expressly designated the revenues of the sales tax as the sole source for revenue sharing.

At the end of calendar year 1998, the Legislature again amended the Revenue Sharing Act to accomplish the following:

- To freeze payments to the city of Detroit for 8.5 years at 1997-98 levels.
- To create a three-part formula for distribution to all other cities, villages and townships.
- To re-adjust the percent share of statutory distributions from 24.5% for counties and 75.5% to cities, villages and townships, to 25.06% for counties and 74.94% to cities, villages and townships.
- To limit the annual increase in distributions to any one city, village or township to 8% of the previous year's distribution.
- To provide for an 8.5 year phase-in of the new formulas, beginning in the State's fiscal year ending September 30, 1999.
- To create an artificial sunset of the statute by including language that revenue sharing after June 30, 2007 will be distributed "as provided by law".

The sales tax revenues come from a 6% State levy on retail sales (other than sales of items such as food and drugs). The State Constitution limits the rate of sales tax to 6%, and dedicates 100% of the revenue of sales tax imposed at a rate of 2% to the State School Aid Fund. The State Constitution further mandates that 15% of the total revenues collected from sales taxes levied at the remaining 4% be distributed to townships, cities and villages. The Revenue Sharing Act distributes an additional 21.3% of those revenues to Michigan municipalities. The State's ability to make revenue sharing payments to the Township in the amounts and at the times specified in the Revenue Sharing Act is subject to the State's overall financial condition and its ability to finance any temporary cash flow deficiencies.

Under the revised formula for distribution of revenue sharing moneys, the Township will receive a payment based on a combination of three equally weighted components:

- Taxable value per capita
- Unit type (i.e., city, village or township) and population
- Yield equalization (to protect all recipients of revenue sharing moneys against unequal taxable value per capita)

The Township's receipts could therefore vary depending on the population of the Township and the Township's taxable value per capita compared to the population and taxable value per capita in the State as a whole.

In addition to payments of revenue sharing moneys, the State pays the Township to support judges' salaries, as well as other miscellaneous state grants.

**Revenue sharing payments and other monies paid to municipalities (other than the portion which is mandated by the State Constitution) are subject to annual appropriation by the State Legislature, and may be reduced or delayed by Executive Order during any fiscal year in which the Governor, with the approval of the Legislature's appropriation committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.**

The following table sets forth the annual revenue sharing payments and other monies received by the Township for the fiscal years ended March 31, 1997 through March 31, 2000, and the currently anticipated revenue sharing payments to be received in the fiscal year ended March 31, 2001.

Fiscal Year Ending	Revenue
<u>March 31</u>	<u>Sharing Payments</u>
2001	* \$200,516
2000	189,977
1999	175,905
1998	171,674
1997	155,270

\*Estimated

Source: Web site <http://treasury.state.mi.us>

## INDUSTRIAL FACILITIES TAX

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended) ("Act 198") provides significant property tax incentives to industry to renovate and expand aging industrial facilities and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the taxable value of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one-half the total mills levied by all taxing units, except for mills levied for local school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for local school district operating purposes in 1993. For new facility abatements granted after 1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Tax Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198.

*The Township currently has no IFT exemption certificates outstanding.*

## LABOR AGREEMENTS

The Township does not have any employees represented by bargaining units.

## RETIREMENT PLAN

The Township provides pension benefits to all of its employees through a defined contribution plan. As established, the Township contributes 7.65 percent of employees' gross wages and employee contributions are voluntary up to the lesser of \$7,500 or 33.3 percent of compensation. For the fiscal year ended March 31, 2000, the Township contributed \$6,350 and employees contributed \$17,019 to the Plan.

---

Source: Township of Sylvan financial report fiscal year end March 31, 2000.

## GENERAL FUND-FUND BALANCE

The Township's General Fund fund balance for the last five years has been as follows:

Fiscal Year Ending	
<u>March 31</u>	<u>Fund Balance</u>
2000	\$468,674
1999	532,412
1998	276,682
1997	202,769
1996	98,042

---

Source: Township of Sylvan audited financial statements

## DEBT STATEMENT

(As of September 30, 2001)

### DIRECT DEBT

Share of County Issued Water & Wastewater Bonds	\$12,500,000
Installment Purchase Contract 08/27/98	535,819

<b>NET DIRECT DEBT</b>	<b><u>\$13,035,819</u></b>
------------------------	----------------------------

### OVERLAPPING DEBT

85.64%	Chelsea Village	\$4,751,610	\$4,069,279
49.41%	Chelsea School District	45,694,046	22,577,428
2.77%	Washtenaw County @ Large	38,463,791	1,065,447
2.82%	Washtenaw Intermediate School District	0	0
2.83%	Washtenaw Community College	51,075,000	1,445,423

<b>TOTAL OVERLAPPING DEBT</b>	<b><u>\$29,157,577</u></b>
-------------------------------	----------------------------

<b>NET DIRECT AND OVERLAPPING DEBT</b>	<b><u>\$42,193,396</u></b>
--	----------------------------

Source: Municipal Advisory Council of Michigan

### DEBT RATIOS:

Per Capita 2001 State Equalized Valuation	\$67,453.64
Per Capita 2001 True Cash Value	\$134,907.29

