

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
COUNTY OF OAKLAND, STATE OF MICHIGAN

\$2,260,000
Drain Refunding Bonds, Series 2018

Dated: February 1, 2018
Closed: February 28, 2018

PROCEEDINGS AND CLOSING TRANSCRIPT

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BLOOMFIELD 9007-431 2019883v1

**MINUTES OF MEETING OF THE DRAINAGE
BOARD FOR THE BLOOMFIELD TOWNSHIP CSO DRAIN**

A meeting of the Drainage Board for the Bloomfield Township CSO Drain was held in the office of the Oakland County Water Resources Commissioner, Public Works Building, One Public Works Drive, Waterford, Michigan, on the 19th of October, 2010.

The meeting was called to order at 1:00 p.m. by the Chairperson.

PRESENT: John P. McCulloch, Chairperson
Oakland County Water Resources Commissioner

Bill Bullard, Jr., Chairperson of the
Oakland County Board of Commissioners

Thomas F. Middleton, Chairperson of the Finance
Committee of the Oakland County Board of Commissioners

ALSO PRESENT: Suzanne Coffey,
Manager

Steve Korth,
Manager

Philip Sanzica,
Chief Engineer

Glenn Appel,
Assistant Chief Engineer

Joseph Colaianne,
Insurance Administrator

Karen Warren,
Civil Engineer

Gary Nigro,
Civil Engineer

Charles Lawhorn,
Environmental Planner

Charles Tischer,
Community Liaison

Nichole Bertucci,
Administrative Assistant

Elaine Van Dyke,
Secretary

Lynn Sonkiss,
Chief of Fiscal Services

Karrie Jager,
Fiscal Services Division

J. Bryan Williams,
Dickinson Wright PLLC

Karyn Stickel,
Hubbell, Roth & Clark, Inc.

Wayne Domine,
Bloomfield Township

Kathy Jarrell,
Reynolds Inliner

Olivia Olsztyn-Budry,
Bloomfield Township

Curt Maring,
IWPC

Jeff Obertyniulz,
Lanzo Lining

Minutes

The minutes of the meeting of September 21, 2010 were presented. Upon motion by Middleton, supported by Bullard, and unanimously adopted, the minutes were approved as presented.

Public Comments

There were no public comments.

At this point, the Chairperson announced that it was time to open and read the bids for the construction of the Bloomfield Township CSO Drain Rehabilitation Project. Mr. Sanzica explained the location, nature and scope of the project. He gave the design engineer's estimate of cost, which was \$2.9 million. The bids were read and a summary of the bids as read is attached to the minutes of the meeting. It was moved by Middleton, supported by Bullard, that the bids be referred to the consulting engineer, Hubbell, Roth & Clark, Inc., for checking, tabulation and recommendation to the Drain Board.

ADOPTED: Yeas: 3
Nays: 0

The Chairperson offered proofs of the publication and mailing of notice of the public hearing. It was moved by Middleton, seconded by Bullard and unanimously adopted that the proofs of publication and mailing be received and filed in the office of the Chairperson of the Drainage Board.

The Chairperson then opened the hearing and asked if there were any written objections. Ms. Van Dyke reported that there were no written objections on file.

The Chairperson then asked if there were any comments or objections from those present at the hearing. There were none. The Chairman then closed the public hearing.

After the hearing, the following resolution was offered by Middleton and seconded by Bullard:

WHEREAS, the Drainage Board for the Bloomfield Township CSO Drain, on the 21st day of September, 2010, tentatively established apportionments of the cost of the Bloomfield Township CSO Drain Rehabilitation Project, to be borne by the several public corporations, as follows:

| | |
|---|---------|
| Charter Township of Bloomfield | 76.718% |
| County of Oakland, on account of drainage to county highways | 23.282% |
| State of Michigan, on account of drainage to state highways | 0 % |

WHEREAS, after due notice the Drainage Board met on the 19th day of October, 2010, to hear any objections to the apportionments; and

WHEREAS, the apportionments of cost have been made by taking into consideration the benefits to accrue to each of the public corporations to be assessed and by taking into consideration the extent to which each public corporation contributes to the conditions which made the Bloomfield Township CSO Drain Rehabilitation Project necessary, limiting such factors in the case of the County of Oakland and the State of Michigan solely to the drainage of county and state highways; and

WHEREAS, this Drainage Board has given due and full consideration to all objections, if any, offered thereto; and

WHEREAS, the Bloomfield Township CSO Drain Rehabilitation Project is necessary for the public health.

NOW, THEREFORE, BE IT RESOLVED by the Drainage Board for the Bloomfield Township CSO Drain:

1. The Chairperson of this Drainage Board is authorized and directed to issue on behalf of the Board its Final Order of Apportionment setting forth the several apportionments as herein fixed and confirmed.

2. All former resolutions and orders of this Board, insofar as the same may be in conflict with the terms of this resolution, are rescinded.

ADOPTED: Yeas: 3
Nays: 0

The following resolution was offered by Middleton and seconded by Bullard:

1. The apportionments of cost as above set forth be and the same are fixed as final and confirmed.

2. All former resolutions and orders of this Board insofar as the same may be in conflict with the terms of this resolution, are rescinded.

ADOPTED: Yeas: 3
Nays: 0

The following resolution was offered by Bullard and seconded by Middleton:

WHEREAS, this Drainage Board has apportioned the cost of the Bloomfield Township CSO Drain Rehabilitation Project against the Charter Township of Bloomfield and the County of Oakland (the "Public Corporations Assessed") as set forth in the Final Order of Apportionment signed by the Chairperson.

THEREFORE, BE IT RESOLVED BY THE DRAINAGE BOARD FOR THE BLOOMFIELD TOWNSHIP CSO, as follows:

1. The Chairperson is directed to prepare a special assessment roll assessing the sum of not to exceed \$5,000,000 against the Public Corporations Assessed to defray the cost of the Bloomfield Township CSO Drain Rehabilitation Project. The aggregate amount assessed and the amount against each public corporation shall be adjusted (and if Recovery Zone Economic Development Bonds are issued, as adjusted to take into account the Refundable Credit) at the time bonds are sold in accordance with a Supplemental Order to be signed by the Chairperson of the Drainage Board; provided, however, that the aggregate amount assessed shall not exceed \$5,000,000 without the prior approval of the Drainage Board.

2. The amounts assessed against each public corporation shall be divided into annual installments by the Chairperson on behalf of the Drainage Board in the Supplemental Order and the aggregate annual installments shall equal the annual principal maturities of the bonds issued by the Drainage District.

3. The supplemental special assessment roll shall be prepared in accordance with the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended.

ADOPTED: Yeas: 3
Nays: 0

The following resolution was offered by Middleton and seconded by Bullard:

BE IT RESOLVED:

1. Special Assessment Roll No. 1 for the Bloomfield Township CSO Drain Rehabilitation Project, upon which special assessment roll are spread assessments against the Charter Township of Bloomfield and the County of Oakland in an amount not to exceed the principal sum of \$5,000,000, is approved.

2. The Chairperson shall execute the statement affixed to the roll setting forth the date of such approval.

3. The annual installments of the assessments against the Public Corporations Assessed, as shall be set forth in a Supplemental Order of the Chairperson, shall become due each year on the date indicated in such Supplemental Order, and the amounts of the assessments from time to time unpaid shall bear interest from the date set forth in the Supplemental Order until paid, which interest shall be sufficient to pay the interest on the bonds to be issued by the Drainage District.

4. A Public Corporation Assessed may pay in advance of maturity all or any part of an annual installment by surrendering to the Drainage District bonds issued in anticipation of the special assessments of a like principal amount maturing in the same calendar year as the installment. All bonds so surrendered shall be cancelled.

5. The Chairperson of the Drainage Board, within 10 days of the date the Supplemental Order is signed, shall certify to each Public Corporation Assessed the amount of the total assessment against it and within 10 days of the date of the Supplemental Order shall certify to each public corporation the amount of the adjusted assessment, the amounts of the various installments, the due date of each installment and the interest upon the assessment from time to time unpaid. Also, each year as provided by law, the Chairperson shall notify each Public Corporation Assessed of the amount of the installment and interest next becoming due.

ADOPTED: Yeas: 3
Nays: 0

The following resolutions were offered by Middleton and seconded by Bullard:

WHEREAS, pursuant to a petition filed with the Oakland County Water Resources Commissioner, proceedings have been taken under the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended, for the construction of the Bloomfield Township CSO Drain Rehabilitation Project in the County of Oakland, State of Michigan at an estimated cost of \$5,000,000 and that amount has been assessed against the Charter Township of Bloomfield and the County of Oakland in accordance with the Final Order of Apportionment that has been filed in the office of the Chairperson of the Drainage Board; and

WHEREAS, a special assessment roll designated "Special Assessment Roll No. 1 for the Bloomfield Township CSO Drain Rehabilitation Project" was approved by the Drainage Board on this date upon which special assessment roll in an amount not to exceed \$5,000,000 was assessed against those public corporations; and

WHEREAS, the Drainage District proposes to sell bonds to defray part of the cost of the Bloomfield Township CSO Drain Rehabilitation Project,

THEREFORE, BE IT RESOLVED BY THE DRAINAGE BOARD FOR THE BLOOMFIELD TOWNSHIP CSO DRAIN, as follows:

1. AUTHORIZATION OF BONDS – PURPOSE. Bonds of the Bloomfield Township CSO Drainage District (the "Drainage District") aggregating the principal sum of not to exceed Five Million Dollars (\$5,000,000) (the "Bonds") shall be issued and sold in one or more series pursuant to the provisions of Act 40, Public Acts of Michigan, 1956, as amended, and other applicable statutory provisions, for the purpose of defraying part of the cost of acquiring and constructing the Bloomfield Township CSO Drain Rehabilitation Project. The Bonds may be issued as Tax-Exempt Bonds or as Recovery Zone Economic Development Bonds, or a combination of both, as determined and designated by the Chairperson. The interest on the Recovery Zone Economic Development Bonds, if issued, will be includable in gross income for federal income tax purposes. As used herein, "Tax-Exempt Bonds" means Bonds the interest on which is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). As used herein, "Recovery Zone Economic Development Bonds" means Build America Bonds that meet the definition of a "recovery zone economic development bond" in Section 1400U-2 of the Code and for which the Drainage District will be allowed a Refundable Credit, all as authorized by Section 1400U-2 of the Code. "Build America Bonds" means Bonds that meet the definition of a "build America bond" in Section 54AA(d) of the Code and the definition of a "qualified bond" under Section 54AA(g)(2) of the Code and for which the Drainage District will be allowed a Refundable Credit, all as authorized by Section 1531, Title 1 of Division B of ARRA. "Refundable Credit" means with respect to Recovery Zone Economic Development Bonds, if any, an amount equal to 45 percent of the interest due on the Recovery Zone Economic Development Bonds on each interest payment date, to be paid to the Drainage District by the United States Department of Treasury in accordance with Sections 1400U-2 and 6431 of the Code. "ARRA" means the American Recovery and Reinvestment Act of 2009, being Public Law No. 111-5, 123 Stat. 115 (2009), enacted on February 17, 2009 by the Congress of the United States.

2. BOND DETAILS. The bonds shall be designated "Bloomfield Township CSO Drain Bonds, Series 2010"; and shall be dated as of such date as shall be approved by the Chairperson at the time of sale; shall be issued in such aggregate principal amounts as determined by the Chairperson; shall be numbered from 1 upwards; shall be fully registered; shall be in the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof; shall bear interest at a rate or rates not exceeding 6% per annum, in the case of Tax-Exempt Bonds, if any, and 8% per annum, in the case of Recovery Zone Economic Development Bonds, if any, to be determined upon the sale thereof payable on such dates as shall be determined by the Chairperson at the time of sale; shall be sold at the prices as

determined by the Chairperson; and shall mature on such dates and in such years and amounts as shall be determined by the Chairperson at the time of sale.

3. PAYMENT OF PRINCIPAL AND INTEREST. The principal of and interest on the bonds shall be payable in lawful money of the United States. Principal shall be payable upon presentation and surrender of the bonds to the bond registrar and paying agent as they severally mature. Interest shall be paid to the Registered Owner of each bond as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address.

4. BOOK-ENTRY SYSTEM. Initially, one fully-registered bond for each maturity, in the aggregate amount of such maturity, shall be issued in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") for the benefit of other parties (the "Participants") in the book-entry-only transfer system of DTC. In the event the Drainage Board determines that it is in the best interest of the Drainage District not to continue the book-entry system of transfer or that the interests of the holders of the Bonds might be adversely affected if the book-entry system of transfer is continued, the Drainage Board may notify DTC and the bond registrar and paying agent, whereupon DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the bond registrar and paying agent shall deliver, transfer and exchange bond certificates as requested by DTC and any Participant or "beneficial owner" in appropriate amounts in accordance with this Resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Drainage District and the bond registrar and paying agent and discharging its responsibilities with respect thereto under applicable law or the Drainage District may determine that DTC is incapable of discharging its duties and may so advise DTC. In either such event, the Drainage District shall use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor securities depository), the Drainage District and the bond registrar and paying agent shall be obligated to deliver bond certificates in accordance with the procedures established by this Resolution. In the event bond certificates are issued, the provisions of this Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Drainage District and the bond registrar and paying agent to do so, the Drainage District and the bond registrar and paying agent shall cooperate with DTC in taking appropriate action after reasonable notice to make available one or more separate certificates evidencing the Bonds to any Participant having bonds certified to its DTC account or to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, interest on and redemption premium, if any, on such Bonds and all notices with respect to the Bonds shall be made and given, respectively, to DTC as provided in the Letter of Representations among DTC, the Drainage District and the bond registrar and paying agent. The Drainage Board or the County Treasurer is authorized to sign the Letter of Representations on behalf of the Drainage District, in such form as the

Drainage Board or the County Treasurer deems necessary or appropriate, in order to accomplish the issuance of the Bonds in accordance with law and this Resolution.

5. PRIOR REDEMPTION. The Bonds shall be subject to redemption prior to maturity upon such terms and conditions as shall be determined by the Chairperson at the time of sale.

6. BOND REGISTRAR AND PAYING AGENT. The County Treasurer (the Treasurer of the Drainage District) shall designate, and may enter into an agreement with, a bond registrar and paying agent for the bonds that shall be a bank or trust company located in the State of Michigan that is qualified to act in such capacity under the laws of the United States of America or the State of Michigan. The Treasurer from time to time as required may designate a similarly qualified successor bond registrar and paying agent.

7. EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS. The bonds shall be executed in the name of the Drainage District by the facsimile signatures of the Chairperson and at least one other member of the Drainage Board and authenticated by the manual signature of an authorized representative of the bond registrar and paying agent, and the seal of the Drainage District or a facsimile thereof, shall be impressed or imprinted on the bonds. After the bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered by the Treasurer to the purchaser upon receipt of the purchase price. Additional bonds bearing the facsimile signatures of the Chairperson and at least one other member of the Drainage Board and upon which the seal of the Drainage District (or a facsimile thereof) is impressed or imprinted may be delivered to the bond registrar and paying agent for authentication and delivery in connection with the exchange or transfer of bonds. The bond registrar and paying agent shall indicate on each bond the date of its authentication.

