

CLINTON COUNTY BOARD OF COMMISSIONERS

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Vice-Chairperson
Robert Showers

Members
John Arehart
David Pohl
Mary L. Rademacher
Claude A. Vail
Virginia Zeeb

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Administrator
Ryan L. Wood
Clerk of the Board
Diane Zuker

CLINTON COUNTY BOARD OF COMMISSIONERS

NOTICE OF INTENT RESOLUTION 2006-4

2006 GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS

A RESOLUTION TO:

- Adopt the first resolution needed to issue Bonds to construct a building for the District Health Department office.
- Approve publication of a notice of intent to issue Bonds and right of electors to petition for referendum.
- State intent to reimburse expenditures from Bonds as required by Internal Revenue Code for Tax-Exempt Bonds.

PREAMBLE

WHEREAS, the County of Clinton, Michigan (the "County") determines it to be necessary for the public health, safety and welfare of the County and its residents to acquire and construct an office building to serve as the District Health Department office and any related site improvements and furnishings therefor (collectively, the "Capital Improvements"); and

WHEREAS, under the provisions of Section 517 of Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") a county may issue municipal securities to pay the cost of any capital improvement items within the limitations provided by law; and

WHEREAS, the issuance by the County of bonds under Section 517 of Act 34 in an amount not to exceed Two Million Two Hundred Thousand Dollars (\$2,200,000) (the "Bonds") for the purpose of financing costs of acquisition and construction of the Capital Improvements appears to be the most practical means to that end; and

WHEREAS, Section 517 of Act 34 requires that the aggregate outstanding balance of municipal securities issued under Section 517 by a municipality shall not exceed 5% of the state equalized valuation of the property assessed in that municipality, and after the issuance of the Bonds the outstanding balance of all municipal securities issued under Section 517 of Act 34 by the County will not exceed this limit; and

WHEREAS, a notice of intent to issue the Bonds must be published in order to comply with the requirements of Section 517 of Act 34; and

WHEREAS, the Internal Revenue Service has issued Treasury Regulation § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended, governing proceeds of debt used for reimbursement, pursuant to which the County must declare official intent to reimburse expenditures with proceeds of such debt before making the expenditures.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The County Clerk is hereby authorized and directed to publish a notice of intent to issue the Bonds in the *Clinton County News*, the *DeWitt-Bath Review*, and the *Grand Ledge Independent*, newspapers of general circulation in the County.

2. The notice of intent shall be published as a one-quarter (1/4) page display advertisement in substantially the following form:

NOTICE TO ELECTORS
OF THE COUNTY OF CLINTON
OF INTENT TO ISSUE BONDS SECURED BY THE TAXING
POWER OF THE COUNTY AND RIGHT OF REFERENDUM THEREON

PLEASE TAKE NOTICE that the County Board of Commissioners of the County of Clinton, Michigan, intends to issue and sell general obligation capital improvement bonds, pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in an amount not to exceed Two Million Two Hundred Thousand Dollars (\$2,200,000) for the purpose of paying all or part of the cost to acquire and construct an office building to serve as the District Health Department office and any related site improvements and furnishings therefor.

The bonds may be issued in one or more series as shall be determined by the County Board of Commissioners. Each series of the bonds will mature in annual installments not to exceed twenty (20) in number, with interest on the unpaid balance from time to time remaining outstanding on said bonds to be payable at rates to be determined at sale of the bonds but in no event to exceed such rates as may be permitted by law.

SOURCE OF PAYMENT OF BONDS

THE PRINCIPAL AND INTEREST OF THE BONDS shall be payable from the general funds of the County lawfully available for such purposes including property taxes levied within applicable statutory and constitutional limitations.

RIGHT OF REFERENDUM

THE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OR 15,000 OF THE REGISTERED ELECTORS, WHICHEVER IS LESS, RESIDING WITHIN THE COUNTY, IS FILED WITH THE COUNTY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS OF THE COUNTY VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 517, Act 34, Public Acts of Michigan, 2001, as amended. Additional information regarding the renovation and construction to be financed with bond proceeds can be obtained from the Clinton County Office of Administrative Services.

Diane Zuker
Clinton County Clerk

3 The County Board of Commissioners does hereby determine that the foregoing form of Notice of Intent to Issue Bonds, and the manner of publication directed, is adequate notice to the electors of the County and is the method best calculated to give them notice of the County's intent to issue the Bonds, the purpose of the Bonds, the security for the Bonds, and the right of referendum of the electors with respect thereto, the newspapers named for publication are hereby determined to reach the largest number of persons to whom the notice is directed, and the newspapers comply with the requirements of Act No. 247, Public Acts of Michigan, 1963.

4. The County hereby makes the following declaration of intent for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

(a) The County reasonably expects to reimburse itself with proceeds of debt to be incurred by the County for the expenditures made to pay certain costs associated with the Capital Improvements which were or will be paid subsequent to sixty (60) days prior to the date hereof from the general funds or capital fund of the County.

(b) As of the date hereof, the maximum principal amount of debt expected to be issued for reimbursement purposes, including reimbursement of debt issuance costs, is \$2,200,000.

(c) A reimbursement allocation of the expenditures described in paragraph (1) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Capital Improvements are placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the County's use of the proceeds of the debt to be issued for the Capital Improvements to reimburse the County for a capital expenditure made pursuant to this Resolution.

(d) The expenditures for the Capital Improvements are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of "placed in service" under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).

(e) No proceeds of the borrowing paid to the County in reimbursement pursuant to this Resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in (3) above.

5. The County recognizes that Miller, Canfield, Paddock and Stone, P.L.C., has represented from time to time, and currently represents various financial institutions and other potential participants in the bond financing process for unrelated projects, any of which might offer to purchase the County's Bonds or to act as Transfer Agent for the Bonds. The County appoints Miller, Canfield, Paddock and Stone, P.L.C. as bond counsel for the Bonds, notwithstanding the potential concurrent representation of any such bidder regarding any unrelated matter.

6. Stauder, Barch & Associates, Inc. is hereby retained to act as Financial Consultant to the County for the Bonds.

7. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

I hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the County Board of Commissioners of the County of Clinton, State of Michigan, at a Regular meeting held on January 12, 2006, at 1:30 o'clock p.m., prevailing Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

I further certify that the following Members were present at said meeting: John Arehart, Larry Martin, David Pohl, Mary L. Rademacher, Robert Showers, Virginia Zeeb and Claude A. Vail and that the following Members were absent: None.

I further certify that Member Arehart moved for adoption of said resolution and that Member Rademacher supported said motion.

I further certify that the following Members voted for adoption of said resolution: Claude A. Vail, Virginia Zeeb, Robert Showers, Mary L. Rademacher, David Pohl, John Arehart and Larry Martin and that the following Members voted against adoption of said resolution: None.

Diane Zuker, Clinton County Clerk