Per Capita Net Direct Debt	\$2,647.94
Per Capita Combined Net Direct and Overlapping Debt	\$8,570.67

Percent of Net Direct Debt of 2001 State Equalized Valuation	3.93%
Percent of Net Direct and Overlapping Debt of 2001 State Equalized Valuation	12.71%

Percent of Net Direct Debt of 2001 True Cash Value	1.96%
Percent of Net Direct and Overlapping Debt of 2001 True Cash Value	6.35%

## SCHEDULE OF BOND MATURITIES

(As of September 30, 2001)

<u>Year</u>	Share of County Issued
	<u>Water &amp; Wastewater Bonds</u>
2001	\$0
2002	0
2003	400,000
2004	400,000
2005	400,000
2006	400,000
2007	500,000
2008	500,000
2009	500,000
2010	600,000
2011	600,000
2012	600,000
2013	600,000
2014	700,000
2015	700,000
2016	700,000
2017	700,000
2018	800,000
2019	800,000
2020	800,000
2021	900,000
2022	900,000
	<hr/>
	<u>\$12,500,000</u>

DEBT HISTORY: There is no record of default.

FUTURE BONDING: The Township does not anticipate the issuance of any bonds or notes within the next six (6) months.

2001 State Equalized Valuation	<u>\$332,074,285</u>
Debt Limited 10% of State Equalized Valuation (1)	\$33,207,429
Amount of Outstanding Debt	<u>13,035,819</u>
<b>LEGAL DEBT MARGIN</b>	<u><b>\$20,171,609</b></u>

(1) Act 359, Public Acts of Michigan, 1947, as amended (the "Charter Township Act"), provides that the net indebtedness of the Township shall not exceed 10% of all assessed real and personal property in the Township.

(2) Bonds which are not included in the computation of legal debt margin according to the Charter Township Act are:

- (a) Special Assessment Bonds;
- (b) Revenue Bonds;
- (c) Bonds issued, or contract or assessment obligations incurred, to comply with an order of the former water resources commission, the department of environmental quality, or a court of competent jurisdiction.
- (d) Bonds issued, or contract or assessment obligations incurred, for water supply, sewage, drainage or refuse disposal projects necessary to protect the public health by abating pollution;
- (e) Bonds issued, or contract or assessment obligations incurred, for the construction, improvement or replacement of a combined sewer overflow abatement facility;
- (f) Bonds issued to pay premiums or establish self-insurance contracts in accordance with Act 202, Public Acts of Michigan, 1943, as amended.

## MAJOR EMPLOYERS

According to Township officials, major employers are as follows:

<u>Firm Name</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Chrysler Corp.	Proving Grounds	750
Chelsea Hospital	Medical	860

## INDUSTRIAL CHARACTERISTICS

In addition to the above major employers, according to the 2001 Michigan Manufacturers Directory, other employers located in the nearby **Village of Chelsea** include the following:

<u>Firm Name</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Ann Arbor Machine Co.	Industrial prototypes & patterns	350
Chelsea Industries, Inc.	Wire products & automotive seat components	150
Chelsea Milling Co.	Bakery mixes	350
Federal Screw Works	Automotive & screw machine parts	128
Hatch Stampings Co.	Automotive metal stampings	200
Sheridan Books, Inc.	Book printing	600

In addition, the **Village of Chelsea** has:

<u>Number of Employers</u>	<u>Number of Employees</u>
21	1-25
3	26-49
2	50-80



## LABOR CHARACTERISTICS

The 1990 U.S. Census of Population lists the labor force characteristics for the Township of Sylvan, for employed persons 16 years and over, as follows:

<u>BY OCCUPATION:</u>	<u>Number of Employees</u>
Executive, administrative and managerial occupations	344
Professional specialty occupations	533
Technicians and related support occupations	112
Sales occupations	285
Administrative support occupations, including clerical	507
Private household occupations	0
Protective service occupations	50
Service occupations, except protective and household	321
Farming, forestry and fishing occupations	45
Precision production, craft and repair occupations	310
Machine operators, assemblers, and inspectors	213
Transportation and material moving occupations	102
Handlers, equipment cleaners, helpers, and laborers	36
<b>TOTAL</b>	<b><u><u>2,858</u></u></b>
<u>BY INDUSTRY:</u>	<u>Number of Employees</u>
Agriculture, forestry and fisheries	33
Mining	7
Construction	219
Manufacturing, nondurable goods	208
Manufacturing, durable goods	303
Transportation	56
Communications and other public utilities	21
Wholesale trade	89
Retail trade	441
Finance, insurance, and real estate	99
Business and repair services	154
Personal services	75
Entertainment and recreation services	48
Health services	420
Education services	360
Other professional and related services	252
Public administration	73
<b>TOTAL</b>	<b><u><u>2,858</u></u></b>

## UNEMPLOYMENT DATA

According to the Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information, the unemployment statistics for the Township of Sylvan during the last three calendar years, and the most recent data available for 2001, are as follows:

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
January	1.7%	1.5%	1.9%	1.7%
February	1.7	1.4	1.9	1.7
March	1.7	1.4	1.7	1.6
April	1.5	1.2	1.4	1.3
May	1.8	1.4	1.5	1.3
June	2.1	1.6	1.6	1.6
July		1.8	1.8	2.2
August		1.4	1.4	1.4
September		1.4	1.4	1.8
October		1.2	1.3	1.5
November		1.1	1.2	1.3
December		<u>1.1</u>	<u>1.2</u>	<u>1.3</u>
Annual Average		<u>1.4%</u>	<u>1.5%</u>	<u>1.6%</u>

## BUILDING PERMITS

The number of building permits issued in the Township during the last three calendar years, are as follows:

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>Total</u>
Single Family	2	19	14	35
Multi-Family	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>
Gross Total	2	19	18	39
Demo	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Total	<u>2</u>	<u>19</u>	<u>18</u>	<u>39</u>

---

Source: Southeast Michigan Council of Governments (SEMCOG)

## RESIDENTIAL CHARACTERISTICS

There are 2,651 housing units located within the Township according to the **2000 U.S. Census** of Population and Housing, of which 97.13% are year-round homes; 74.7% are owner-occupied. A breakdown of the dwelling units per **1990 U.S. Census** is as follows:

Single Family	79.95%
Multi Family	9.55%
Mobile Homes, Trailer, Other	10.50%

According to the 1990 U.S. Census of Population and Housing, the median value of an owner-occupied residence in the Township is \$93,400.

## INCOME CHARACTERISTICS

There were 2,007 households in the Township in 1989, according to the 1990 U.S. Census, which had a median household income of \$40,493. A breakdown of the income for the Township's households is as follows:

<u>Income of Households</u>	<u>Number of Households</u>
Less than \$5,000	38
\$5,000 to \$9,999	48
\$10,000 to \$14,999	123
\$15,000 to \$24,999	333
\$25,000 to \$34,999	261
\$35,000 to \$49,999	496
\$50,000 to \$74,999	488
\$75,000 to \$99,999	153
\$100,000 to \$149,999	47
\$150,000 or more	20

The per capita income for the Township in 1989 was \$16,262.

## AGE STATISTICS

Age groups for the Township's residents, according to the U.S. Census, are as follows:

	<u>1990</u> <u>Percentage</u>	<u>2000</u> <u>Percentage</u>
Under 5 Years	7.59%	4.78%
5 to 19 Years	22.18%	22.13%
20 to 24 Years	4.46%	3.75%
25 to 44 Years	34.62%	26.14%
45 to 64 Years	16.53%	24.83%
Over 65 Years	14.62%	18.37%

## EDUCATIONAL CHARACTERISTICS

The primary and secondary educational needs of the residents of the Township are adequately handled by the Chelsea public school district which serves the Township. Higher educational opportunities are available at the following institutions, which are located within driving distance of the Township's residents:

Cleary College  
Eastern Michigan University  
University of Michigan  
Washtenaw Community College

According to the 1990 U.S. Census, the educational characteristics for the Township of Sylvan are as follows:

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>
Less than 9th grade	6.02%
9th to 12th grade, no diploma	10.85%
High school graduate	27.28%
Some college, no degree	20.89%
Associate degree	5.89%
Bachelor's degree	16.80%
Graduate or professional degree	12.27%

## **UTILITIES**

Electricity is provided to the Township by Consumers Energy and the Village of Chelsea. Gas service is obtained from MichCon. Local telephone services for the Township are Ameritech and GTE and long distance service is provided by AT&T, MCI, Sprint and others.

## **TRANSPORTATION**

The Township is traversed in the north-south direction by M-52 and to the east-west direction by I-94.

## **BANKING**

The banking needs of the Township's residents can be adequately served by the following, all of which have branches located in the nearby **Village of Chelsea**:

Chelsea State Bank  
Flagstar Bank, FSB  
KeyBank National Association  
TCF National Bank

---

Source: The Registry of Michigan Financial Institutions, 2001 Edition.

## **SECTION D**

### **FORM OF LEGAL OPINION**

\_\_\_\_\_, 2001

**COUNTY OF WASHTENAW**

Ann Arbor, Michigan

We have acted as bond counsel in connection with the issuance by the County of Washtenaw, Michigan (the "County") of its \$12,500,000 Washtenaw County - Sylvan Township Water and Wastewater System Improvements Bonds, Series 2001 (the "Bonds"), dated September 1, 2001. The Bonds are being issued under Act No. 185, Public Acts of Michigan, 1957, as amended (the "Act") and a resolution adopted by the Board of Commissioners of the County on July 18, 2001 to defray part of the cost of constructing a new water system and a new wastewater system serving the Township of Sylvan (the "Township"), located in Washtenaw County, Michigan, being the Sylvan Township Water and Wastewater System Improvements Project (the "Project").

In so acting, we have examined the law, one executed and authenticated bond only and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the County contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on the foregoing, as of the date hereof and under existing law, we are of the opinion that:

1. The Bond Resolution has been duly adopted by the Board of Commissioners of the County.
2. The principal, premium (if any) and interest on the Bonds are payable in the first instance from payments to be made by the Township to the County pursuant to the contract described in the Bonds (the "Contract"). The full faith and credit of the Township, subject to applicable statutory and constitutional tax limitations, has been pledged for the Township's obligations under the Contract. In addition, by affirmative vote of more than 3/5 of the members elect of the Board of Commissioners of the County, the full faith and credit of the County, subject to applicable statutory and constitutional limitations, has been pledged for the prompt payment of the principal of, premium (if any) and the interest on the Bonds when due.
3. Neither the County nor the Township have the power to levy any tax for payment of the Bonds in excess of its statutory or constitutional limitations.
4. The Bonds have been duly authorized, executed and delivered by the County and are valid and binding obligations of the County, enforceable in accordance with their terms.