8. EXCHANGE AND TRANSFER OF BONDS. Any bond, upon surrender thereof to the bond registrar and paying agent with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney, at the option of the registered owner thereof, may be exchanged for bonds of any other authorized denominations of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered bond.

Each bond shall be transferable only upon the books of the Drainage District, which shall be kept for that purpose by the bond registrar and paying agent, upon surrender of such bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney.

Upon the exchange or transfer of any bond, the bond registrar and paying agent on behalf of the Drainage District shall cancel the surrendered bond and shall authenticate and deliver to the transferee a new bond or bonds of any authorized denomination of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered bond. If, at the time the bond registrar and paying agent authenticates and delivers a new bond pursuant to this section, payment of interest on the bonds is in default, the bond registrar and paying agent shall endorse upon the new

bond the following: "Payment of interest on this bond is in default. The last date to which interest has been paid is _____, _____

The Drainage District and the bond registrar and paying agent may deem and treat the person in whose name any bond shall be registered upon the books of the Drainage District as the absolute owner of such bond, whether such bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such bond and for all other purposes, and all payments made to any such registered owner, or upon his order, in accordance with the provisions of Section 3 of this resolution shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid, and neither the Drainage District nor the bond registrar and paying agent shall be affected by any notice to the contrary. The Drainage District agrees to indemnify and save the bond registrar and paying agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

For every exchange or transfer of bonds, the Drainage District or the bond registrar and paying agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

9. FORM OF BONDS. The bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN BOND, SERIES 2010

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
|----------------------|----------------------|-------------------------------|--------------|

Registered Owner:

Principal Amount:

The Bloomfield Township CSO Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby

promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at _____, _____ Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution, and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first days of _____ and _____ in each year, commencing on _____, 200_. Principal and interest are payable in lawful money of the United States of America.

This bond is one of a series of bonds aggregating the principal sum of _____ Dollars (\$_____) issued by the Drainage District under and pursuant to and in full conformity with the Constitution and Statutes of Michigan (especially Act No. 40, Public Acts of 1956, as amended), a bond authorizing resolution adopted by the Drainage Board for the Drainage District (the "Resolution") and an order of the Chairperson of the Drainage Board for the purpose of defraying part of the cost of acquiring and constructing the Bloomfield Township CSO Drain Rehabilitation Project. The bonds of this series are issued in anticipation of, and the principal and interest on the bonds are payable from, special assessments assessed against the Charter Township of Bloomfield (the "Township"), and the County of Oakland (the "County") on the Special Assessment Roll for the Bloomfield Township CSO Drain Rehabilitation Project, which assessments are the general obligations of said public corporations. The full faith and credit of the Charter Township of Bloomfield have been pledged for the making of such payments. The full faith and credit of the Drainage District have been pledged for the prompt payment of the principal of and interest on this bond as the same become due and, in addition, the full faith and credit of the County [and certain refundable tax credits to be received from the United States] have been pledged therefor. Taxes imposed by the Township and the County for the payment of special assessments and by the County for the payment of the bonds are subject to constitutional tax rate limitations.

This bond is transferable, as provided in the Resolution, only upon the books of the Drainage District kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the Registered Owner or his attorney duly authorized in writing. Upon the exchange or transfer of this bond a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange therefore as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

The bond registrar and paying agent shall not be required to transfer or exchange bonds or portions of bonds that have been selected for redemption.

Bonds maturing prior to _____, _____, are not subject to redemption prior to maturity. Bonds maturing on and after _____ 1, _____, are subject to redemption prior to maturity at the option of the Drainage District, in such order as shall be determined by the Drainage District, on any one or more interest payment dates on and after _____, _____. Bonds of a denomination greater than \$5,000 may be partially redeemed in the amount of \$5,000 or any integral multiple thereof. If less than all of the bonds maturing in any year are to be redeemed, the bonds or portions of bonds to be redeemed shall be selected by lot. The redemption price shall be the par value of the bond or portion of the bond called to be redeemed plus interest to the date fixed for redemption and a premium as follows:

% of the par value if called for redemption on or after
 _____, 1, _____, but prior to _____ 1, _____;

% of the par value if called for redemption on or after
 _____, 1, _____, but prior to _____ 1, _____;

% of the par value if called for redemption on or after
 _____, 1, _____, but prior to _____ 1, _____;

Not less than thirty days' notice of redemption shall be given to the registered owners of bonds called to be redeemed by mail to each registered owner at the registered address. Bonds or portions of bonds called for redemption shall not bear interest on and after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds of this series, existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of said Drainage District, including the series of bonds of which this bond is one, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan, by its Drainage Board, has caused this bond to be executed in its name by the manual or facsimile signatures of the Chairperson and at least one other member of the Drainage Board and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon. This bond shall not be valid unless the Certificate of Authentication has been manually executed by an authorized representative of the bond registrar and paying agent.

BLOOMFIELD TOWNSHIP CSO
DRAINAGE DISTRICT

{SEAL}

By: _____

Chairperson of the Drainage Board

And: _____

Member of the Drainage Board

CERTIFICATE OF AUTHENTICATION

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

Bond Registrar and Paying Agent

By: _____
Authorized Representative

AUTHENTICATION DATE:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ (please print or type name, address and taxpayer identification number of transferee) the within bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

END OF BOND FORM

10. SECURITY The Bonds shall be issued in anticipation of the collection of special assessments against the Charter Township of Bloomfield and the County of Oakland on the Special Assessment Roll for the Bloomfield Township CSO Drain Rehabilitation Project to be adopted by this Drainage Board prior to the sale of the bonds. The full faith and credit of the Drainage District and, if all or any part of the Bonds are designated as Recovery Zone Economic Development Bonds, the Refundable Credit related to such Bonds are pledged hereby for the prompt payment of the principal of and interest on the Bonds as the same shall become due. The full faith and credit of the County of Oakland will be pledged for the prompt payment of the principal of and interest on the Bonds if a resolution to that effect is approved by two-thirds of the members of the Board of Commissioners of the County of Oakland.

11. DEFEASANCE. 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 or irrevocable call for earlier optional redemption, the principal of, premium if any, and interest on the Bonds or any portion of the Bonds, shall have been deposited in trust, this Bond Resolution shall be defeased with respect to such Bonds and the owners of the Bonds shall have no further rights under this Bond 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.

12. PRINCIPAL AND INTEREST FUND. There has been established for the Bonds a Principal and Interest Fund which shall be kept in a separate bank account. From the proceeds of the sale of the Bonds there shall be set aside in the Principal and Interest Fund any premium and accrued interest received from the Purchaser of the Bonds at the time of delivery of the same. All collections (including both principal and interest) on Special Assessment Roll No. 1 for the Bloomfield Township CSO Drain Rehabilitation Project and all amounts representing the Refundable Credit, if any, shall be placed in the Principal and Interest Fund and shall be used solely to pay the principal of and interest on the Bonds authorized herein and additional bonds issued in anticipation of such payments. The Charter Township of Bloomfield and the County of Oakland shall receive a credit in an amount equal to the Refundable Credit, if any, on their obligations under the Special Assessment Roll to pay their respective share of the principal of and interest on the Bonds.

13. APPROVAL OF DEPARTMENT OF TREASURY. The issuance and sale of the Bonds may be subject to permission being granted therefore by the Department of Treasury of the State of Michigan under Act 34 and the Chairperson hereby is authorized and directed, if necessary, to make application to the Department of Treasury for permission to issue and sell the Bonds as provided by the terms of this resolution.

14. APPOINTMENT OF FINANCIAL CONSULTANT; SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF BONDS. Municipal Financial Consultants Incorporated of Grosse Pointe Farms, Michigan is hereby appointed by the Drainage Board as financial consultant to the Drainage District. The Drainage Board hereby authorizes the Chairperson to determine the final principal amount of the Bonds to be sold and to determine the other bond details as described in Section 2 hereof and the terms and conditions for prior redemption as described in Section 5 hereof. In addition, in order to save the cost of publication of an official notice of sale, the Drainage Board hereby determines that it will sell the Bonds at a negotiated sale after solicitation of proposals from prospective purchasers by its financial consultant. The Drainage District's financial consultant is authorized to solicit proposals from at least twenty-five prospective purchasers and to circulate a Request for Proposal at least seven days prior to the date fixed for receipt of proposals for the purchase of the Bonds. The Request for Proposal shall be in substantially the form approved by the Chairperson at the time of sale with such changes therein as are not inconsistent with this resolution. The financial consultant is hereby designated to act for and on behalf of the Drainage District to receive proposals for the purchase of the Bonds and to take all other steps necessary in connection with the sale and delivery thereof. The Chairperson is hereby authorized to determine the low proposer on the Bonds and to award the Bonds to such low proposer. The Chairperson is hereby authorized to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Bonds in accordance with the provisions of this resolution. The Chairperson shall designate the Bonds as Tax-Exempt Bonds and/or Recovery Zone Economic Development Bonds, as the case may be. The Chairperson shall be authorized to make an irrevocable election to designate all or any part of the Bonds as Recovery Zone Economic Development Bonds, as provided in Section 54AA and 1400U-2 of the Code, if he determines that such designation is economic and in the best interests of the Drainage District.

15. REPLACEMENT OF BONDS. Upon receipt by the Chairperson or Treasurer of the Drainage District of proof of ownership of an unmatured bond, of satisfactory

evidence that the bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the Chairperson or Treasurer, the Chairperson or Treasurer may authorize the bond registrar and paying agent to deliver a new executed bond to replace the bond lost, apparently destroyed or wrongfully taken in compliance with applicable law. In the event an outstanding matured bond is lost, apparently destroyed or wrongfully taken, the Chairperson or Treasurer may authorize the bond registrar and paying agent to pay the bond without presentation upon the receipt of the same documentation required for the delivery of a replacement bond. The bond registrar and paying agent for each new bond delivered or paid without presentation as provided above shall require the payment of expenses, including counsel fees, that may be incurred by the bond registrar and paying agent and the Drainage District in the premises. Any Bond delivered pursuant the provisions of this Section 15 in lieu of any Bond lost, apparently destroyed or wrongfully taken shall be of the same form and tenor and be secured in the same manner as the Bond in substitution for which such Bond was delivered.

16. RECOVERY ZONE DESIGNATION. Having determined that the entire area comprising the Drainage District is an area having significant unemployment, rate of home foreclosures and general distress, the entire area comprising the Drainage District is hereby designated as a recovery zone pursuant to ARRA for purposes of the issuance of Recovery Zone Economic Development Bonds. The Drainage Board finds that the Bloomfield Township CSO Drain Rehabilitation Project is reasonably expected to promote economic development and other economic activity in the area comprising the Drainage District.

17. TAX COVENANT. The Drainage District covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, necessary to assure that the interest on the Tax Exempt Bonds, if any, will be and will remain excludable from gross income for federal income tax purposes. The Chairperson is authorized to make any tax covenants on behalf of the Drainage District in connection with the issuance of Recovery Zone Economic Development Bonds, if any, that he determines to be in the best interests of the Drainage District and necessary for the Drainage District to receive any Refundable Credit related to such Bonds. The County Treasurer and other appropriate County officials are authorized to do all things necessary to assure compliance with any such covenants.

18. OFFICIAL STATEMENT. The Drainage District shall cause the preparation of an official statement for the Bonds for the purpose of enabling compliance with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended (the "Rule") and shall do all other things necessary to enable compliance with the Rule. After the award of the Bonds, the Drainage District will provide copies of a "final official statement" (as defined in paragraph (e)(3) of the Rule) on a timely basis and in reasonable quantity as requested by the successful bidder or bidders to enable such bidder or bidders to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

19. CONTINUING DISCLOSURE. The Chairperson is hereby authorized, if necessary, to execute and deliver in the name and on behalf of the Drainage District (i) a certificate of the Drainage District to comply with the requirements for a continuing disclosure undertaking of the Drainage District pursuant to subsection (b)(5) of the Rule and (ii) amendments to such certificate from time to time in accordance with the terms of such certificate (the certificate and any amendments thereto are collectively referred to herein as

the "Continuing Disclosure Certificate"). The Drainage District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The remedies for any failure of the Drainage District to comply with and carry out the provisions of the Continuing Disclosure Certificate shall be as set forth therein.

20. CONFLICTING RESOLUTIONS. All resolutions and parts of resolutions insofar as they may be in conflict herewith are hereby rescinded.

ADOPTED: Yeas: 3
Nays: 0

It was moved by Middleton and supported by Bullard that: (1) a proposed resolution pledging the full faith and credit of the County of Oakland to the payment of the principal of and interest on the Bonds be submitted by the Chairperson to the Board of Commissioners of the County of Oakland for its approval; and (2) the Chairperson is authorized to request that the Oakland County Executive allocate the amount of \$5,000,000 of Oakland County's allocation of the national recovery zone facility bond limitation.

ADOPTED: Yeas: 3
Nays: 0

Mr. McCulloch led a discussion concerning the status of issuance of recovery zone economic development bonds in Oakland County. Mr. Sanzica commented on the timing considerations for review of the proposed full faith and credit resolution by the Oakland County Board of Commissioners.

It was moved by McCulloch, supported by Middleton to certify attendance and authorize pro-rata payment of \$25 per day to both Mr. Bullard and Mr. Middleton:

ADOPTED: Yeas: 3
Nays: 0

There being no further business, the meeting was adjourned.



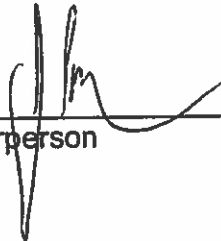
Chairperson

Date: October 27, 2010

STATE OF MICHIGAN)
)SS.
COUNTY OF OAKLAND)

I, the undersigned, do hereby certify that the foregoing is a true and complete copy of the minutes of the Bloomfield Township CSO Drain Board Meeting, Oakland County, Michigan, held on the 19th day of October, 2010 and that the said minutes are on file in the office of the Oakland County Water Resources Commissioner and are available to the public.

I further certify that notice of the meeting was posted at least 18 hours in advance of the meeting at the office of the Oakland County Water Resources Commissioner, which is the principal office of the Bloomfield Township CSO Drain.



Chairperson

Dated: _____, 2010

BLOOMFIELD 9007-388 1082178

BY: PLANNING AND BUILDING COMMITTEE, JOHN A. SCOTT, CHAIRPERSON

IN RE: WATER RESOURCES COMMISSIONER – BLOOMFIELD TOWNSHIP CSO DRAINAGE
DISTRICT DRAIN BONDS – FULL FAITH AND CREDIT RESOLUTION
TO THE OAKLAND COUNTY BOARD OF COMMISSIONERS:

Chairperson, Ladies and Gentlemen:

WHEREAS, the Drainage Board for the Bloomfield Township CSO Drainage District, by resolution adopted on October 19, 2010, authorized and provided for the issuance by the Bloomfield Township CSO Drainage District of its Drain Bonds, Series 2010 (the "Bonds") in the aggregate principal amount of not to exceed \$5,000,000 to defray part of the cost of the Bloomfield Township CSO Drain Rehabilitation Project; and

WHEREAS, the Bonds will be dated as of such date, will, in the case of Tax-Exempt Bonds, bear interest at such rates not to exceed 6% per annum, or, in the case of Recovery Zone Economic Development Bonds, at such rates not to exceed 8% per annum, will be in the aggregate principal amount, will mature in such years and principal amounts, and will be subject to redemption prior to maturity as shall be determined at the time of sale by the Oakland County Water Resources Commissioner as Chairman of the Drainage Board for the Bloomfield Township CSO Drainage District; and

WHEREAS, the Drainage Board deems it advisable and necessary to obtain from this Board a resolution pledging the full faith and credit of the County of Oakland (the "County") for the payment of the principal of and interest on the Bonds (the "Bonds"); and

WHEREAS, the Bloomfield Township CSO Drain Rehabilitation Project is necessary to protect and preserve the public health and, therefore, it is in the best interests of the County that the Bonds be sold.

