

**RESOLUTION AUTHORIZING
GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT
REFUNDING BONDS, SERIES 2006 (TAXABLE)**

**CITY OF YPSILANTI
COUNTY OF WASHTENAW, STATE OF MICHIGAN**

Minutes of a regular meeting of the City Council of the City of Ypsilanti, County of Washtenaw, State of Michigan (the "City"), held on _____, 2006 at 7:30 p.m., Eastern _____ Time.

PRESENT: Members: _____

ABSENT: Members: _____

The following preamble and resolution were offered by Member _____ and supported by Member _____:

WHEREAS, the City has previously issued its 2003 General Obligation Taxable Capital Improvement Bonds, its General Obligation Taxable Capital Improvement Bonds, Series 2003B, its General Obligation Limited Tax Capital Improvement Refunding Bonds, Series 2004A and its General Obligation Limited Tax Capital Improvement Refunding Bonds, Series 2004B (Taxable); and

WHEREAS, at this time the City is engaged in discussions with potential developers relating to the Project and it is deemed necessary and appropriate to refund and restructure the Prior Bonds so as to give the City increased financial flexibility with respect to the Project and its discussions with the developers and also to avoid the possibility of a potential default with respect to the Prior Bonds; and

WHEREAS, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), permits the City to refund and advance refund all or part of the outstanding securities of the City; and

WHEREAS, to finance all or part of the cost of refunding the Prior Bonds, including capitalized interest for a period of three (3) years (the "Refunding"), the City Council deems it necessary to borrow the principal sum of not to exceed Seventeen Million Dollars (\$17,000,000) and issue bonds therefore (the "Bonds"), as set forth herein; and

WHEREAS, the Issuer has received a proposal from NatCity Investments, Inc. (the "Underwriter") to purchase the Bonds pursuant to a negotiated sale; and

WHEREAS, the Issuer intends to pay principal of and interest on the capital improvement bonds from the general funds of the Issuer lawfully available for such purposes including tax increments received from the Ypsilanti Downtown Development Authority for the Water Street Development Area and from property taxes levied within applicable constitutional, statutory and charter limitations; and

WHEREAS, the Issuer has determined that, because of the issue size and the complexity of the Bonds, it will be most economical and efficient to sell the Bonds pursuant to a negotiated sale.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Authorization of Bonds; Bond Terms. A series of Bonds of the City designated GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT REFUNDING BONDS, SERIES 2006 (Taxable) (the "Bonds") are authorized to be issued in the aggregate principal sum of not to exceed Seventeen Million Dollars (\$17,000,000) for the purpose of paying all or part of the cost of the Refunding, including the costs incidental to the issuance, sale and delivery of the Bonds. The remaining portion of the cost of the Refunding shall be defrayed from moneys in the Debt Retirement Fund for each of the Prior Bonds. A portion of the proceeds of the Bonds shall be used to pay capitalized interest on the Bonds for a period of three years. The issue shall consist of bonds in fully-registered form of the denomination of \$5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, numbered consecutively in order of registration, dated as of the date of delivery to the Underwriter, or such other date as determined by either of the following officers: City Manager and Finance Director (collectively, the "Authorized Officers") prior to the time of sale of the Bonds. The Bonds shall bear interest from their date payable on November 1, 2006 and semiannually thereafter. The Bonds shall mature, and be payable in the principal amounts, at the times and in the manner as determined by either of the Authorized Officers all in accordance with the limitations set forth herein. The principal amount of the Bonds may be reduced and the payment dates and amounts and the interest payment dates may be adjusted by either of the Authorized Officers prior to the sale of the Bonds.

The Bonds shall be sold at a price not less than 99% of the principal amount thereof.

The Bonds shall be subject to redemption prior to maturity in the manner and at the times and prices as set forth in the Bond Purchase Agreement (as defined herein) to be entered into with the Underwriter (as defined herein).

Interest shall be payable to the registered owner of record as of the 15th day of the month prior to the payment date for each interest payment. The record date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Issuer to conform to market practice in the future. The principal of the Bonds shall be payable upon presentation and surrender to the transfer agent (as defined below).

The Bonds may be issued in book-entry only form through The Depository Trust Company in New York, New York ("DTC") and the Authorized Officers each are authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry only form and to make such changes in the Bond Form within the parameters of this resolution as may be required to accomplish the foregoing.

The Bank of New York Trust Company, N. A., Detroit, Michigan, will serve as bond registrar, paying agent and transfer agent (the "Transfer Agent") for this issue. The City reserves the right to replace the Transfer Agent at any time upon written notice to the registered owners of record of the Bonds of not less than sixty (60) days prior to an interest payment date.