5. Under existing statutes, regulations, rulings and court decisions as currently interpreted, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for

purposes of the federal alternative minimum tax imposed on individuals and corporations. However, it should be noted that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. This opinion is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Such requirements include filing certain returns with the United States Internal Revenue Service and rebating to the United States certain investment earnings unless certain conditions are met. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon.

6. The Bonds and interest thereon are exempt from all taxation provided by the laws of the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition of the Bonds.

7. The Bonds have NOT been designated by the County as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code.

The rights of holders of the Bonds may be affected by bankruptcy, reorganization, moratorium, receivership or other similar laws affecting the enforceability of creditors' rights now existing or hereafter enacted to the extent constitutionally applicable, and the enforcement of such rights may be subject to the exercise of judicial discretion in appropriate cases.

AXE & ECKLUND, P.C.

By \_\_\_\_\_

[THIS PAGE INTENTIONALLY LEFT BLANK]



**SECTION E**

**GENERAL FUND FINANCIAL STATEMENTS  
OF THE COUNTY OF WASHTENAW  
FOR THE FISCAL YEARS ENDED  
DECEMBER 31, 2000, 1999 AND 1998**

## FINANCIAL INFORMATION

*The following financial information has been compiled from information provided in the County of Washtenaw's audited General Purpose Financial Statements for the fiscal years ended December 31, 2000, 1999 and 1998. These audited General Purpose Financial Statements were prepared in accordance with the Generally Accepted Accounting Principles. The County's auditors have not been asked to consent to the use of information from such audited General Purpose Financial Statements in the Preliminary Official Statement nor the final Official Statement and have not conducted any subsequent review of such audited General Purpose Financial Statements or of the information presented in this Section E.*

Copies of audited Financial Statements of the County may be obtained from any of the following NRMSIR's or the SID.

### ***NRMSIR's***

Bloomberg Municipal Repositories  
100 Business Park Drive  
Skillman, NJ 08558  
Telephone: 1-609-279-3225  
Fax: 1-609-279-5962  
e-mail: Munis@Bloomberg.com

DPC Data Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
Telephone: 1-201-346-0701  
Fax: 1-201-947-0107  
e-mail: nrmsir@dpcdata.com  
Website: <http://www.dpcdata.com>

Standard & Poor's JJ Kenny Repository  
55 Water Street  
45th Floor  
New York, NY 10041-0003  
Telephone: 1-212-438-4595  
Fax: 1-212-438-3975  
e-mail: nrmsir\_repository@sandp.com

FT Interactive Data  
ATTN: NRMSIR  
100 Williams Street  
New York, NY 10038  
Telephone: 1-212-771-6999  
Fax: 1-212-771-7390 (Secondary Market Info.)  
1-212-771-7391 (Primary Market Info.)  
e-mail: NRMSIR@FTID.com

### ***SID***

Municipal Advisory Council of Michigan  
1445 First National Building  
Detroit, MI 48226-3517  
Telephone: 1-313-963-0420  
1-800-337-0696  
Fax: 1-313-963-0943

**COUNTY OF WASHTENAW  
GENERAL FUND - BALANCE SHEET  
FOR YEARS ENDED DECEMBER 31**

<b><u>ASSETS AND OTHER DEBITS</u></b>	<b><u>2000</u></b>	<b><u>1999</u></b>	<b><u>1998</u></b>
Cash and investments	\$3,594,391	\$1,160,526	\$15,338,464
Receivables, net of allowance for uncollectibles:			
Taxes			
Current	42,555,352	39,501,808	30,366,218
Delinquent	158,548	191,700	113,224
Accounts	315,189	249,789	0
Other	0	0	23,296
Due from other funds	4,130,102	4,772,939	0
Due from component units	564,499	344,518	329,189
Due from other agencies and governments	3,358,084	3,333,550	3,155,059
Interfund receivable	0	1,507,165	0
Advances to other funds	1,801,699	1,406,805	1,463,933
Advances to component units	310,500	305,500	275,500
Prepaid items	0	0	59,207
<b>Total Assets and Other Debits</b>	<b><u>\$56,788,364</u></b>	<b><u>\$52,774,300</u></b>	<b><u>\$51,124,090</u></b>
<b><u>LIABILITIES, EQUITY AND OTHER CREDITS</u></b>			
Liabilities			
Accounts payable	\$122,120	\$4,800	\$29,320
Accrued liabilities	2,490,407	1,758,067	1,756,504
Due to other funds	1,023,993	515,536	2,578,572
Deferred revenue	46,010,955	43,737,063	41,005,338
<b>Total Liabilities</b>	<b><u>\$49,647,475</u></b>	<b><u>\$46,015,466</u></b>	<b><u>\$45,369,734</u></b>
Equity and Other Credits			
Fund Balances:			
Reserved for long-term advances	\$2,112,199	\$1,712,305	\$1,739,433
Reserved for prepaid items	0	0	59,207
Reserved for encumbrances	0	0	0
Unreserved:			
Designated for subsequent year's expenditures	0	0	0
Undesignated	5,028,690	5,046,529	3,955,716
<b>Total Equity and Other Credits</b>	<b><u>\$7,140,889</u></b>	<b><u>\$6,758,834</u></b>	<b><u>\$5,754,356</u></b>
 <b>Total Liabilities, Equity and Other Credits</b>	 <b><u>\$56,788,364</u></b>	 <b><u>\$52,774,300</u></b>	 <b><u>\$51,124,090</u></b>