NOW, THEREFORE, BE IT RESOLVED:

1. Pursuant to the authorization provided in Section 474 of the Drain Code of 1956, as amended, the Board of Commissioners of the County hereby pledges irrevocably the full faith and credit of the County for the prompt payment of the principal of and interest on the Bonds, and agrees that, in the event the Charter Township of Bloomfield or the County shall fail or neglect to account to the County Treasurer of the County for the amount of any special assessment installment and interest when due, the amount thereof shall be advanced immediately from County funds, and the County Treasurer is directed to make such advancement to the extent necessary.

2. In the event that, pursuant to the pledge of full faith and credit, the County advances out of County funds all or any part of an installment and interest, it shall be the duty of the County Treasurer, for and on behalf of the County, to take all actions and proceedings and pursue all remedies permitted or authorized by law for the reimbursement of such sums so paid.

3. The County Treasurer or the financial consultant, Municipal Financial Consultants Incorporated, is authorized to file with the Department of Treasury of the State of Michigan on behalf of the County an Application for State Treasurer's Approval to Issue Bonds with respect to the Bonds.

4. The County Treasurer is authorized to approve the circulation of a nearly final and final official statement for the Bonds, to cause the preparation of those portions of the nearly final and final official statement that pertain to the County, and to do all other things necessary for compliance with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended (the "Rule"). The County Treasurer is authorized to execute and deliver such certificates and to do all other things that are necessary to effectuate the sale and delivery of the Bonds.

5. The County Treasurer is hereby authorized to execute and deliver in the name and on behalf of the County (i) a certificate of the County to comply with the requirements for a continuing disclosure undertaking of the County pursuant to subsection (b)(5) of the Rule and (ii) amendments to such certificate from time to time in accordance with the terms of such certificate (the certificate and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Certificate"). The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The remedies for any failure of the County to comply with and carry out the provisions of the Continuing Disclosure Certificate shall be as set forth therein.

Mr. Chairperson, on behalf of the Planning and Building Committee, I move adoption of the foregoing resolution.


PLANNING AND BUILDING COMMITTEE**PLANNING & BUILDING COMMITTEE VOTE:**

Motion carried unanimously on a roll call vote with Jacobsen absent.

Motion to directly refer this resolution to the Finance Committee carried on a voice vote.

FISCAL NOTE #10301

November 10, 2010

BY: FINANCE COMMITTEE, TOM MIDDLETON, CHAIRPERSON
IN RE: WATER RESOURCES COMMISSIONER - BLOOMFIELD TOWNSHIP CSO DRAINAGE
DISTRICT DRAIN BONDS - FULL FAITH AND CREDIT RESOLUTION
TO THE OAKLAND COUNTY BOARD OF COMMISSIONERS
Chairperson, Ladies and Gentlemen:

Pursuant to Rule XII-C of this Board, the Finance Committee has reviewed the above referenced resolution and finds:

1. The Drainage Board for the Bloomfield Township CSO Drainage District is requesting that the Board of Commissioners pledge the full faith and credit of the County of Oakland for the payment of principal and interest on the Bloomfield Township CSO Drainage District Drain Bonds, Series 2010 pursuant to the Drain Code of 1956 as amended.
2. The bond issue is not to exceed \$5,000,000 and is to be used to defray the cost of rehabilitating the Bloomfield Township CSO Drain.
3. The Bonds shall be classified as Tax Exempt Bonds or Recovery Zone Economic Development Bonds, or some combination thereof, the Tax Exempt Bonds interest rate shall not exceed 6% per annum, and the Recovery Zone Economic Development Bonds interest rate shall not exceed 8% per annum.
4. The Bonds will be in aggregate principal amounts, will mature in such years and principal amounts and will be callable prior to maturity as determined necessary by the Oakland County Water Resources Commissioner as Chairman of the Drainage Board for the Bloomfield Township CSO Drainage District.
5. The statutory limit for County debt is \$5,774,507,651 (10% of State Equalized Value). As of October 29, 2010, the total pledged debt is \$309,146,709 or approximately 0.53536% of the S.E.V.
6. The estimated project cost of \$5,000,000 will be apportioned to the following Public Corporations as follows with \$3,835,900 or 76.718% to the Charter Township of Bloomfield and \$1,164,100 or 23.282% to Oakland County for county roads.
7. The Charter Township of Bloomfield will pay for the bonds through a Special Assessment Roll for the Bloomfield Township CSO Drain.
8. The Oakland County portion of the debt service payments is included in the Non-Departmental current drain assessments account.
9. No budget amendment is required.

FINANCE COMMITTEE



FINANCE COMMITTEE

Motion carried unanimously on a roll call vote.

Moved by Middleton supported by Nash the resolutions (with fiscal notes attached) on the Consent Agenda be adopted (with accompanying reports being accepted).

AYES: Capello, Coleman, Coulter, Douglas, Gershenson, Gingell, Gosselin, Greimel, Hatchett, Jackson, Jacobsen, Long, McGillivray, Middleton, Nash, Potts, Runestad, Schwartz, Scott, Taub, Woodward, Zack, Bullard, Burns. (24)

NAYS: None. (0)

A sufficient majority having voted in favor, the resolutions (with fiscal notes attached) on the Consent Agenda were adopted (with accompanying reports being accepted).



I HEREBY APPROVE THE FOREGOING RESOLUTION
ACTING PURSUANT TO 1973 PA 139

STATE OF MICHIGAN)
COUNTY OF OAKLAND)

I, Ruth Johnson, Clerk of the County of Oakland, do hereby certify that the foregoing resolution is a true and accurate copy of a resolution adopted by the Oakland County Board of Commissioners on November 18, 2010, with the original record thereof now remaining in my office.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of the County of Oakland at Pontiac, Michigan this 18th day of November, 2010.



Ruth Johnson, County Clerk


CERTIFICATE OF ADMINISTRATIVE DIRECTOR

I, the undersigned, Lawrence M. Doyle, hereby certify as follows:

1. I am the duly qualified and acting Administrative Director of the Board of Commissioners of the County of Oakland, Michigan.

2. The agenda attached hereto as Exhibit A was posted on the Oakland County web site at least 18 hours in advance of the meeting of the Board of Commissioners of the County of Oakland held on November 18, 2010.

IN WITNESS WHEREOF, I have hereunto affixed my official signature this 2nd day of December, 2010.



Lawrence M. Doyle, Administrative Director
Oakland County Board of Commissioners



Ruth Johnson
OAKLAND COUNTY CLERK/REGISTER OF DEEDS

November 12, 2010

The following is the Agenda for the **November 18, 2010**
Board of Commissioners Meeting:

1. Call Meeting to Order at 9:30 a.m.
2. Roll Call
3. Invocation – Brad Jacobsen
4. Pledge of Allegiance to the Flag
5. Approval of Minutes for November 3, 2010
6. Approval of Agenda
7. Communications
 - Proclamation: Charles Kaye – Commissioner Eric Coleman
 - Presentation: Claims Review Committee – Gordon Snavelly
 - 9:40 a.m. – Public Hearing – Waste Resource Management Unit – Resolution Approving the Provisions of a Brownfield Plan for the 4800 Lapeer Road Project
8. Public Comment
9. Reports of Standing Committees

CONSENT AGENDA

GENERAL GOVERNMENT COMMITTEE – CHRISTINE LONG

- a. Department of Health and Human Services/Children's Village Division – 2010/2011 Fresh Fruit and Vegetable Program Grant Acceptance

PLANNING AND BUILDING COMMITTEE – JOHN SCOTT

- a. MR #10291 – Water Resources Commissioner – Oakland County Highland Township Well Water Supply System Bond Resolution
- b. Water Resources Commissioner – Bloomfield Township CSO Drainage District Drain Bonds – Full Faith and Credit Resolution
- c. Department of Economic Development and Community Affairs – Acceptance of United States Department of Housing and Urban Development (HUD) FY 2009 EDI – Special Projects Grant and Authorization of Subrecipient Agreement with Altair Clean Technology Center, LLC
- d. Facilities Management/Planning and Economic Development – 2010 Regional Green Streets Program (RGSP) Grant Acceptance

PUBLIC SERVICES COMMITTEE – JIM RUNESTAD, VICE CHAIR

- a. MR #10293 Prosecuting Attorney – Revisions of the FY 2011, FY 2012, and FY 2013 Budgets and Related Position Changes
- b. MR #10294 – Sheriff's Office – Establishment of Jail Boarding Fees – January 1, 2011 Through December 31, 2011
- c. Prosecuting Attorney – 2011-2013 Title IV-E Client Services Contract PROFC (C-11-63001) – Unit Rate – Contract Acceptance
- d. Sheriff's Office – Fiscal Year 2011 Secondary Road Patrol and Traffic Accident Prevention Program Grant Acceptance

REGULAR AGENDA

FINANCE COMMITTEE – TOM MIDDLETON

GENERAL GOVERNMENT COMMITTEE – CHRISTINE LONG

- b. Fin. Department of Health and Human Services/Homeland Security Division – Outdoor Warning System Expansion – Commerce Township

HUMAN RESOURCES COMMITTEE – SUE ANN DOUGLAS

PLANNING AND BUILDING COMMITTEE – JOHN SCOTT

- e. MR #10292 – Department of Facilities Management – Approval and Acceptance of Lease Agreement with the Road Commission for Oakland County – Traffic Information Technology Building
- f. Fin. Waste Resource Management Unit – Resolution Approving the Provisions of a Brownfield Plan for the 4800 Lapeer Road Project

PUBLIC SERVICES COMMITTEE – JIM RUNESTAD

- 10. Reports of Special Committees
- 11. Special Order of Business
- 12. Unfinished Business
- 13. New & Miscellaneous Business
- 14. Adjournment to December 9, 2010 at 9:30 a.m., or the Call of the Chair

**Ruth A. Johnson
Clerk/Register**

ORDER RELATING TO SERIES 2010 BONDS REGARDING
SPECIAL ASSESSMENT ROLL NO. 1 FOR THE
BLOOMFIELD TOWNSHIP CSO DRAIN REHABILITATION PROJECT
(An Intra-County Drain in Oakland County, Michigan)

AMOUNT ASSESSED: \$3,000,000

| <u>Public Corporations</u> | <u>Percentages</u> | <u>Amount Assesed</u> |
|--------------------------------|--------------------|-----------------------|
| Charter Township of Bloomfield | 76.718% | \$2,301,540.00 |
| County of Oakland | 23.282% | 698,460.00 |

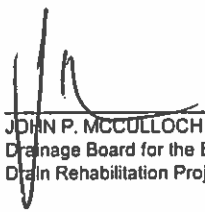
NUMBER OF ANNUAL INSTALLMENTS: 20, due March 1 of each year,
beginning 2011

INTEREST: Interest on unpaid installments to begin
on March 1, 2011, and to accrue at
a rate not to exceed an amount sufficient
to pay the interest on the bonds. Interest
is payable on March 1, 2011, and
thereafter on March 1 of each year.

INSTALLMENTS:

| <u>Installment Due March 1</u> | <u>Charter Township of Bloomfield</u> | <u>County of Oakland</u> | <u>Total</u> |
|------------------------------------|---|------------------------------|------------------------|
| 2012 | \$ 76,718.00 | \$ 23,282.00 | \$ 100,000.00 |
| 2013 | 80,553.90 | 24,446.10 | 105,000.00 |
| 2014 | 80,553.90 | 24,446.10 | 105,000.00 |
| 2015 | 84,389.80 | 25,610.20 | 110,000.00 |
| 2016 | 84,389.80 | 25,610.20 | 110,000.00 |
| 2017 | 88,225.70 | 26,774.30 | 115,000.00 |
| 2018 | 92,061.60 | 27,938.40 | 120,000.00 |
| 2019 | 95,897.50 | 29,102.50 | 125,000.00 |
| 2020 | 99,733.40 | 30,266.60 | 130,000.00 |
| 2021 | 103,569.30 | 31,430.70 | 135,000.00 |
| 2022 | 111,241.10 | 33,758.90 | 145,000.00 |
| 2023 | 115,077.00 | 34,923.00 | 150,000.00 |
| 2024 | 122,748.80 | 37,251.20 | 160,000.00 |
| 2025 | 126,584.70 | 38,415.30 | 165,000.00 |
| 2026 | 134,256.50 | 40,743.50 | 175,000.00 |
| 2027 | 141,928.30 | 43,071.70 | 185,000.00 |
| 2028 | 153,436.00 | 46,564.00 | 200,000.00 |
| 2029 | 161,107.80 | 48,892.20 | 210,000.00 |
| 2030 | 168,779.60 | 51,220.40 | 220,000.00 |
| 2031 | 180,287.30 | 54,712.70 | 235,000.00 |
| | <u>\$ 2,301,540.00</u> | <u>\$ 698,460.00</u> | <u>\$ 3,000,000.00</u> |

Dated: November 30, 2010


JOHN P. MCCULLOCH, Chairman
Drainage Board for the Bloomfield Township CSO
Drain Rehabilitation Project

PROPOSAL ACCEPTANCE PROCEEDINGS

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT BLOOMFIELD TOWNSHIP CSO DRAIN BONDS, SERIES 2010

At 11 a.m., Eastern Standard Time, on the 30th day of November, 2010, at the office of the Municipal Advisory Council of Michigan, Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan, proposals were received for the purchase of the Bloomfield Township CSO Drain Bonds, Series 2010 (the "Bonds") as set forth in the Request for Proposal. A summary of proposals received are attached to these proceedings.

On November 30, 2010, following consideration of the proposals received and a report prepared by MFCL, the following order was entered by Mr. McCulloch, to wit:

IT IS HEREBY ORDERED:

1. The Request for Proposal for the Bonds is adopted and approved.
2. The proposal of Fifth Third Securities, Inc. to purchase the Bonds at par plus accrued interest to date of the delivery of the Bonds less a discount of \$32,777, and bearing interest per annum as set forth in Section 3 hereof (same being the bid that produces the lowest true interest cost to the Drainage District after adding discount) is accepted.
3. The Bonds shall be issued in the aggregate principal amount of \$3,000,000, shall be dated December 1, 2010, shall mature on April 1 of each year and shall bear interest, payable on April 1, 2011, and semiannually thereafter, as follows:

| <u>MATURITY DATE</u> <u>APRIL 1</u> | <u>AMOUNT</u> | <u>INTEREST RATE</u> |
|--|---------------|----------------------|
| 2012 | \$ 100,000 | 1.65% |
| 2013 | 105,000 | 2.00% |
| 2014 | 105,000 | 2.45% |
| 2015 | 110,000 | 2.85% |
| 2016 | 110,000 | 3.45% |
| 2017 | 115,000 | 3.80% |
| 2018 | 120,000 | 4.45% |
| 2025 | 1,010,000 | 5.75% |
| 2031 | 1,225,000 | 6.50% |

4. Bonds maturing prior to April 1, 2019, are not subject to redemption prior to maturity. Bonds maturing on and after April 1, 2019, are subject to redemption prior to maturity, at the option of the Drainage District, in any order as determined by the Drainage District, on any interest payment date on and after April 1, 2018, in integral multiples of \$5,000 and by lot within a maturity, at the par value of the bond or portion of the bond called to be redeemed, plus accrued interest to the redemption date.