2. Execution of Bonds. The Bonds of this issue shall be executed in the name of the Issuer with the facsimile signatures of the Mayor and the City Clerk of the Issuer and shall have the seal of the City, or a facsimile thereof, printed or impressed on the Bonds. No Bond shall be valid until authenticated by an authorized officer or representative of the Transfer Agent. The Bonds shall be

delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser or other person in accordance with instructions from the Finance Director upon payment of the purchase price for the Bonds in accordance with the bid therefor when accepted.

3. Transfer of Bonds. The Transfer Agent shall keep the books of registration for this issue on behalf of the Issuer. Any Bond may be transferred upon such registration books by the registered owner of record, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

4. Limited Tax Pledge; Debt Retirement Fund; Defeasance of Bonds. The City hereby pledges its limited tax full faith and credit for the prompt payment of the Bonds. The Issuer shall each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the Issuer subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year.

The Finance Director is authorized and directed to open a depository account with a bank or trust company, or establish an account on the books of the City to be designated GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT REFUNDING BONDS, SERIES 2006 DEBT RETIREMENT FUND (the "Debt Retirement Fund"), the moneys to be deposited into the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds as they mature. Into the Debt Retirement Fund there shall be placed the capitalized interest, accrued interest and premium, if any, received at the time of delivery thereof.

In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay at maturity the principal of, premium, if any, and interest on the Bonds, shall be deposited in trust, this resolution shall be defeased and the owners of the Bonds shall have no further rights under this resolution except to receive payment of the principal of, premium, if any, and interest on the Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein.

5. Issuance Fund; Proceeds of Bond Sale. The Finance Director is authorized and directed to open a separate depository account with a bank or trust company or establish a separate account on the books of the Issuer, to be designated GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT REFUNDING BONDS ISSUANCE FUND (the "Issuance Fund") and deposit into the Issuance Fund a portion of the proceeds of the Bonds sufficient to pay the costs of issuance of the Bonds. The moneys in the Issuance Fund shall be used solely to pay the costs of issuance of the Bonds.

The balance of the proceeds of the Bonds together with any moneys transferred by the Issuer at the time of sale of the Bonds from the debt retirement funds for the Prior Bonds and any other available

funds of the Issuer, shall be held as cash or invested in direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America or other obligations the principal of or interest on the Prior Bonds. The Escrow Fund shall be held by The Bank of New York Trust Company, N.A., Detroit, Michigan, as escrow agent (the “Escrow Agent”) pursuant to an escrow agreement (the “Escrow Agreement”) which shall irrevocably direct the Escrow Agent to take all necessary steps to call for redemption any Prior Bonds specified by the Issuer upon sale of the Bonds, including publication and mailing of redemption notices, on any call date, as specified by the Issuer. The investment held in the Escrow Fund shall be such that the principal and interest payments received thereon will be sufficient, without reinvestment, to pay the principal and interest on the Prior Bonds as they become due pursuant to maturity or the call for redemption required by this paragraph. Following establishment of the Escrow Fund, any amounts remaining in the debt retirement funds for the Prior Bonds shall be transferred to the Debt Retirement Fund for the Bonds.

6. Bond Form. The Bonds shall be in substantially the following form:

deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem said bond or portion thereof.

This bond is transferable only upon the registration books of the Issuer kept by the Transfer Agent by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one, exist and have been done and performed in regular and due form and time as required by law.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City of Ypsilanti, by its City Council, has caused this bond to be signed in the name of the Issuer by the facsimile signatures of its Mayor and City Clerk and a facsimile of its corporate seal to be printed hereon, all as of the Date of Original Issue.

CITY OF YPSILANTI
County of Washtenaw
State of Michigan

By: _____ [facsimile] _____
Its: Mayor

(SEAL)

By: _____ [facsimile] _____
Its: City Clerk

(Form of Transfer Agent's Certificate of Authentication)

DATE OF AUTHENTICATION:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned resolution.

The Bank of New York Trust Company, N. A.
Detroit, Michigan
Transfer Agent

By: _____
Authorized Signatory

[Bond printer to insert form of assignment]

7. Negotiated Bonds. The Issuer determines to proceed with the sale of the Bonds by means of a negotiated sale because of the flexibility provided in adjusting the timing of the sale of the Bonds and the terms of the Bonds at the time of sale. The Authorized Officers are authorized to negotiate the sale of the Bonds to the Underwriter. The Mayor, City Manager and Finance Director are each authorized to accept the offer of the Underwriter pursuant to a bond purchase agreement (the “Bond Purchase Agreement”) on the terms set forth in this resolution, and the Authorized Officers each are authorized to execute such documentation as may be necessary or convenient to complete the sale of the Bonds to the Underwriter.

8. Useful Life of Project. The estimated period of usefulness of the Project is hereby declared to be not less than thirty (30) years.