Source: County of Washtenaw Comprehensive Annual Financial Report

**COUNTY OF WASHTENAW  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
AS OF DECEMBER 31**

	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b>Revenues:</b>			
Taxes	\$43,376,837	\$40,865,238	\$38,286,244
Licenses and permits	102,966	2,117,549	1,992,862
Intergovernmental revenues	10,704,930	9,511,542	9,445,522
Charges for services	12,410,195	11,626,324	11,103,292
Fines and forfeits	1,127,708	1,203,933	1,182,655
Investment income	1,287,098	1,147,169	1,041,596
Other revenues and reimbursements	914,803	807,741	742,603
<b>Total Revenues</b>	<u>\$69,924,537</u>	<u>\$67,279,496</u>	<u>\$63,794,774</u>
<b>Expenditures:</b>			
Legislative	\$490,648	\$402,723	\$397,893
Judicial	11,343,377	11,093,975	10,747,283
General government	9,455,488	8,666,643	8,410,232
Public safety	26,689,224	25,931,237	24,669,635
Public works	284,395	226,578	223,296
Social services	1,055,274	851,513	850,991
Culture and recreation	643,018	606,884	576,621
Other	2,208,163	1,649,209	1,758,783
<b>Total Expenditures</b>	<u>\$52,169,587</u>	<u>\$49,428,762</u>	<u>\$47,634,734</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	\$17,754,950	\$17,850,734	\$16,160,040
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	68,475	94,696	2,383,034
Operating Transfers Out	(17,447,274)	(17,078,613)	(18,109,971)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(\$17,378,799)</u>	<u>(\$16,983,917)</u>	<u>(\$15,726,937)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	\$376,151	\$866,817	\$433,103
<b>FUND BALANCE PREVIOUS YEAR</b>	6,758,834	5,754,356	5,282,806
<b>RESIDUAL EQUITY TRANSFER</b>	5,904	137,661	38,447
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$7,140,889</u>	<u>\$6,758,834</u>	<u>\$5,754,356</u>

Source: County of Washtenaw Comprehensive Annual Financial Report

**SECTION F**

**GENERAL FUND FINANCIAL STATEMENTS  
OF THE TOWNSHIP OF SYLVAN  
FOR THE FISCAL YEARS ENDED  
MARCH 31, 2000, 1999 AND 1998**

## FINANCIAL INFORMATION

*The following financial information has been compiled from information provided in the Township of Sylvan audited General Purpose Financial Statements for the fiscal years ended March 31, 2000, 1999 and 1998. These audited General Purpose Financial Statements were prepared in accordance with the Generally Accepted Accounting Principles. The Township's auditors have not been asked to consent to the use of information from such audited General Purpose Financial Statements in the Preliminary Official Statement nor the final Official Statement and have not conducted any subsequent review of such audited General Purpose Financial Statements or of the information presented in this Section F.*

Copies of audited Financial Statements of the Township may be obtained from any of the following NRMSIR's or the SID.

### ***NRMSIR's***

Bloomberg Municipal Repositories  
100 Business Park Drive  
Skillman, NJ 08558  
Telephone: 1-609-279-3225  
Fax: 1-609-279-5962  
e-mail: Munis@Bloomberg.com

DPC Data Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
Telephone: 1-201-346-0701  
Fax: 1-201-947-0107  
e-mail: nrmsir@dpcdata.com  
Website: <http://www.dpcdata.com>

Standard & Poor's JJ Kenny Repository  
55 Water Street  
45th Floor  
New York, NY 10041-0003  
Telephone: 1-212-438-4595  
Fax: 1-212-438-3975  
e-mail: nrmsir\_repository@sandp.com

FT Interactive Data  
ATTN: NRMSIR  
100 Williams Street  
New York, NY 10038  
Telephone: 1-212-771-6999  
Fax: 1-212-771-7390 (Secondary Market Info.)  
1-212-771-7391 (Primary Market Info.)  
e-mail: NRMSIR@FTID.com

### ***SID***

Municipal Advisory Council of Michigan  
1445 First National Building  
Detroit, MI 48226-3517  
Telephone: 1-313-963-0420  
1-800-337-0696  
Fax: 1-313-963-0943