5. Mandatory Redemption of Bonds: The Bonds maturing on April 1, 2025, are subject to mandatory redemption prior to maturity on April 1 of the years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Bonds Due April 1, 2025

| <u>Redemption Date</u> | <u>Principal Amount of Bonds to be Redeemed</u> |
|------------------------|---|
| April 1, 2019 | \$125,000 |
| April 1, 2020 | 130,000 |
| April 1, 2021 | 135,000 |
| April 1, 2022 | 145,000 |
| April 1, 2023 | 150,000 |
| April 1, 2024 | 160,000 |
| April 1, 2025* | 165,000 |

*Final Maturity

The Bonds maturing on April 1, 2031, are subject to mandatory redemption prior to maturity on April 1 of the years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

| <u>Redemption Date</u> | <u>Principal Amount of Bonds to be Redeemed</u> |
|------------------------|---|
| April 1, 2026 | \$175,000 |
| April 1, 2027 | 185,000 |
| April 1, 2028 | 200,000 |
| April 1, 2029 | 210,000 |
| April 1, 2030 | 220,000 |
| April 1, 2031* | 235,000 |

*Final Maturity

6. In accordance with the designation of the County Treasurer, Huntington National Bank, Grand Rapids, Michigan, is approved as the bond registrar and paying agent for the Bonds.

7. Based on information provided on the date hereof, the true interest cost of the Bonds as Recovery Zone Economic Development Bonds, after taking into account the Refundable Credit (as defined in the Bond Resolution adopted by the Drainage Board on

October 19, 2010), would be less than the true interest cost on all Bonds of comparable maturities that would otherwise be sold as Tax-Exempt Bonds. Accordingly, in accordance with the Bond Resolution, the Water Resources Commissioner hereby makes an irrevocable election under Section 1400U-2 of the Code to designate all maturities of the Bonds as Recovery Zone Economic Development Bonds.

8. The Nearly Final Official Statement relating to the Bonds dated November 16, 2010, is authorized, approved and confirmed.

9. The Official Statement dated November 30, 2010, relating to the Bonds, is authorized and approved.



JOHN P. MCCULLOCH,
Oakland County Water Resources Commissioner

Dated: November 30, 2010

BLOOMFIELD 9007-388 1085667



MEMORANDUM

TO: John P. McCulloch,
Oakland County Water Resources Commissioner

FROM: Meredith A. Shanle, President
Municipal Financial Consultants Incorporated

RE: Bloomfield Township CSO Drainage District,
Bloomfield Township CSO Drain Bonds, Series 2010
(Federally Taxable Recovery Zone Economic Development
Bonds)

DATE: November 30, 2010

=====

We are enclosing herewith the following:

1. The report of proposals on the bond sale. As you can see the low proposer for the captioned bonds was **Fifth Third Securities, Inc.**

We recommend awarding the bonds to the low proposer.

Enclosures

cc: Kevin Larsen
Andrew E. Meisner
James Van Leuven
Natalie Neph
Paul M. Wyzgoski
J. Bryan Williams
Nichole Bertucci

las.ar-dra-oak-bloom-cso-2010-taxable



REPORT OF PROPOSALS, RECOMMENDED BOND AWARD

TO THE

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
COUNTY OF OAKLAND**

**BLOOMFIELD TOWNSHIP CSO DRAIN BONDS, SERIES 2010
(FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)**

DATED: NOVEMBER 30, 2010

PREPARED BY:

MEREDITH A. SHANLE, PRESIDENT

**MUNICIPAL FINANCIAL CONSULTANTS INCORPORATED
21 KERCHEVAL AVE, SUITE 360
GROSSE POINTE FARMS, MI 48236
(313) 884-1550**



REPORT OF PROPOSALS

NOVEMBER 30, 2010



\$3,000,000
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT,
Oakland County, State of Michigan
BLOOMFIELD TOWNSHIP CSO DRAIN BONDS, SERIES 2010
(FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

| | | | |
|-------------------|-------------------|--------------------------|----------|
| Sale Date: | November 30, 2010 | Good Faith Check: | \$60,000 |
| Time: | 11:00 a.m., EST | Discount: | \$45,000 |
| Dated: | December 1, 2010 | Maximum Interest: | 8% |

Maturities - Due Apr. 1

| | | | | | |
|-------------|---------------|-------------|---------------|-------------|---------------|
| <u>YEAR</u> | <u>AMOUNT</u> | <u>YEAR</u> | <u>AMOUNT</u> | <u>YEAR</u> | <u>AMOUNT</u> |
| 2012 | \$100,000 | 2019 | \$125,000 | 2026 | \$175,000 |
| 2013 | 105,000 | 2020 | 130,000 | 2027 | 185,000 |
| 2014 | 105,000 | 2021 | 135,000 | 2028 | 200,000 |
| 2015 | 110,000 | 2022 | 145,000 | 2029 | 210,000 |
| 2016 | 110,000 | 2023 | 150,000 | 2030 | 220,000 |
| 2017 | 115,000 | 2024 | 160,000 | 2031 | 235,000 |
| 2018 | 120,000 | 2025 | 165,000 | | |

Proposer: Fifth Third Securities, Inc.

| | | | | | |
|------|--------|------|---------|----------------|-------------|
| 2012 | 1.65% | 2022 | 5.75%* | | |
| 2013 | 2.00% | 2023 | 5.75%* | Discount: | \$32,777.00 |
| 2014 | 2.45% | 2024 | 5.75%* | | |
| 2015 | 2.85% | 2025 | 5.75%* | True Int Rate: | 6.014950% |
| 2016 | 3.45% | 2026 | 6.50%** | | |
| 2017 | 3.80% | 2027 | 6.50%** | | |
| 2018 | 4.45% | 2028 | 6.50%** | | |
| 2019 | 5.75%* | 2029 | 6.50%** | | |
| 2020 | 5.75%* | 2030 | 6.50%** | | |
| 2021 | 5.75%* | 2031 | 6.50%** | | |

*Term Bonds

**Term Bonds

BOND COUNSEL
DICKINSON WRIGHT PLLC
DETROIT, MICHIGAN



\$3,000,000
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT,
Oakland County, State of Michigan
BLOOMFIELD TOWNSHIP CSO DRAIN BONDS, SERIES 2010
(FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

Proposer: Robert W. Baird & Co., Inc.

| | | | | | |
|------|--------|------|----------|----------------|-------------|
| 2012 | 1.70% | 2022 | 5.25%* | | |
| 2013 | 2.10% | 2023 | 5.25%* | Discount: | \$45,000.00 |
| 2014 | 2.50% | 2024 | 6.00%** | | |
| 2015 | 2.85% | 2025 | 6.00%** | True Int Rate: | 6.097189% |
| 2016 | 3.15% | 2026 | 6.00%** | | |
| 2017 | 3.55% | 2027 | 7.00%*** | | |
| 2018 | 3.80% | 2028 | 7.00%*** | | |
| 2019 | 4.25% | 2029 | 7.00%*** | | |
| 2020 | 4.45% | 2030 | 7.00%*** | | |
| 2021 | 5.25%* | 2031 | 7.00%*** | | |

*Term Bonds

**Term Bonds

***Term Bonds

BOND COUNSEL
DICKINSON WRIGHT PLLC
DETROIT, MICHIGAN

Fifth Third Securities, Inc. - Cincinnati, OH's Bid

**Bloomfield Twp CSO Drain Dt
\$3,000,000 Drain Bonds, Series 2010 (Taxable Recovery
Zone Economic Development Bonds)**

For the aggregate principal amount of \$3,000,000.00, we will pay you \$2,967,223.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2012 | 100M | 1.6500 |
| 04/01/2013 | 105M | 2.0000 |
| 04/01/2014 | 105M | 2.4500 |
| 04/01/2015 | 110M | 2.8500 |
| 04/01/2016 | 110M | 3.4500 |
| 04/01/2017 | 115M | 3.8000 |
| 04/01/2018 | 120M | 4.4500 |
| 04/01/2019 | | |
| 04/01/2020 | | |
| 04/01/2021 | | |
| 04/01/2022 | | |
| 04/01/2023 | | |
| 04/01/2024 | | |
| 04/01/2025 | 1,010M | 5.7500 |
| 04/01/2026 | | |
| 04/01/2027 | | |
| 04/01/2028 | | |
| 04/01/2029 | | |
| 04/01/2030 | | |
| 04/01/2031 | 1,225M | 6.5000 |

Total Interest Cost: \$2,219,199.17
Discount: \$32,777.00
Net Interest Cost: \$2,251,976.17
TIC: 6.014950
Time Last Bid Received On: 11/30/2010 10:58:10 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Fifth Third Securities, Inc., Cincinnati, OH
Contact: Bill Terlesky
Title:
Telephone: 513-534-7186
Fax:

Upcoming Calendar

Overview

Result

Excel

Robert W. Baird & Co., Inc. - Milwaukee , WI's Bid

**Bloomfield Twp CSO Drain Dt
\$3,000,000 Drain Bonds, Series 2010 (Taxable Recovery
Zone Economic Development Bonds)**

For the aggregate principal amount of \$3,000,000.00, we will pay you \$2,955,000.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|-------------------|-----------|----------|
| 04/01/2012 | 100M | 1.7000 |
| 04/01/2013 | 105M | 2.1000 |
| 04/01/2014 | 105M | 2.5000 |
| 04/01/2015 | 110M | 2.8500 |
| 04/01/2016 | 110M | 3.1500 |
| 04/01/2017 | 115M | 3.5500 |
| 04/01/2018 | 120M | 3.8000 |
| 04/01/2019 | 125M | 4.2500 |
| 04/01/2020 | 130M | 4.4500 |
| <u>04/01/2021</u> | | |
| <u>04/01/2022</u> | | |
| <u>04/01/2023</u> | 430M | 5.2500 |
| <u>04/01/2024</u> | | |
| <u>04/01/2025</u> | | |
| <u>04/01/2026</u> | 500M | 6.0000 |
| <u>04/01/2027</u> | | |
| <u>04/01/2028</u> | | |
| <u>04/01/2029</u> | | |
| <u>04/01/2030</u> | | |
| <u>04/01/2031</u> | 1,050M | 7.0000 |

Total Interest Cost: \$2,249,224.17

Discount: \$45,000.00

Net Interest Cost: \$2,294,224.17

TIC: 6.097189

Time Last Bid Received On: 11/30/2010 10:38:59 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Milwaukee , WI

Contact: Drew Kanyer

Title:

Telephone: 414-765-7331

Fax:

CHARTER TOWNSHIP OF BLOOMFIELD

At a regular meeting of the Charter Township of Bloomfield, Oakland County, Michigan, held on the 22nd day of January, 2018.

PRESENT: Barnett, Buckley, Kepes, Roncelli, Savoie, Schostak, Walsh
Also present, Attorney Mark Roberts

ABSENT: None

The following preambles and resolution were offered by Kepes and seconded by Barnett:

RESOLUTION TO AUTHORIZE REFUNDING

WHEREAS, pursuant to the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended, the Bloomfield Township CSO Drainage District issued its Drain Bonds, Series 2010, dated December 1, 2010, in the original principal amount of \$3,000,000 (the "Prior Bonds"), to defray part of the cost of acquiring and constructing the Bloomfield Township CSO Rehabilitation Project, in anticipation of the collection of the several installments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the special assessment roll for the Bloomfield Township CSO Drain Rehabilitation Project; and

WHEREAS, the Township has been advised that conditions in the bond market have now improved from the conditions which prevailed at the time the Prior Bonds were sold and that the Prior Bonds could be refunded at a considerable savings to the Township; and

WHEREAS, it is the determination and judgment of this Township Board that the Prior Bonds should be refunded to secure for the Township the anticipated savings.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWNSHIP BOARD OF THE CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN, as follows:

1. The Bloomfield Township CSO Drainage District is requested and authorized to issue its refunding bonds (the "Refunding Bonds") pursuant to the provisions of Act No. 34, Public Acts of Michigan, 2001 as amended, in an amount necessary to refund all or part of the Prior Bonds (as shall be determined by the Drainage Board) and paying the costs of issuing the Refunding Bonds.

2. The proceeds of the Refunding Bonds shall be sufficient to pay the costs of issuing the Refunding Bonds and to establish an Escrow Fund in an amount which will be sufficient to pay the principal of and redemption premiums and interest on the Prior Bonds that are refunded without further payment by the Township or the County.

3. The Township agrees and consents to the imposition of special assessments against the Township on a refunding bonds special assessment roll for the payment of the Refunding Bonds.

4. The Supervisor or the Clerk is authorized, if necessary, to file an Application for State Treasurer's Approval to Issue Long-Term Securities with respect to the Refunding Bonds.

5. The Supervisor, Clerk, and Treasurer are each authorized to approve the circulation of a preliminary and final official statement for the Refunding Bonds, and to cause the preparation of those portions of the preliminary and final official statement for compliance with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended (the "Rule"). The Supervisor, Clerk, and Treasurer are each authorized to execute and deliver such certificates and to do all other things necessary to effectuate the sale and delivery of the Refunding Bonds.

6. The Supervisor, Clerk, and Treasurer are each authorized to execute and deliver in the name and on behalf of the Township a continuing disclosure certificate to comply with the requirements for a continuing disclosure undertaking by the Township pursuant to paragraph (b)(5) of the Rule, and amendments to such certificate from time to time in accordance with the terms of such certificate (the certificate and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Certificate"). The Township hereby covenants and agrees that it will comply with and carry out all the provisions of the Continuing Disclosure Certificate.

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YEAS: Barnett, Buckley, Kepes, Roncelli, Savoie, Schostak, Walsh


NAYS: None

ABSTAINING: None

THE RESOLUTION WAS DECLARED ADOPTED.

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

The undersigned, being the duly qualified and acting Clerk of the Charter Township of Bloomfield, hereby certifies that the foregoing is a true and complete copy of a resolution duly adopted by the Township Board of the Charter Township of Bloomfield at its regular meeting held on the 22nd day of January, 2018, at which meeting a quorum was present and remained throughout and that an original thereof is on file in the records of the Township. I further certify that the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, and that minutes of such meeting were kept and will be or have been made available as required thereby.



Township Clerk

Dated: January 30, 2018

**MINUTES OF THE MEETING OF THE DRAINAGE BOARD
FOR THE BLOOMFIELD TOWNSHIP CSO DRAIN**

January 23, 2018

A meeting of the Drainage Board for the Bloomfield Township CSO Drain was held in the office of the Oakland County Water Resources Commissioner, Public Works Building, One Public Works Drive, Waterford, Michigan at 2:00 p.m. on the 23rd day of January, 2018.