9. Approval of Official Statement and Authorization of Other Actions. The Authorized Officers each are authorized and directed to cause the preparation and circulation of a preliminary and final Official Statement with respect to the Bonds; to procure a policy of municipal bond insurance with respect to the Bonds or cause the qualification of the Bonds therefor if the acquisition of such insurance would be of economic benefit to the Issuer; to obtain ratings on the Bonds; and to take all other actions necessary or advisable, and to make such applications or other filings with the Michigan Department of Treasury or with other parties to enable the sale and delivery of the Bonds as contemplated herein.

Either of the Authorized Officers are hereby authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing is authorized to exercise the authority and make the determinations authorized pursuant to Section 315(1)(d) of Act 34, Public Acts of Michigan, 2001, as amended, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, designation of series and other matters, provided that the principal amount of Bonds issued shall not exceed the principal amount authorized in this resolution, the interest rate per annum on the Bonds shall not exceed seven percent (7%) and the Bonds shall mature in not more than twenty-five (25) years.

10. Continuing Disclosure Undertaking. The Issuer shall enter into an undertaking for the benefit of the holders and beneficial owners of the Bonds, as more specifically set forth in Exhibit A hereto (the “Undertaking”); provided, however, that the terms of the Undertaking are subject to completion and modification prior to delivery of the Bonds by the authorized officer of the Issuer executing the Undertaking as such authorized officer shall deem necessary to comply with law or market requirements. The Authorized Officers each are authorized to execute and deliver the Undertaking after completion and modification as provided in this resolution.

11. Rescission. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES : Members: _____

NAYS: Members: _____

RESOLUTION DECLARED ADOPTED.

City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Ypsilanti, County of Washtenaw, State of Michigan, at a regular meeting held on _____, 2006, 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.

City Clerk

EXHIBIT A

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Ypsilanti, County of Washtenaw, State of Michigan (the “Issuer”) in connection with the issuance of its \$_____ General Obligation Limited Tax Capital Improvement Refunding Bonds, Series 2006 (Taxable). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Issuer prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“DisclosureUSA” means the internet-based electronic filing system at www.disclosureusa.org operated by the Municipal Advisory Council of Texas or its successor.

“MSRB” means the Municipal Securities Rulemaking Board.

“NRMSIR” means each nationally recognized municipal securities information repository as designated by the SEC in accordance with the Rule.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

“SEC” means the United States Securities and Exchange Commission.

“SID” means the state information depository for the State of Michigan as designated by the SEC in accordance with the Rule.

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to each NRMSIR and to the SID, on or before the last day of the 6th month after the end of the fiscal year of the Issuer, the following annual financial information and operating data, commencing with the fiscal year ended June 30, 2006:

(1) Updates of the numerical financial information and operating data included in the official statement of the Issuer relating to the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below [Examples follow; final description will be provided when the official statement is prepared]:

- a. Taxable Value;
- b. Total Taxable Value by Use and Class;
- c. State Equalized Valuation;
- d. Total SEV by Use and Class;
- e. Maximum Operating Tax Rates;
- d. Property Tax Rates;
- g. Homestead Property Tax Rates by Governmental Unit;
- h. Non-Homestead Property Tax Rates by Governmental Unit;
- i. Property Tax Collections;
- j. Ten Largest Taxpayers;
- k. Revenues from the State of Michigan;
- l. Legal Debt Margin; and
- m. Direct Debt.

(2) Audited Financial Statements; provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements in a format similar to the financial statements contained in the Official Statement will be filed by such date and the Audited Financial Statements will be filed as soon as available.

Such annual financial information and operating data described above are expected to be provided directly by the Issuer or its financial advisor in the following documents to be filed with each NRMSIR and the SID, if any: the Audited Financial Statements; materials containing the updates described in (b)(1) above; and in subsequent official statements of the Issuer filed with the MSRB.

If the fiscal year of the Issuer is changed, the Issuer shall send notices of such change to each NRMSIR or the MSRB, and to the SID, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Issuer agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or the MSRB and (ii) the SID, notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Issuer agrees to provide or cause to be provided in a timely manner to (i) each NRMSIR or the MSRB and (ii) the SID, if any, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds, if applicable, if material:

- (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 security;
- (7) modifications to rights of security holders;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the securities; and
- (11) rating changes.

(e) *Materiality Determined Under Federal Securities Laws.* The Issuer agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Termination of Reporting Obligation.* The obligation of the Issuer to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(g) *Benefit of Bondholders.* The Issuer agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Issuer’s obligations hereunder and any failure by the Issuer to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(h) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Issuer, provided that the Issuer agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the 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 the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of

Bondholders, as determined by parties unaffiliated with the Issuer (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Issuer in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. A notice of the change in accounting principles shall be sent (i) to each NRMSIR or the MSRB and (ii) the SID.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its authorized officer.

CITY OF YPSILANTI
County of Washtenaw
State of Michigan

By: _____

Dated: _____, 2006

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