**TOWNSHIP OF SYLVAN  
GENERAL FUND - BALANCE SHEET  
FOR YEARS ENDED MARCH 31**

<b><u>ASSETS</u></b>	<b><u>2000</u></b>	<b><u>1999</u></b>	<b><u>1998</u></b>
Cash	\$417,941	\$473,050	\$437,651
Taxes receivable	15,601	21,078	16,666
Due from Agency Funds	104,201	87,668	10,609
Due from other governmental units	31,032	27,364	26,356
<b>TOTAL ASSETS</b>	<b><u>\$568,775</u></b>	<b><u>\$609,160</u></b>	<b><u>\$491,282</u></b>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b>Liabilities</b>			
Accounts payable	\$38,912	\$36,979	\$69,211
Deposits	61,189	39,769	34,741
Due to other funds	0	0	110,648
<b>TOTAL LIABILITIES</b>	<b><u>100,101</u></b>	<b><u>76,748</u></b>	<b><u>214,600</u></b>
 <b>Fund Equity</b>			
Fund balances			0
Designated for debt administration	351,894	256,879	
Undesignated	116,780	275,533	276,682
<b>TOTAL FUND EQUITY</b>	<b><u>468,674</u></b>	<b><u>532,412</u></b>	<b><u>276,682</u></b>
 <b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$568,775</u></b>	<b><u>\$609,160</u></b>	<b><u>\$491,282</u></b>

Source: Financial Reports of the Township of Sylvan

**TOWNSHIP OF SYLVAN  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
AS OF MARCH 31**

	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b>REVENUES:</b>			
Property and other taxes	\$242,651	\$230,772	\$295,213
Administration fees	94,766	82,687	0
Licenses and permits	5,185	5,578	4,016
State sources	193,129	172,567	165,157
Local sources	5,028	6,923	4,729
Charges for services	47,594	30,564	53,818
Interest	28,841	19,520	16,556
Proceeds from property sale	0	160,000	24,000
Other	10,612	15,862	7,840
	<u>627,806</u>	<u>724,473</u>	<u>571,329</u>
<b>EXPENDITURES:</b>			
General government	\$255,392	\$204,003	\$177,606
Planning and zoning	42,613	21,665	41,778
Fire protection	154,062	96,847	95,683
Highways and streets	9,762	10,774	13,044
Sanitation	7,241	7,272	11,569
Cemetery maintenance	7,775	7,925	6,600
Community development	2,650	7,300	4,800
Insurance and employee benefits	14,189	13,329	13,704
Construction	250,584	0	0
Contract services and miscellaneous	25,262	0	0
Interest	17,135	0	0
Debt administration	48,000	148,121	0
	<u>834,665</u>	<u>517,236</u>	<u>364,784</u>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<u>(206,859)</u>	<u>207,237</u>	<u>206,545</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	0	(356,507)	(132,632)
Proceeds from long-term debt	143,121	405,000	0
	<u>143,121</u>	<u>48,493</u>	<u>(132,632)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(63,738)</u>	<u>255,730</u>	<u>73,913</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>532,412</u>	<u>276,682</u>	<u>202,769</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$468,674</u></u>	<u><u>\$532,412</u></u>	<u><u>\$276,682</u></u>

Source: Financial Reports of the Township of Sylvan



## **SECTION G**

### **FORMS OF CONTINUING DISCLOSURE UNDERTAKING**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the **County of Washtenaw** (the "Issuer") in connection with the issuance of **\$12,500,000 Washtenaw County - Sylvan Township Water and Wastewater System Improvements Bonds, Series 2001** (the "Securities"). The Securities are being issued pursuant to a Bond Resolution adopted by the Governing Body of the Issuer on **July 18, 2001** a Resolution Approving the Undertaking to Provide Continuing Disclosure by the County of Washtenaw a Resolution adopted by the governing body of the Issuer; and an Award Resolution adopted by the Governing Body of the Issuer on \_\_\_\_\_, \_\_\_\_\_ (collectively the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the beneficial holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles [GAAP for governmental units as prescribed by GASB] and which the Issuer intends to continue to prepare in substantially the same form.

"Fiscal Year" means the fiscal year of the Issuer.

"Final Official Statement" means the final official statement dated \_\_\_\_\_, \_\_\_\_\_ delivered in connection with the Securities, which is available from the MSRB.

"Governing Body" means the **Board of Commissioners** of the Issuer or such other body as may thereafter be the chief legislative body of the Issuer.

"Issuer" means **County of Washtenaw** which is an obligated person with respect to the Securities.

"Issuer Contact" means the **Clerk or Treasurer** of the Issuer who can be contacted at **County**.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1150 18th Street, N.W., Suite 400, Washington, D.C. 20036.

"NRMSIR" means any nationally recognized municipal securities information repository as recognized from time to time by the SEC for purposes of the Rule.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Repository" means each NRMSIR and each SID, if any.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the Securities and Exchange Commission.

"SID" means any public or private repository or entity designated by the State of Michigan as a state information depository for the purpose of the Rule. The SID shall be the Municipal Advisory Council of Michigan, 1445 First National Building, Detroit, Michigan 48226.

### Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall, not later than two hundred seventy (270) days after the end of the Fiscal Year, commencing with the year that ends **December 31, 2001**, provide each Repository with annual financial information which is consistent with the requirements of Section 4 of this Disclosure Certificate. The annual financial information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the annual financial information; and provided further that unaudited financial statements will be included with the other financial information, if audited statements have not already been furnished.