The meeting was called to order by the Chairperson.

PRESENT: Jim Nash, Oakland County Water Resources Commissioner

Thomas F. Middleton, Chairperson of the Finance Committee,
Oakland County Board of Commissioners

ABSENT: Michael Gingell, Chairperson of the Oakland County Board of Commissioners

Minutes of the meeting held February 28, 2017 were presented for consideration. It was moved by Middleton, supported by Nash, that the minutes be approved.

ADOPTED: Yeas - 2
Nays - 0

Chairperson Nash asked if there were any public comments. There were none.

A resolution to authorize the issuance of refunding bonds in the principal amount not to exceed \$2,435,000 (as attached) was presented. It was moved by Middleton, supported by Nash, to adopt the resolution as presented.

ADOPTED: Yeas - 2
Nays - 0

A resolution directing the Chairperson to prepare a Special Assessment Roll (as attached) was presented. It was moved by Middleton, supported by Nash, to adopt the resolution as presented.

ADOPTED: Yeas - 2
Nays - 0


A resolution to approve the Special Assessment Roll showing Charter Township of Bloomfield as 76.718% and County of Oakland as 23.282% (as attached) was presented. It was moved by Middleton, supported by Nash, to adopt the resolution as presented.

ADOPTED: Yeas - 2
Nays - 0

It was moved by Nash, supported by Middleton, to certify attendance and authorize pro rata payment of \$25 per day to Mr. Middleton.

ADOPTED: Yeas - 2
Nays - 0

There being no further business, the meeting was adjourned.



Jim Nash, Chairperson

RESOLUTION TO AUTHORIZE THE ISSUANCE
OF REFUNDING BONDS IN THE PRINCIPAL
AMOUNT OF NOT TO EXCEED \$2,435,000

WHEREAS, pursuant to the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended, the Bloomfield Township CSO Drainage District (the "Drainage District") issued its Bloomfield Township CSO Drain Bonds, Series 2010, dated December 1, 2010, in the principal amount of \$3,000,000 (the "Prior Bonds") to defray part of the cost of acquiring and constructing the Bloomfield Township CSO Drain Rehabilitation Project; and

WHEREAS, the Prior Bonds remain outstanding in the aggregate principal amount of \$2,355,000, mature in various principal amounts on April 1 in the years 2018, 2025 and 2031 and bear interest at rates per annum which vary from 4.45% to 6.50%; and

WHEREAS, Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") authorizes the Drainage District to refund all or any part of its outstanding securities; and

WHEREAS, the Drainage District has received a request from the Charter Township of Bloomfield to refund all or part of the outstanding Prior Bonds; and

WHEREAS, it is in the best interests of the Drainage District and the public corporations assessed for the cost of the Bloomfield Township CSO Drain Rehabilitation Project that all or part of the Prior Bonds maturing in the years 2018, 2025 and 2031 be refunded.

NOW, THEREFORE, BE IT RESOLVED BY THE DRAINAGE BOARD FOR THE BLOOMFIELD TOWNSHIP CSO DRAIN (the "Drainage Board"):

1. AUTHORIZATION OF BONDS - PURPOSE. Bonds of the Drainage District (the "Refunding Bonds") aggregating the principal sum of not to exceed Two Million Four Hundred Thirty-Five Thousand Dollars (\$2,435,000) shall be issued and sold pursuant to the provisions of Act 34, and other applicable statutory provisions, for the purpose of refunding all or part of the outstanding Prior Bonds maturing in the years 2018, 2025 and 2031, as determined by order of the Chairperson of the Drainage Board.

2. BOND DETAILS. The Refunding Bonds shall be designated "Drain Refunding Bonds, Series 2018"; shall be in the principal amount and shall be dated as of such date as shall be determined by order of the Chairperson of the Drainage Board; shall be numbered from 1 upwards; shall be fully registered; shall be in the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof; shall bear interest at a rate or rates not exceeding 6% per annum as shall be determined by order of the Chairperson of the Drainage Board; shall be payable on such dates as shall be determined by order of the Chairperson of the Drainage Board; and shall be serial bonds and/or term bonds and mature on such dates, not later than April 1, 2031, and in such amounts as shall be determined by order of the Chairperson of the Drainage Board.

3. PAYMENT OF PRINCIPAL AND INTEREST. The principal of and interest on the Refunding Bonds shall be payable in lawful money of the United States. Principal shall be payable upon presentation and surrender of the Refunding Bonds to the bond registrar and paying agent as they severally mature. Interest shall be paid to the registered owner of each Refunding Bond as shown on the registration books at the close of business on the fifteenth day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address.

4. BOOK-ENTRY SYSTEM. Initially, one fully-registered bond for each maturity, in the aggregate amount of such maturity, shall be issued in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") for the benefit of other parties (the "Participants") in the book-entry-only transfer system of DTC. In the event the Drainage Board determines that it is in the best interest of the Drainage District not to continue the book-entry system of transfer or that the interests of the holders of the Refunding Bonds might be adversely affected if the book-entry system of transfer is continued, the Drainage Board may notify DTC and the bond registrar and paying agent, whereupon DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the bond registrar and paying agent shall deliver, transfer and exchange bond certificates as requested by DTC and any Participant or "beneficial owner" in appropriate amounts in accordance with this Resolution. DTC may determine to discontinue providing its services with respect to the Refunding Bonds at any time by giving notice to the Drainage District and the bond registrar and paying agent and discharging its responsibilities with respect thereto under applicable law or the Drainage District may determine that DTC is incapable of discharging its duties and may so advise DTC. In either such event, the Drainage District shall use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor securities depository), the Drainage District and the bond registrar and paying agent shall be obligated to deliver bond certificates in accordance with the procedures established by this Resolution. In the event bond certificates are issued, the provisions of this Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Drainage District and the bond registrar and paying agent to do so, the Drainage District and the bond registrar and paying agent shall cooperate with DTC in taking appropriate action after reasonable notice to make available one or more separate certificates evidencing the Refunding Bonds to any Participant having Refunding Bonds certified to its DTC account or to arrange for another securities depository to maintain custody of certificates evidencing the Refunding Bonds.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Refunding Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, interest on and redemption premium, if any, on such Refunding Bonds and all notices with respect to the Refunding Bonds shall be made and given, respectively, to DTC. The Chairperson of the Drainage Board or the County Treasurer is authorized to sign the Blanket Issuer Letter of Representations on behalf of the Drainage District, in such form as the Chairperson of the Drainage Board or the County Treasurer deems necessary or appropriate, in order to accomplish the issuance of the Refunding Bonds in accordance with law and this Resolution.

Notwithstanding any other provision of this section to the contrary, if the Chairperson of the Drainage Board deems it to be in the best interest of the Drainage District, the Refunding Bonds shall not initially be issued through the book-entry-only transfer system of DTC.

5. PRIOR REDEMPTION. The Refunding Bonds shall be subject to redemption prior to maturity upon such terms and conditions as shall be determined by order of the Chairperson of the Drainage Board.

6. BOND REGISTRAR AND PAYING AGENT. The Treasurer of the Drainage District shall designate and enter into an agreement with a bond registrar and paying agent for the Refunding Bonds that shall be a bank or trust company located in the State of Michigan which is qualified to act in such capacity under the laws of the United States of America or the State of Michigan. The Treasurer of the Drainage District may from time to time as required designate a similarly qualified successor bond registrar and paying agent. Notwithstanding any provision of this section to the contrary, if the Chairperson of the Drainage Board deems it to be in the best interest of the Drainage District, the County Treasurer shall serve as bond registrar and paying agent for the Refunding Bonds.

7. EXECUTION, AUTHENTICATION AND DELIVERY OF REFUNDING BONDS. The Refunding Bonds shall be executed in the name of the Drainage District by the facsimile signatures of the Chairperson of the Drainage Board and at least one other member of the Drainage Board and authenticated by the manual signature of an authorized representative of the bond registrar and paying agent, and the seal of the Drainage District (or a facsimile thereof) shall be impressed or imprinted on the Refunding Bonds. After the Refunding Bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered by the Treasurer of the Drainage District to the purchaser upon receipt of the purchase price. Additional Refunding Bonds bearing the facsimile signatures of the Chairperson and at least one other member of the Drainage Board and upon which the seal of the Drainage District (or a facsimile thereof) is impressed or imprinted may be delivered to the bond registrar and paying agent for authentication and delivery in connection with the exchange or transfer of the Refunding Bonds. The bond registrar and paying agent shall indicate on each Refunding Bond the date of its authentication.

8. EXCHANGE AND TRANSFER OF BONDS. Any Refunding Bond, upon surrender thereof to the bond registrar and paying agent with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney, at the option of the registered owner thereof, may be exchanged for Refunding Bonds of any other authorized denominations of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Refunding Bond.

Each Refunding Bond shall be transferable only upon the books of the Drainage District, which shall be kept for that purpose by the bond registrar and paying agent, upon surrender of such Refunding Bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney.

Upon the exchange or transfer of any Refunding Bond, the bond registrar and paying agent on behalf of the Drainage District shall cancel the surrendered Refunding Bond and shall authenticate and deliver to the transferee a new Refunding Bond or Bonds of any authorized denomination of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Refunding Bond. If, at the time the bond registrar and paying agent authenticates and delivers a new Refunding Bond pursuant to this section, payment of interest on the Refunding Bonds is in default, the bond registrar and paying agent shall endorse upon the new Refunding Bond the following: "Payment of interest on this bond is in default. The last date to which interest has been paid is _____."

The Drainage District and the bond registrar and paying agent may deem and treat the person in whose name any Refunding Bond shall be registered upon the books of the Drainage District as the absolute owner of such Refunding Bond, whether such Refunding Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Refunding Bond and for all other purposes, and all payments made to any such registered owner, or upon this order, in accordance with the provisions of Section 3 of this Resolution shall be valid and effectual to satisfy and discharge the liability upon such Refunding Bond to the extent of the sum or sums so paid, and neither the Drainage District nor the bond registrar and paying agent shall be affected by any notice to the contrary. The Drainage District agrees to indemnify and save the bond registrar and paying agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

For every exchange or transfer of Refunding Bonds, the Drainage District or the bond registrar and paying agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The bond registrar and paying agent shall not be required to transfer or exchange Refunding Bonds or portions of Refunding Bonds which have been selected for redemption.

9. FORM OF BONDS. The Refunding Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

INTEREST RATE MATURITY DATE DATE OF ORIGINAL ISSUE CUSIP

Registered Owner

Principal Amount

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at _____ the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from _____, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of _____ and _____ in each year, commencing on _____ 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This bond is one of a series of bonds aggregating the principal sum of _____ Dollars (\$_____) issued by the Drainage District under and pursuant to and in full conformity with the Constitution and Statutes of Michigan (especially Act No. 34, Public Acts of 2001, as amended) and a resolution adopted by the Drainage Board for the Bloomfield Township CSO Drain and an order of the Chairperson of the Drainage Board for the Bloomfield Township CSO Drain (collectively, the "Resolution") for the purpose of refunding the Drainage District's outstanding Drain Bonds, Series 2010, dated December 1, 2010 (the "Prior Bonds"), maturing in the years 2025 and 2031. The bonds of this series are issued in anticipation of, the principal of and interest on the bonds are payable from, an equal amount of special assessments assessed against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll

for the Bloomfield Township CSO Drain, which assessments are the general obligations of said public corporations. The full faith and credit of the Drainage District have been pledged for the payment of the principal of and interest on the bonds of this series as the same shall become due and, in addition, the full faith and credit of the County have been pledged therefor. Taxes imposed by the Township and the County for the payment of special assessments and by the County for the payment of the bonds are subject to constitutional, statutory and charter tax rate limitations.

This bond is transferable, as provided in the Resolution, only upon the books of the Drainage District kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his attorney duly authorized in writing. Upon the exchange or transfer of this bond a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

The bond registrar and paying agent shall not be required to transfer or exchange bonds or portions of bonds which have been selected for redemption.

MANDATORY PRIOR REDEMPTION

Bonds maturing in the year ____ are subject to mandatory prior redemption at par and accrued interest as follows:

Redemption Date

Principal Amount of
Bonds to be Redeemed

Bonds or portions of bonds to be redeemed by mandatory redemption shall be selected by lot.

(REPEAT IF MORE THAN ONE TERM BOND)

OPTIONAL PRIOR REDEMPTION

Bonds maturing prior to _____ 1, _____, are not subject to redemption prior to maturity. Bonds maturing on and after _____ 1, _____, are subject to redemption prior to maturity at the option of the Drainage District, in such order as shall be determined by the Drainage District, on any one or more interest payment dates on and after _____ 1, _____. Bonds of a denomination greater than \$5,000 may be partially redeemed in the amount of \$5,000 or any integral multiple thereof. If less than all of the bonds maturing in any year are to be redeemed, the bonds or portions of bonds to be redeemed shall be selected by lot.

The redemption price shall be the par value of the bond or portion of the bond called to be redeemed plus interest to the date fixed for redemption and a premium as follows:

% of the par value if called for redemption on or after
_____ 1, _____, but prior to _____ 1, _____;

% of the par value if called for redemption on or after
_____ 1, _____, but prior to _____ 1, _____;

% of the par value if called for redemption on or after
_____ 1, _____, but prior to _____ 1, _____.

Not less than thirty days' nor more than sixty days' notice of redemption shall be given to the holders of bonds called to be redeemed by mail to the registered holder at the registered address. Bonds or portions of bonds called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds of this series, existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of the Bloomfield Township CSO Drainage District and the County of Oakland, including the series of bonds of which this bond is one, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan, by its Drainage Board, has caused this bond to be executed in its name by facsimile signatures of the Chairperson and at least one other member of its Drainage Board and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon. This bond shall not be valid unless the Certificate of Authentication has been manually executed by an authorized representative of the bond registrar and paying agent.

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

By: _____
Member of the Drainage Board

By: _____
Chairperson of the Drainage Board

(SEAL)

CERTIFICATE OF AUTHENTICATION

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

Bond Registrar and Paying Agent

By: _____
Authorized Representative

AUTHENTICATION DATE:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____
(please print or type name, address and taxpayer identification number of transferee) the within
bond and all rights thereunder and does hereby irrevocably constitute and appoint

attorney to transfer the within bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Signature(s) must be guaranteed by an eligible guarantor institution participating in a
Securities Transfer Association recognized signature guarantee program.

10. SECURITY. The Refunding Bonds shall be issued in anticipation of the collection of an equal amount of special assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain to be adopted by this Drainage Board prior to the sale of the bonds. The full faith and credit of the Drainage District are pledged hereby for the prompt payment of the principal of and interest on the Refunding Bonds as the same shall become due. The full faith and credit of the County will be pledged for the prompt payment of the principal of and interest on the Refunding Bonds if a resolution to that effect is approved by two-thirds of the members of the Board of Commissioners of the County, and the Chairperson of the Drainage Board is hereby authorized to request the Board of Commissioners of the County to adopt such resolution.

11. DEFEASANCE. 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 or irrevocable call for earlier optional redemption, the principal of, premium if any, and interest on the Refunding Bonds or any portion of the Refunding Bonds, shall have been deposited in trust, this Resolution shall be defeased with respect to such Refunding Bonds and the owners of the Refunding 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.

12. PRINCIPAL AND INTEREST FUND. There shall be established for the Refunding Bonds a Principal and Interest Fund which shall be kept in a separate bank account. From the proceeds of the sale of the Refunding Bonds there shall be set aside in the Principal and Interest Fund any accrued interest received from the purchaser of the Refunding Bonds at the time of delivery of the same; provided however, that the Chairperson of the Drainage Board may determine that all or any portion of any premium received from the purchaser of the Refunding Bonds received at the time of such delivery also may be set aside in the Principal and Interest Fund. All collections (including both principal and interest) on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain shall be placed in the Principal and Interest Fund. The Treasurer of the Drainage District shall cause moneys in the Principal and Interest Fund to be transferred to the bond registrar and paying agent for the Prior Bonds and the bond registrar and paying agent for the Refunding Bonds as necessary for the payment of the principal of and interest on the Prior Bonds that are not refunded and the Refunding Bonds.

13. PAYMENT OF ISSUANCE EXPENSES - ESCROW FUND. The remainder of the proceeds of the Refunding Bonds shall be used to pay the issuance expenses of the Refunding Bonds and to pay the principal of, interest and redemption premiums on the Prior Bonds that are refunded. If necessary, after the issuance expenses have been paid or provided for the remaining proceeds shall be used to establish an escrow fund (the "Escrow Fund"), consisting of cash and investments 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 and interest on which are fully secured by the foregoing and used to pay the principal of, interest on and redemption premiums on the Prior Bonds that are refunded. The Escrow Fund, if

required, shall be held by a trustee (the "Escrow Agent") in trust pursuant to an escrow agreement (the "Escrow Agreement") which irrevocably shall direct the Escrow Agent to take all necessary steps to pay the interest on the Prior Bonds that are refunded when due and to call such Prior Bonds for redemption at such time as shall be determined in the Escrow Agreement. The Chairperson of the Drainage Board shall select the Escrow Agent, and enter into the Escrow Agreement with the Escrow Agent on behalf of the Drainage District. The amounts held in the Escrow Fund shall be such that the cash and the investments and the income received thereon will be sufficient without reinvestment to pay the principal of, interest on and redemption premiums on the Prior Bonds that are refunded when due at maturity or call for redemption as required by the Escrow Agreement.

14. APPROVAL OF DEPARTMENT OF TREASURY. The issuance and sale of the Refunding Bonds shall be subject to permission being granted therefor by the Department of Treasury of the State of Michigan under Act 34 and the Chairperson of the Drainage Board hereby is authorized and directed, if necessary, to make application to the Department of Treasury for permission to issue and sell the Refunding Bonds as provided by the terms of this Resolution.

15. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF REFUNDING BONDS. The Chairperson of the Drainage Board is hereby authorized to determine the principal amount of the Refunding Bonds to be sold and to determine the other bond details as described in Section 2 hereof and the terms and conditions for prior redemption as described in Section 5 hereof. The Chairperson of the Drainage Board shall prescribe the form of notice of sale for the Refunding Bonds; sell the Refunding Bonds at a competitive sale at a price not less than 99% nor more than 101% of par, plus accrued interest, in accordance with the provisions of Act 34 and other applicable laws of this state; and do all things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Refunding Bonds in accordance with the provisions of this Resolution. The financial consultant is hereby designated to act for and on behalf of the Drainage District to receive proposals for the purchase of the Refunding Bonds and to take all other steps necessary in connection with the sale and delivery thereof. The Chairperson of the Drainage Board is hereby authorized to determine the low proposer on the Refunding Bonds and to award the Refunding Bonds to such low proposer. The Chairperson of the Drainage Board is hereby authorized to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Refunding Bonds in accordance with the provisions of this Resolution.

16. REPLACEMENT OF REFUNDING BONDS. Upon receipt by the Chairperson of the Drainage Board or the Treasurer of the Drainage District of proof of ownership of an unmatured bond, of satisfactory evidence that the bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the Chairperson or the Treasurer, the Chairperson or Treasurer may authorize the bond registrar and paying agent to deliver a new executed bond to replace the bond lost, apparently destroyed or wrongfully taken in compliance with applicable law. In the event an outstanding matured bond is lost, apparently destroyed or wrongfully taken, the Chairperson or Treasurer may authorize the bond registrar and paying agent to pay the bond without presentation upon the receipt of the same documentation required for the delivery of a replacement bond. The bond registrar and paying agent for each new bond delivered or paid

without presentation as provided above shall require the payment of expenses, including counsel fees, that may be incurred by the bond registrar and paying agent and the Drainage District in the premises. Any Refunding Bond delivered pursuant the provisions of this Section 16 in lieu of any Refunding Bond lost, apparently destroyed or wrongfully taken shall be of the same form and tenor and be secured in the same manner as the Refunding Bond in substitution for which such Refunding Bond was delivered.

17. TAX COVENANT. The Drainage District covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, necessary to assure that the interest on the Refunding Bonds will be and will remain excludable from gross income for federal income tax purposes. The Chairperson of the Drainage Board is authorized to do all things necessary to assure that the interest on the Refunding Bonds will be and will remain excludable from gross income for federal income tax purposes.

18. OFFICIAL STATEMENT. The Drainage District shall cause the preparation of an official statement for the Refunding Bonds for the purpose of enabling compliance with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended (the "Rule") and shall do all other things necessary to enable compliance with the Rule. After the award of the Refunding Bonds, the Drainage District will provide copies of a "final official statement" (as defined in paragraph (c)(3) of the Rule) on a timely basis and in reasonable quantity as requested by the successful bidder or bidders to enable such bidder or bidders to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

19. CONTINUING DISCLOSURE. The Chairperson of the Drainage Board is hereby authorized, if necessary, to execute and deliver in the name and on behalf of the Drainage District (i) a certificate of the Drainage District to comply with the requirements for a continuing disclosure undertaking of the Drainage District pursuant to subsection (b)(5) of the Rule and (ii) amendments to such certificate from time to time in accordance with the terms of such certificate (the certificate and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Certificate"). The Drainage District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The remedies for any failure of the Drainage District to comply with and carry out the provisions of the Continuing Disclosure Certificate shall be as set forth therein.

20. CONFLICTING RESOLUTIONS. All resolutions and parts of resolutions insofar as they may be in conflict herewith are hereby rescinded.

RESOLUTION DIRECTING CHAIRPERSON TO
PREPARE SPECIAL ASSESSMENT ROLL

WHEREAS, this Drainage Board adopted the Special Assessment Roll No. 1 for Bloomfield Township CSO Drain on October 19, 2010, specially assessing the cost of the Bloomfield Township CSO Drain Rehabilitation Project against Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County"); and

WHEREAS, bonds of the Bloomfield Township CSO Drainage District were issued in 2010 (the "Prior Bonds") to finance part of the cost of the Bloomfield Township CSO Drain Rehabilitation Project in anticipation of the collections of special assessments against the Township and the County on the foregoing Special Assessment Roll; and

WHEREAS, this Drainage Board has adopted a resolution authorizing the issuance of bonds designated "Drain Refunding Bonds, Series 2018" in the aggregate principal amount of not to exceed \$2,435,000 (the "Refunding Bonds") in anticipation of the collections of special assessments against the Township and the County on a 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain for the purpose of refunding all or part of the Prior Bonds, and is therefore desirous of adopting a 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain, assessing the sum of \$2,435,000 against the Township and the County; and

THEREFORE, BE IT RESOLVED BY THE DRAINAGE BOARD FOR THE BLOOMFIELD TOWNSHIP CSO DRAIN, as follows:

1. The Chairperson is directed to prepare a 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain assessing the sum of \$2,435,000 against the Township and the County to defray the cost of the Refunding Bonds. The aggregate amount assessed shall be adjusted at the time the Refunding Bonds are sold in accordance with a Supplemental Order to be issued by the Chairperson of the Drainage Board; provided, however, that the aggregate amount assessed shall not exceed \$2,435,000 without the prior approval of the Drainage Board.

2. The amounts assessed against the Township and the County shall be divided into annual installments by the Chairperson of the Drainage Board in the Supplemental Order and the aggregate annual installments shall equal the annual principal maturities of the Refunding Bonds issued by the Drainage District.

3. The special assessment roll shall be prepared in accordance with the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended, and when the special assessment roll shall have been prepared it shall be presented to the Drainage Board for approval.

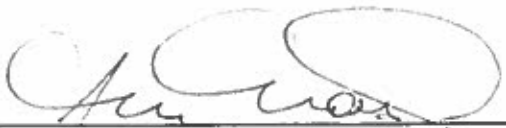
2018 REFUNDING BONDS SPECIAL ASSESSMENT ROLL
FOR
THE BLOOMFIELD TOWNSHIP CSO DRAIN
(An Intra-County Drain in Oakland County, Michigan)

AMOUNT TO BE ASSESSED: \$2,435,000

| <u>PUBLIC CORPORATION</u> | <u>PERCENTAGE</u> | <u>AMOUNT ASSESSED</u> |
|--------------------------------|-------------------|------------------------|
| Charter Township of Bloomfield | 76.718% | \$1,868,083.30 |
| County of Oakland | 23.282 | 566,916.70 |


THE NUMBER AND AMOUNTS OF THE INSTALLMENTS, THE DUE DATES OF THE INSTALLMENTS AND THE INTEREST ON THE UNPAID INSTALLMENTS SHALL BE SET FORTH IN THE SUPPLEMENTAL REFUNDING BONDS SPECIAL ASSESSMENT ROLL FOR THE BLOOMFIELD TOWNSHIP CSO DRAIN AS DETERMINED BY THE CHAIRPERSON OF THE DRAINAGE BOARD AT THE TIME BONDS ARE SOLD; PROVIDED, HOWEVER THAT THE INTEREST ON UNPAID INSTALLMENTS SHALL BE AT A RATE THAT WILL PROVIDE AMOUNTS SUFFICIENT TO PAY THE INTEREST WHEN DUE ON THE DRAIN REFUNDING BONDS, SERIES 2018.

The foregoing roll was approved by the
Drainage Board for the Bloomfield
Township CSO Drain on January 23, 2018

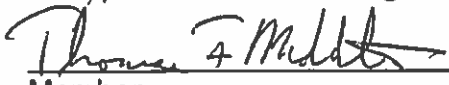


Chairperson of the Drainage Board

We hereby certify that the foregoing
special assessment roll was prepared in
accordance with the direction of the
Drainage Board for the Bloomfield
Township CSO Drain and the statutory
provisions applicable thereto



Chairperson of the Drainage Board



Member

Member

RESOLUTION APPROVING SPECIAL ASSESSMENT ROLL


BE IT RESOLVED:

1. The 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain, upon which special assessment roll is spread assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") aggregating the principal sum of \$2,435,000, is approved and ordered filed with the Chairperson.
2. The Chairperson shall execute the statement affixed to the roll setting forth the date of such approval.
3. The annual installments of the assessments against the Township and the County, as set forth in the Supplemental Order of the Chairperson, shall become due each year on the date indicated in the Supplemental Order, and the amounts of the assessments from time to time unpaid shall bear interest, from the date set forth in the Supplemental Order until paid, which is sufficient to pay the interest on the Drain Refunding Bonds, Series 2018 (the "Refunding Bonds") to be issued by the Drainage District, which interest shall be paid as set forth in the Supplemental Order.
4. The Township and the County may pay in advance of maturity all or any part of an annual installment by surrendering to the Drainage District Refunding Bonds issued in anticipation of the special assessments of a like principal amount maturing in the same calendar year as the installment. All Refunding Bonds so surrendered shall be cancelled.
5. The Chairperson of the Drainage Board, within 10 days of the date hereof, shall certify to the Township and the County the amount of the total assessment against it, and within 10 days of the date of the Supplemental Order shall certify to the Township and the County the amount of the adjusted assessment, the amounts of the various installments, the due date of each installment and the interest upon the assessment from time to time unpaid. Also, each year as provided by law, the Chairperson shall notify the Township and the County of the amount of the installment and interest next becoming due.

STATE OF MICHIGAN)
)SS.
COUNTY OF OAKLAND)

I, the undersigned, do hereby certify that the foregoing is a true and complete copy of the minutes of the Bloomfield Township CSO Drain, Oakland County, Michigan, held on the 23rd day of January, 2018, and that the minutes are on file in the office of the Oakland County Water Resources Commissioner and are available to the public.

I further certify that the notice of the meeting was posted at least 18 hours in advance of the meeting at the office of the Oakland County Water Resources Commissioner which is the principal office of the Bloomfield Township CSO Drain Drainage District.



Jim Nash, Chairperson

Dated: February 5th, 2018

MISCELLANEOUS RESOLUTION #18014

February 1, 2018

BY: Commissioner Thomas Middleton, Chairperson, Finance Committee

IN RE: TREASURER/WATER RESOURCES COMMISSIONER – BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT DRAIN REFUNDING BONDS - FULL FAITH AND CREDIT RESOLUTION

To the Oakland County Board of Commissioners

Chairperson, Ladies and Gentlemen

WHEREAS the Bloomfield Township CSO Drainage District issued its Drain Bonds, Series 2010, dated December 1, 2010 (the "Series 2010 Bonds") on December 16, 2010, in the principal amount of \$3,000,000, to defray part of the cost of acquiring and constructing the Bloomfield Township CSO Drain Rehabilitation Project, and this Board of Commissioners, by Miscellaneous Resolution No. 10301 adopted on November 18, 2010, pledged the full faith and credit of the County of Oakland (the "County") for the prompt payment of the principal of and interest on the Series 2010 Bonds; and

WHEREAS the Drainage Board for the Bloomfield Township CSO Drain (the "Drainage Board"), intends to issue and sell its bonds, in the aggregate principal amount of not to exceed \$2,435,000 (the "Refunding Bonds") to refund all or a portion of the Series 2010 Bonds maturing in the years 2025 and 2031; and

WHEREAS the Refunding Bonds will be dated as of such date, will bear interest at such rates not to exceed 6% per annum, will be in the aggregate principal amount, will mature on such dates, not later than April 1, 2031, and in such principal amounts, and will be subject to redemption prior to maturity, as shall be determined by order of the Chairperson of the Drainage Board; and

WHEREAS the Drainage Board deems it advisable and necessary to obtain from this Board a resolution pledging the full faith and credit of the County for the payment of the principal of and interest on the Refunding Bonds; and

WHEREAS it is in the best interest of the County that the Refunding Bonds be sold in order to achieve debt service savings for the Charter Township of Bloomfield (the "Township"), and the County.

NOW THEREFORE BE IT RESOLVED.