(b) If the Issuer is unable or fails to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact in a timely manner to any NRMSIR, the MSRB and any SID.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and each SID, if any.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

Updates of the "History of Property Valuations", "Tax Rates", "Tax Levies and Collections", "General Fund-Fund Balance", and "Debt Statement (Direct and Overlapping Debt and Debt Ratios)" contained in the Final Official Statement and the current Audited Financial Statements.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

### Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events in a timely manner, if material, with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the Securities;
7. Modification to rights of beneficial holders of the Securities;
8. Securities calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities; and
11. Rating changes.

(b) Whenever a Material Event occurs, the Issuer shall promptly file a notice of such occurrence with either all NRMSIRs or with the MSRB and with any SID. Notwithstanding the foregoing, notice of Material Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is required to be given to beneficial holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent. The initial dissemination agent shall be the Municipal Advisory Council of Michigan, 1445 First National Building, Detroit, Michigan 48226.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, as provided in this Section 8, any provision of this Disclosure Certificate may be amended or waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. The provisions of this Disclosure Certificate constituting the Undertaking or any provision hereof, shall be null and void in the event that the Issuer delivers to each then existing NRMSIR and SID, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate constituting the Undertaking may be amended without the consent of the beneficial holders of the Securities, but only upon the delivery by the Issuer to each then existing NRMSIR and SID, if any, of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect compliance by the Issuer under this Disclosure Certificate with the Rule. Any such amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or other obligated person (as defined in the Rule) or type of business conducted. No such amendment may be made unless the Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances. No such amendment shall be made unless it does not materially impair the interests of beneficial holders of the Securities, as determined by nationally recognized bond counsel. The annual financial information containing any amended operating data or amended financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the Undertaking specifying the accounting principles to be followed in

preparing financial statements, the annual financial information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison will include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Issuer or any obligated person to meet its obligations. To the extent reasonably feasible, the comparison will also be quantitative. A notice of the change in the accounting principles will be sent to each then existing NRMSIR or the MSRB, and to the SID, if any.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer the Participating Underwriters and beneficial owners from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, I have executed this Certificate in my official capacity effective the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
[Executive Officer]

\_\_\_\_\_  
Clerk/Secretary

[SEAL]

las.cd-was102

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the **Township of Sylvan** (the "Obligated Municipality") in connection with the issuance of **County of Washtenaw** (the "Issuer") **\$12,500,000 Washtenaw County - Sylvan Township Water and Wastewater System Improvements Bonds, Series 2001** (the "Securities"). The Securities are being issued pursuant to a Bond Resolution adopted by the Governing Body of the Issuer on **July 18, 2001**; a Resolution Approving the Undertaking to Provide Continuing Disclosure by the Township of Sylvan adopted by the governing body of the Obligated Municipality; and an Award Resolution adopted by the Governing Body of the Issuer on \_\_\_\_\_, \_\_\_\_ (collectively the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Obligated Municipality has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Obligated Municipality hereby specifically covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Obligated Municipality for the benefit of the beneficial holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Obligated Municipality pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Obligated Municipality's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles [GAAP for governmental units as prescribed by GASB] and which the Obligated Municipality intends to continue to prepare in substantially the same form.

"Fiscal Year" means the fiscal year of the Obligated Municipality.

"Final Official Statement" means the final official statement dated \_\_\_\_\_, \_\_\_\_ delivered in connection with the Securities, which is available from the MSRB.

"Governing Body" means the **Township Board** of the Obligated Municipality or such other body as may thereafter be the chief legislative body of the Obligated Municipality.

"Issuer" means **County of Washtenaw** which is an obligated person with respect to the Securities.

"Obligated Municipality" means **Township of Sylvan** which is an obligated person with respect to the Securities.

"Issuer Contact" means the **Clerk or Treasurer** of the Issuer who can be contacted at the **County**.

"Obligated Municipality Contact" means the **Clerk or Supervisor** of the Obligated Municipality who can be contacted at the **Township of Sylvan**.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1150 18th Street, N.W., Suite 400, Washington, D.C. 20036.

"NRMSIR" means any nationally recognized municipal securities information repository as recognized from time to time by the SEC for purposes of the Rule.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Repository" means each NRMSIR and each SID, if any.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the Securities and Exchange Commission.

"SID" means any public or private repository or entity designated by the State of Michigan as a state information depository for the purpose of the Rule. The SID shall be the Municipal Advisory Council of Michigan, 1445 First National Building, Detroit, Michigan 48226.

### Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Obligated Municipality shall, not later than two hundred seventy (270) days after the end of the Fiscal Year, commencing with the year that ends **June 30, 2001**, provide each Repository with annual financial information which is consistent with the requirements of Section 4 of this Disclosure Certificate. The annual financial information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Obligated Municipality may be submitted separately from the balance of the annual financial information; and provided further that unaudited financial statements will be included with the other financial information, if audited statements have not already been furnished.

(b) If the Obligated Municipality is unable or fails to provide to the Repositories an Annual Report by the date required in subsection (a), the Obligated Municipality shall send a notice of that fact in a timely manner to any NRMSIR, the MSRB and any SID.

(c) The Obligated Municipality shall determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and each SID, if any.