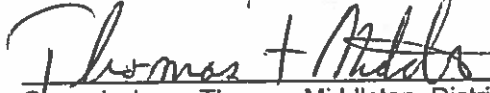
1. Pursuant to the authorization provided in Section 474 of the Drain Code of 1956, as amended, the Board of Commissioners of the County hereby pledges irrevocably the full faith and credit of the County for the prompt payment of the principal of and interest on the Refunding Bonds and agrees that, in the event the Township or the County shall fail or neglect to account to the County Treasurer for the amount of any special assessment installment and interest when due, the amount thereof shall be advanced immediately from County funds, and the County Treasurer is directed to make such advancement to the extent necessary.
2. In the event that, pursuant to the pledge of full faith and credit, the County advances out of County funds all or any part of an installment and interest, it shall be the duty of the County Treasurer, for and on behalf of the County, to take all actions and proceedings and pursue all remedies permitted or authorized by law for the reimbursement of such sums so paid.
3. The County Treasurer or the financial consultant, Municipal Financial Consultants Incorporated, is authorized, if necessary to make application to the Department of Treasury for permission to issue and sell the Bonds.
4. The County Treasurer is authorized to approve the circulation of a preliminary and final official statement for the Refunding Bonds, to cause the preparation of those portions of the preliminary and final official statement that pertain to the County, and to do all other things necessary for compliance with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended (the "Rule"). The County Treasurer is authorized to execute and deliver such certificates and to do all other things that are necessary to effectuate the sale and delivery of the Refunding Bonds.
5. The County Treasurer is hereby authorized to execute and deliver in the name and on behalf of the County (i) a certificate of the County to comply with the requirements for a continuing disclosure undertaking of the County pursuant to subsection (b)(5) of the Rule and (ii) amendments to such certificate from time to time in accordance with the terms of such certificate (the certificate and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Certificate"). The County hereby covenants and agrees that it will comply with and

FINANCE COMMITTEE VOTE:

Motion carried unanimously on a roll call vote with Long absent.

carry out all of the provisions of the Continuing Disclosure Certificate. The remedies for any failure of the County to comply with and carry out the provisions of the Continuing Disclosure Certificate shall be as set forth therein.

Chairperson, on behalf of the Finance Committee, I move adoption of the foregoing resolution.



Commissioner Thomas Middleton, District #4
Chairperson, Finance Committee

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT



Bloomfield Township CSO Drain Refunding Bonds, Series 2018
\$2,315,000.00



is pleased to present this refunding analysis to:

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT Bloomfield Township CSO Drain Refunding Bonds, Series 2018

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BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Bloomfield Township CSO Drain Refunding Bonds, Series 2018
\$2,315,000.00

Sources & Uses of Funds

Dated: 02/01/2018 | *Delivered:* 02/28/2018

Sources

| | |
|---------------------------|-----------------------|
| Par amount of bonds. | \$2,315,000.00 |
| Accrued interest. | \$3,655.31 |
| <i>Totals:</i> | \$2,318,655.31 |

Uses

| | |
|---------------------------------------|-----------------------|
| Amount of bonds called. | \$2,235,000.00 |
| Accrued interest. | \$3,655.31 |
| Underwriter discount (\$7,000). | \$16,205.00 |
| Other issuance costs. | \$60,000.00 |
| Contingency fund. | \$3,795.00 |
| <i>Totals:</i> | \$2,318,655.31 |

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Bloomfield Township CSO Drain Refunding Bonds, Series 2018
\$2,315,000.00

Refunding Summary

Dated: 02/01/2018 | Delivered: 02/28/2018

| | |
|--|----------------|
| Dated date | 02/01/2018 |
| Delivery date | 02/28/2018 |
| 1st coupon date | 10/01/2018 |
| First principal payment | 04/01/2019 |
| Last maturity date | 04/01/2031 |
| Net Interest Cost (NIC) | 2.3562789% |
| True Interest Cost (TIC) | 2.3603497% |
| All-Inclusive TIC: | 2.7480946% |
| Arbitrage Net Interest Cost (ANIC) | 2.2670724% |
| Arbitrage Yield Limit (AYL) | 2.2579999% |
| Total Bond Years (delivery date) | 17,677,208.333 |
| Average Bond Years (delivery date) | 7.6359431 |
| Total Bond Years (dated date) | 17,850,833.333 |
| Average Bond Years (dated date) | 7.7109431 |
| Average maturity (8038) | 7.6359431 |
| Par amount of bonds | \$2,315,000.00 |
| Original Issue Premium/Discount | \$0.00 |
| Bond proceeds | \$2,318,655.31 |
| Total interest | \$404,410.42 |
| Total debt service | \$2,719,410.42 |
| Underwriter spread: 7.000/\$1,000 | -\$16,205.00 |
| Gross savings | \$152,875.05 |
| Present Value Savings: | \$131,708.45 |
| Discounted savings as a percentage of refunded bonds: | 5.8929060% |
| Discounted savings as a percentage of refunding bonds: | 5.6882634% |

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Bloomfield Township CSO Drain Refunding Bonds, Series 2018
\$2,315,000.00

Yearly Savings Summary

Dated: 02/01/2018 | Delivered: 02/28/2018

| <i>Fiscal Year</i> | <i>Calendar Date</i> | <i>Prior Debt Service</i> | <i>Refunding Debt Service</i> | <i>Refunding Savings</i> | <i>Discounted Savings @ 2.258000%</i> |
|---|--------------------------|-------------------------------|--|------------------------------|---|
| 2018 | 10/01/2018 | 78,821.30 | 32,491.87 | 11,074.30 | 10,900.21 |
| 2019 | 10/01/2019 | 202,738.18 | 192,650.00 | 10,088.18 | 9,888.65 |
| 2020 | 10/01/2020 | 203,488.60 | 190,475.00 | 13,013.60 | 12,274.62 |
| 2021 | 10/01/2021 | 204,072.38 | 193,075.00 | 10,997.38 | 10,130.61 |
| 2022 | 10/01/2022 | 209,406.18 | 200,362.50 | 9,043.67 | 8,133.60 |
| 2023 | 10/01/2023 | 209,490.00 | 197,362.50 | 12,127.50 | 10,712.98 |
| 2024 | 10/01/2024 | 214,323.85 | 204,062.50 | 10,261.35 | 8,858.74 |
| 2025 | 10/01/2025 | 213,907.73 | 200,662.50 | 13,245.23 | 11,215.04 |
| 2026 | 10/01/2026 | 217,861.00 | 208,937.50 | 10,923.50 | 9,041.63 |
| 2027 | 10/01/2027 | 221,078.60 | 207,831.25 | 13,247.35 | 10,748.65 |
| 2028 | 10/01/2028 | 228,825.20 | 218,500.00 | 10,325.20 | 8,193.54 |
| 2029 | 10/01/2029 | 231,100.80 | 218,687.50 | 12,413.30 | 9,651.72 |
| 2030 | 10/01/2030 | 232,999.60 | 223,437.50 | 9,562.10 | 7,276.27 |
| 2031 | 04/01/2031 | 239,427.40 | 232,875.00 | 6,552.40 | 4,884.19 |
| Total Savings | | 2,908,540.80 | 2,719,410.42 | 162,875.05 | 131,706.46 |
| <i>Discounted Savings as a Percentage of Refunded Bonds. . . .</i> | | 5.7294 % | <i>Escrow Yield.</i> | | 2.2585688 |
| <i>Discounted Savings as a Percentage of Refunding Bonds. . . .</i> | | 5.5314 % | <i>Arbitrage Yield Limit (AYL)</i> | | 2.2579999 |

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT



Bloomfield Township CSO Drain Refunding Bonds, Series 2018
\$2,315,000.00

Refunding Savings Report

Dated: 02/01/2018 | Delivered: 02/28/2018

| Calendar Date | Principal Payment | Coupon Rate | Interest Payment | Total Debt Service | Fiscal Total Debt Service | Prior Debt Service | Savings | Cumulative Savings |
|----------------------------|-------------------|-------------|------------------|--------------------|---------------------------|--------------------|------------|--------------------|
| 10/01/2018 | | | 32,491.67 | 32,491.67 | 32,491.67 | 79,821.30 | 47,329.63 | 47,329.63 |
| 04/01/2019 | 145,000.00 | 1.500 | 24,368.75 | 169,368.75 | | | | |
| 10/01/2019 | | | 23,281.25 | 23,281.25 | 192,650.00 | 202,738.18 | 10,088.18 | 57,417.81 |
| 04/01/2020 | 145,000.00 | 1.500 | 23,281.25 | 168,281.25 | | | | |
| 10/01/2020 | | | 22,193.75 | 22,193.75 | 190,475.00 | 203,486.60 | 13,013.60 | 70,431.41 |
| 04/01/2021 | 150,000.00 | 1.750 | 22,193.75 | 172,193.75 | | | | |
| 10/01/2021 | | | 20,881.25 | 20,881.25 | 193,075.00 | 204,072.38 | 10,997.38 | 81,428.78 |
| 04/01/2022 | 160,000.00 | 1.750 | 20,881.25 | 180,881.25 | | | | |
| 10/01/2022 | | | 19,481.25 | 19,481.25 | 200,362.50 | 209,406.18 | 9,043.67 | 90,472.46 |
| 04/01/2023 | 160,000.00 | 2.000 | 19,481.25 | 179,481.25 | | | | |
| 10/01/2023 | | | 17,881.25 | 17,881.25 | 197,362.50 | 209,490.00 | 12,127.50 | 102,599.96 |
| 04/01/2024 | 170,000.00 | 2.000 | 17,881.25 | 187,881.25 | | | | |
| 10/01/2024 | | | 16,181.25 | 16,181.25 | 204,062.50 | 214,323.85 | 10,261.35 | 112,861.31 |
| 04/01/2025 | 170,000.00 | 2.000 | 16,181.25 | 186,181.25 | | | | |
| 10/01/2025 | | | 14,481.25 | 14,481.25 | 200,662.50 | 213,907.73 | 13,245.23 | 126,106.53 |
| 04/01/2026 | 180,000.00 | 2.250 | 14,481.25 | 194,481.25 | | | | |
| 10/01/2026 | | | 12,456.25 | 12,456.25 | 206,937.50 | 217,861.00 | 10,923.50 | 137,030.03 |
| 04/01/2027 | 185,000.00 | 2.250 | 12,456.25 | 197,456.25 | | | | |
| 10/01/2027 | | | 10,375.00 | 10,375.00 | 207,831.25 | 221,078.60 | 13,247.35 | 150,277.38 |
| 04/01/2028 | 200,000.00 | 2.250 | 10,375.00 | 210,375.00 | | | | |
| 10/01/2028 | | | 8,125.00 | 8,125.00 | 218,500.00 | 228,825.20 | 10,325.20 | 160,602.58 |
| 04/01/2029 | 205,000.00 | 2.500 | 8,125.00 | 213,125.00 | | | | |
| 10/01/2029 | | | 5,562.50 | 5,562.50 | 218,687.50 | 231,100.80 | 12,413.30 | 173,015.88 |
| 04/01/2030 | 215,000.00 | 2.500 | 5,562.50 | 220,562.50 | | | | |
| 10/01/2030 | | | 2,875.00 | 2,875.00 | 223,437.50 | 232,999.60 | 9,562.10 | 182,577.98 |
| 04/01/2031 | 230,000.00 | 2.500 | 2,875.00 | 232,875.00 | 232,875.00 | 239,427.40 | 6,552.40 | 189,130.38 |
| 2,315,000.00 | | | 404,410.42 | 2,719,410.42 | | 2,908,540.80 | 189,130.38 | |
| + Accrued Interest | | | | -3,655.31 | | | 3,655.31 | |
| Issuer Interest Due 4/1/18 | | | | | | | -39,910.64 | |
| 2,315,000.00 | | | 404,410.42 | 2,715,755.11 | | 2,908,540.80 | 162,875.05 | |

| | | | | |
|---|-------------|--------|------------|---------------------------|
| Present Value Savings discounted at | 2.2579999 % | Equals | 131,706.45 | (Net of Accrued Interest) |
| Discounted Savings as a Percentage of Refunded Bonds | | | 5.8929 % | |
| Discounted Savings as a Percentage of Refunding Bonds | | | 5.6893 % | |
| Escrow Yield | | | 2.2585688 | |
| Arbitrage Yield Limit (AYL) | | | 2.2579999 | |

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT



Bloomfield Township CSO Drain Refunding Bonds, Series 2018
\$2,315,000.00

Comparative Yield Report

Dated: 02/01/2018 | Delivered: 02/28/2018

| | | | | | | ***** Discounted Debt Service ***** | | |
|---|-------------|-----------------------|-------------|---------------------|-----------------------|-------------------------------------|----------------------------|-----------------------|
| Period | Coupon Date | Principal Payment | Coupon Rate | Interest Payment | Debt Service | By TIC 2.3603497 | By All-In TIC 2.7480946 | By AYL 2.2579999 |
| 2 | 10/1/2018 | | | 32,491.67 | 32,491.67 | 32,043.69 | 31,971.18 | 32,062.88 |
| 3 | 4/1/2019 | 145,000.00 | 1.500 | 24,368.75 | 169,368.75 | 165,085.25 | 164,396.71 | 165,267.70 |
| 4 | 10/1/2019 | | | 23,281.25 | 23,281.25 | 22,427.76 | 22,291.50 | 22,463.91 |
| 5 | 4/1/2020 | 145,000.00 | 1.500 | 23,281.25 | 168,281.25 | 160,221.16 | 158,943.22 | 160,560.61 |
| 6 | 10/1/2020 | | | 22,193.75 | 22,193.75 | 20,884.27 | 20,678.08 | 20,939.11 |
| 7 | 4/1/2021 | 150,000.00 | 1.750 | 22,193.75 | 172,193.75 | 160,144.00 | 158,259.61 | 160,645.75 |
| 8 | 10/1/2021 | | | 20,881.25 | 20,881.25 | 19,193.51 | 18,931.39 | 19,263.39 |
| 9 | 4/1/2022 | 160,000.00 | 1.750 | 20,881.25 | 180,881.25 | 164,322.10 | 161,768.03 | 165,003.81 |
| 10 | 10/1/2022 | | | 19,481.25 | 19,481.25 | 17,491.37 | 17,186.57 | 17,572.82 |
| 11 | 4/1/2023 | 160,000.00 | 2.000 | 19,481.25 | 179,481.25 | 159,268.79 | 156,194.11 | 160,091.43 |
| 12 | 10/1/2023 | | | 17,881.25 | 17,881.25 | 15,682.45 | 15,350.29 | 15,771.43 |
| 13 | 4/1/2024 | 170,000.00 | 2.000 | 17,881.25 | 187,881.25 | 162,856.15 | 159,101.93 | 163,863.04 |
| 14 | 10/1/2024 | | | 16,181.25 | 16,181.25 | 13,862.37 | 13,516.91 | 13,955.13 |
| 15 | 4/1/2025 | 170,000.00 | 2.000 | 16,181.25 | 186,181.25 | 157,639.78 | 153,417.31 | 158,774.99 |
| 16 | 10/1/2025 | | | 14,481.25 | 14,481.25 | 12,118.27 | 11,771.12 | 12,211.71 |
| 17 | 4/1/2026 | 180,000.00 | 2.250 | 14,481.25 | 194,481.25 | 160,848.41 | 155,941.82 | 162,170.72 |
| 18 | 10/1/2026 | | | 12,456.25 | 12,456.25 | 10,181.95 | 9,852.48 | 10,270.85 |
| 19 | 4/1/2027 | 185,000.00 | 2.250 | 12,456.25 | 197,456.25 | 159,521.44 | 154,064.35 | 160,995.66 |
| 20 | 10/1/2027 | | | 10,375.00 | 10,375.00 | 8,284.01 | 7,985.33 | 8,364.80 |
| 21 | 4/1/2028 | 200,000.00 | 2.250 | 10,375.00 | 210,375.00 | 166,016.58 | 159,724.61 | 167,720.44 |
| 22 | 10/1/2028 | | | 8,125.00 | 8,125.00 | 6,337.02 | 6,085.19 | 6,405.30 |
| 23 | 4/1/2029 | 205,000.00 | 2.500 | 8,125.00 | 213,125.00 | 164,286.12 | 157,455.75 | 166,140.24 |
| 24 | 10/1/2029 | | | 5,562.50 | 5,562.50 | 4,237.81 | 4,053.85 | 4,287.80 |
| 25 | 4/1/2030 | 215,000.00 | 2.500 | 5,562.50 | 220,562.50 | 166,076.16 | 158,563.14 | 168,120.51 |
| 26 | 10/1/2030 | | | 2,875.00 | 2,875.00 | 2,139.53 | 2,038.83 | 2,166.96 |
| 27 | 4/1/2031 | 230,000.00 | 2.500 | 2,875.00 | 232,875.00 | 171,280.39 | 162,907.04 | 173,564.32 |
| | | \$2,315,000.00 | | \$404,410.42 | \$2,719,410.42 | \$2,302,450.34 | \$2,242,450.34 | \$2,318,655.31 |
| | | | | | | <i>TIC Target</i> | <i>All-In Target</i> | <i>AYL Target</i> |
| <i>Face value of bond issue</i> | | | | | | \$2,315,000.00 | \$2,315,000.00 | \$2,315,000.00 |
| <i>Accrued interest (+)</i> | | | | | | \$3,655.31 | \$3,655.31 | \$3,655.31 |
| <i>Original issue premium/discount ..</i> | | | | | | \$0.00 | \$0.00 | \$0.00 |
| <i>Underwriter discount (+)</i> | | | | | | (\$16,205.00) | (\$16,205.00) | N/A |
| <i>Lump-sum credit enhancements (-) ..</i> | | | | | | 0.00 | \$0.00 | \$0.00 |
| <i>Other TIC Costs (-)</i> | | | | | | N/A | \$60,000.00 | N/A |
| <i>Transferred Proceeds Penalty (+) ...</i> | | | | | | N/A | N/A | \$0.00 |
| <i>Bond Surety Fee (-)</i> | | | | | | N/A | N/A | 0.00 |
| <i>= Target Value</i> | | | | | | 2,302,450.31 | 2,242,450.31 | 2,318,655.31 |