Section 4. Content of Annual Reports. The Obligated Municipality's Annual Report shall contain or incorporate by reference the following:

Updates of the "History of Property Valuations", "Tax Rates", "Tax Levies and Collections", "General Fund-Fund Balance", and "Debt Statement (Direct and Overlapping Debt and Debt Ratios)" contained in the Final Official Statement and the current Audited Financial Statements.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Obligated Municipality or related public entities, which have been submitted to each of the Repositories or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Obligated Municipality shall clearly identify each such other document so incorporated by reference.

### Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events in a timely manner, if material, with respect to the Securities:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Securities;
7. Modification to rights of beneficial holders of the Securities;
8. Securities calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities; and
11. Rating changes.

(b) Whenever a Material Event occurs, the Obligated Municipality shall promptly file a notice of such occurrence with either all NRMSIRs or with the MSRB and with any SID. Notwithstanding the foregoing, notice of Material Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is required to be given to beneficial holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Obligated Municipality shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Obligated Municipality's information.

Section 6. Termination of Reporting Obligation. The Obligated Municipality's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Obligated Municipality Contact: Agent. Information may be obtained from the Obligated Municipality Contact. Additionally, the Obligated Municipality may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent. The initial dissemination agent shall be the Municipal Advisory Council of Michigan, 1445 First National Building, Detroit, Michigan 48226.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, as provided in this Section 8, any provision of this Disclosure Certificate may be amended or waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. The provisions of this Disclosure Certificate constituting the Undertaking or any provision hereof, shall be null and void in the event that the Obligated Municipality delivers to each then existing NRMSIR and SID, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate constituting the Undertaking may be amended without the consent of the beneficial holders of the Securities, but only upon the delivery by the Obligated Municipality to each then existing NRMSIR and SID, if any, of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect compliance by the Obligated Municipality under this



Disclosure Certificate with the Rule. Any such amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Municipality or other obligated person (as defined in the Rule) or type of business conducted. No such amendment may be made unless the Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances. No such amendment shall be made unless it does not materially impair the interests of beneficial holders of the Securities, as determined by nationally recognized bond counsel. The annual financial information containing any amended operating data or amended financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the Undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison will include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Obligated Municipality or any obligated person to meet its obligations. To the extent reasonably feasible, the comparison will also be quantitative. A notice of the change in the accounting principles will be sent to each then existing NRMSIR or the MSRB, and to the SID, if any.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Obligated Municipality from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Obligated Municipality chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Obligated Municipality shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the Obligated Municipality to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Obligated Municipality to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Obligated Municipality to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Obligated Municipality, the Participating Underwriters and beneficial owners from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, I have executed this Certificate in my official capacity effective the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[SEAL]

\_\_\_\_\_  
[Executive Officer]

\_\_\_\_\_  
Clerk/Secretary

las.cd-was102

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **SECTION H**

### **MUNICIPAL BOND INSURANCE**

## MUNICIPAL BOND INSURANCE

*THE FOLLOWING INFORMATION HAS BEEN FURNISHED BY MBIA INSURANCE CORPORATION (THE "INSURER") TO THE UNDERWRITER FOR USE IN THIS OFFICIAL STATEMENT. NEITHER THE COUNTY (THE "ISSUER"), THE UNDERWRITER, THE ISSUER'S BOND COUNSEL OR THE ISSUER'S FINANCIAL ADVISOR HAS INDEPENDENTLY VERIFIED OR MADE INQUIRY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION FURNISHED BY THE INSURER AND ASSUMES NO RESPONSIBILITY FOR SUCH ACCURACY OR COMPLETENESS OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH FURNISHED INFORMATION SUBSEQUENT TO THE DATE THEREOF.*

### **The MBIA Insurance Corporation Insurance Policy**

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

### **MBIA Financial Information**

As of December 31, 2000, the Insurer had admitted assets of \$7.6 billion (audited), total liabilities of \$5.2 billion (audited), and total capital and surplus of \$2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 2001, the Insurer had admitted assets of \$7.8 billion (unaudited), total liabilities of \$8.1 billion (unaudited), and total capital and surplus of \$5.8 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

### **Additional Information About the Insurer**

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other

in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. These SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. The public may also read and copy any of these SEC filings at the SEC's public reference rooms in Washington D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms.

Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2000, (2) the Company's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2001, and (3) the report on Form 8-K filed by the Company on January 30, 2001 are also available, at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545. The SEC filings are also available to the public over the Internet at the Company's web site at <http://www.mbia.com>.

The following documents filed by the Company with the Securities and Exchange Commission are incorporated herein by reference:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2000.
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001.
- (3) The report on Form 8-K filed by the Company on January 30, 2001.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Official Statement and prior to the termination of the offering of the securities offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

#### **Financial Strength Ratings of the Insurer**

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa."

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., rates the financial strength of the Insurer "AAA."

Fitch, Inc. rates the financial strength of the Insurer "AAA."

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.



## FINANCIAL GUARANTY INSURANCE POLICY

**MBIA Insurance Corporation**  
**Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]  
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

**MBIA Insurance Corporation**

\_\_\_\_\_  
President

**SPECIMEN**  
\_\_\_\_\_  
Assistant Secretary