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Bloomfield Township CSO Drain Refunding Bonds, Series 2018
\$2,315,000.00

Summary of Refunded Bonds

Dated: 02/01/2018 | Delivered: 02/28/2018

| Type | Maturity # | Principal | Coupon Rate | Maturity Date | Call Price | Called? | Call Date | Amount Called |
|--------------------------|------------|---------------------|-------------|---------------|------------|---------|------------|---------------------|
| OAKLAND DR-2010-C | | | | | | | | |
| Serial Bonds | 1 | 100,000.00 | 0.957 | 4/1/2012 | 100.000 | N | | |
| | 2 | 105,000.00 | 1.159 | 4/1/2013 | 100.000 | N | | |
| | 3 | 105,000.00 | 1.420 | 4/1/2014 | 100.000 | N | | |
| | 4 | 110,000.00 | 1.652 | 4/1/2015 | 100.000 | N | | |
| | 5 | 110,000.00 | 2.000 | 4/1/2016 | 100.000 | N | | |
| | 6 | 115,000.00 | 2.203 | 4/1/2017 | 100.000 | N | | |
| | 7 | 120,000.00 | 2.580 | 4/1/2018 | 100.000 | N | | |
| | 8 | 125,000.00 | 3.333 | 4/1/2019 | 100.000 | Y | 04/01/2018 | 125,000.00 |
| | 9 | 130,000.00 | 3.333 | 4/1/2020 | 100.000 | Y | 04/01/2018 | 130,000.00 |
| | 10 | 135,000.00 | 3.333 | 4/1/2021 | 100.000 | Y | 04/01/2018 | 135,000.00 |
| | 11 | 145,000.00 | 3.333 | 4/1/2022 | 100.000 | Y | 04/01/2018 | 145,000.00 |
| | 12 | 150,000.00 | 3.333 | 4/1/2023 | 100.000 | Y | 04/01/2018 | 150,000.00 |
| | 13 | 160,000.00 | 3.333 | 4/1/2024 | 100.000 | Y | 04/01/2018 | 160,000.00 |
| | 14 | 165,000.00 | 3.333 | 4/1/2025 | 100.000 | Y | 04/01/2018 | 165,000.00 |
| | 15 | 175,000.00 | 3.768 | 4/1/2026 | 100.000 | Y | 04/01/2018 | 175,000.00 |
| | 16 | 185,000.00 | 3.768 | 4/1/2027 | 100.000 | Y | 04/01/2018 | 185,000.00 |
| | 17 | 200,000.00 | 3.768 | 4/1/2028 | 100.000 | Y | 04/01/2018 | 200,000.00 |
| | 18 | 210,000.00 | 3.768 | 4/1/2029 | 100.000 | Y | 04/01/2018 | 210,000.00 |
| | 19 | 220,000.00 | 3.768 | 4/1/2030 | 100.000 | Y | 04/01/2018 | 220,000.00 |
| | 20 | 235,000.00 | 3.768 | 4/1/2031 | 100.000 | Y | 04/01/2018 | 235,000.00 |
| Bond Totals: | | 3,000,000.00 | | | | | | 2,235,000.00 |
| Grand Totals: | | 3,000,000.00 | | | | | | 2,235,000.00 |

MEMORANDUM

TO: Jim Nash
Oakland County Water Resources Commissioner

FROM: Steven A. Burke, CFA
Municipal Financial Consultants Incorporated

DATE: December 21, 2017

RE: Bloomfield Township CSO Drainage District, Bloomfield Township CSO Drain
Bonds, Series 2010
&
County of Oakland, State of Michigan Evergreen-Farmington Sewage Disposal
System Bonds, Series 2010

Due to the continuation of low interest rates, we have reviewed the County's outstanding debt and have found that it will be possible to issue refunding bonds to refund both of the captioned bonds maturing in the years 2019 through 2031 on April 1, 2018. This will result in an estimated net savings of at least \$400,000 and at least 7.5% of the par value of the bonds to be refunded. This is well within the County's policy for refundings.

As you know these bonds are apart of the Recovery Zone Economic Development Program. This program was designed to give the County a rebate of 45% of the interest paid on these bonds. Due to the ongoing sequester, this rate was set at 42.03% for fiscal year 2018. By refunding these bonds the County will no longer have the payment uncertainty that has surrounded this program.

Attached hereto please find a copy of our refunding analysis showing the details of the savings.

Please let me know if the County would like to issue these refunding bonds and we can put together a timetable for the refunding.

If you have any questions, please feel free to call me.

Enclosures

cc: Anne Vaara, Chief Deputy Water Resources Commissioner
Steven Korth, P.E., Manager
Sid Lockhart, P.E., Chief Engineer

OaklandDrain-RefundingMemo-EvergFarm,Bloomfield.docx

Resolution #18014

February 1, 2018

Moved by Fleming supported by Zack the resolutions (with fiscal notes attached) on the amended Consent Agenda be adopted (with accompanying reports being accepted).

AYES: Crawford, Fleming, Gershenson, Gingell, Hoffman, Kochenderfer, Long, McGillivray, Middleton, Quarles, Spisz, Taub, Tietz, Weipert, Woodward, Zack, Berman, Bowman. (18)

NAYS: None. (0)

A sufficient majority having voted in favor, the resolutions (with fiscal notes attached) on the amended Consent Agenda were adopted (with accompanying reports being accepted).

**I HEREBY APPROVE THIS RESOLUTION
CHIEF DEPUTY COUNTY EXECUTIVE
ACTING PURSUANT TO MCL 45.559A (7)**

 2/2/18

STATE OF MICHIGAN)
COUNTY OF OAKLAND)

I, Lisa Brown, Clerk of the County of Oakland, do hereby certify that the foregoing resolution is a true and accurate copy of a resolution adopted by the Oakland County Board of Commissioners on February 1, 2018, with the original record thereof now remaining in my office.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of the County of Oakland at Pontiac, Michigan this 1st day of February, 2018.


Lisa Brown, Oakland County



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

January 11, 2018

Approval

Municipality Code: 637107
Fiscal Year Ended: 9/2016
Report ID Number: 76344

Dear Chief Administrative Officer:

Thank you for submitting a Qualifying Statement for Bloomfield Township CSO Drainage District to the Michigan Department of Treasury on January 10, 2018. Based upon the information provided in the Qualifying Statement, we have determined that the municipality is in material compliance with the criteria identified in Section 303(3) of Public Act 34 of 2001.

The municipality is now authorized to issue municipal securities under this Act without further approval from the Department. This authorization will remain in effect for six months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 business days of completing the issuance of any municipal security the municipality shall file with the Department a Security Report and all documents required in Section 319 of Public Act 34 of 2001. The Treasury Website (Security Report) can be found on our website, Michigan.gov/Treasury, by clicking on Local Government Services, Municipal Finance, Municipal Finance Forms, and 3892. The Security Report and accompanying documents may be emailed to Treas_MunicipalFinance@Michigan.gov or mailed to the address below. If emailing, the subject line must read the same as the file name of the attached documents.

If you have any questions, contact the Division at 517-373-3227.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward B. Koryzno, Jr.", with a stylized flourish at the end.

Edward B. Koryzno, Jr., Director
Bureau of Local Government and School Services



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

September 21, 2017

Approval

Municipality Code: 631030

Fiscal Year Ended: 3/2017

Report ID Number: 58593

Dear Chief Administrative Officer:

Thank you for submitting a Qualifying Statement for Bloomfield Charter Township to the Michigan Department of Treasury on September 20, 2017. Based upon the information provided in the Qualifying Statement, we have determined that the municipality is in material compliance with the criteria identified in Section 303(3) of Public Act 34 of 2001.

The municipality is now authorized to issue municipal securities under this Act without further approval from the Department. This authorization will remain in effect for six months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 business days of completing the issuance of any municipal security the municipality shall file with the Department a Security Report and all documents required in Section 319 of Public Act 34 of 2001. The Treasury Website (Security Report) can be found on our website, Michigan.gov/Treasury, by clicking on Local Government Services, Municipal Finance, Municipal Finance Forms, and 3892. The Security Report and accompanying documents may be emailed to Treas_MunicipalFinance@Michigan.gov or mailed to the address below. If emailing, the subject line must read the same as the file name of the attached documents.

If you have any questions, contact the Division at 517-373-3227.

Sincerely,

A handwritten signature in cursive script that reads "Shelbi Frayer".

Shelbi Frayer, Administrator
Local Fiscal Accountability Division



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

March 30, 2017

APPROVAL

Municipality Code: 630000

Fiscal Year Ended: 9/2016

Dear Chief Administrative Officer:

Thank you for submitting a Qualifying Statement for Oakland County to the Michigan Department of Treasury on March 29, 2017. Based upon the information provided in the Qualifying Statement, we have determined that Oakland County is in material compliance with the criteria identified in Section 303(3) of Public Act 34 of 2001.

Oakland County is now authorized to issue municipal securities under this Act without further approval from the Department. This authorization will remain in effect for six months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 business days of completing the issuance of any municipal security the municipality shall file with the Department a Security Report and all documents required in Section 319 of Public Act 34 of 2001. The Security Report can be found on our website, Michigan.gov/Treasury, by clicking on Local Government Services, Municipal Finance, Municipal Finance Forms, and 3892. The Security Report and accompanying documents may be emailed to Treas_MunicipalFinance@Michigan.gov or mailed to the address below. If emailing, the subject line must read the same as the file name of the attached documents.

If you have any questions, contact the Division at 517-373-3227.

Sincerely,

A handwritten signature in cursive script, reading "Suzanne Schafer".

Suzanne Schafer, Administrator
Local Fiscal Accountability Division

This Nearly Final Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Nearly Final Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Nearly Final Official Statement has been deemed "final" by the County for the purposes of SEC Rule 15c2-12(b)(1), except for the omission of certain information by SEC Rule 15c2-12(b)(1).

NEARLY FINAL OFFICIAL STATEMENT DATED FEBRUARY 5, 2018

NEW ISSUE

Ratings: Standard & Poor's: AAA
Moody's: Aaa

In the opinion of Dickinson Wright PLLC, Bond Counsel, subject to compliance with certain covenants, under existing law, (1) the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes except as described under "TAX MATTERS" herein, and interest on the Refunding Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax; however, interest paid to certain corporate holders of the Refunding Bonds may be subject to the alternative minimum tax under certain circumstances described under "TAX MATTERS" herein, and (2) the Refunding Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

\$2,315,000*

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Oakland County, Michigan

DRAIN REFUNDING BONDS, SERIES 2018

DATED: FEBRUARY 1, 2018
NOT QUALIFIED TAX -
EXEMPT OBLIGATIONS

GENERAL OBLIGATION LIMITED TAX BONDS
MAXIMUM DISCOUNT: 1.00%
MAXIMUM PREMIUM: 1.00%
MAXIMUM INTEREST: 6.00%

REGISTRATION: Book entry only system

INTEREST: Paid from February 1, 2018 - 1st Paid October 1, 2018 - Semi-Annually Thereafter

BOND REGISTRAR and PAYING AGENT: Huntington National Bank, Grand Rapids, Michigan

DENOMINATIONS: \$5,000 or a Multiple of \$5,000, Numbered From 1 Upwards

AUTHORITY: Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended, and Act No. 34, Public Acts of Michigan, 2001, as amended

REDEMPTION PROVISIONS: Maturities on April 1, 2025 or Prior - Non-Callable

Maturities on April 1, 2026 or After - Callable as Follows:

Bonds Called for Redemption on or After April 1, 2025 shall be redeemed at Par.

PURPOSE AND SECURITY: See "Security for the Refunding Bonds" and "Description of the Refunding Bonds" herein

BOOK ENTRY CUSTODIAL DEPOSITORY: The Depository Trust Company, New York, N.Y.

* SUBJECT TO ADJUSTMENT: See "Adjustment in Principal Amount" herein

THE ABILITY OF THE CHARTER TOWNSHIP OF BLOOMFIELD AND THE COUNTY OF OAKLAND TO RAISE FUNDS TO PAY THEIR RESPECTIVE OBLIGATIONS TO THE DRAINAGE DISTRICT AND OF THE COUNTY TO FULFILL ITS FULL FAITH AND CREDIT PLEDGE IS SUBJECT TO CONSTITUTIONAL, STATUTORY AND CHARTER LIMITATIONS ON THE TAXING POWERS OF THE TOWNSHIP AND THE COUNTY.

PROPOSAL DUE DATE: FEBRUARY 14, 2018
2:30 P.M., EASTERN STANDARD TIME

MATURITY SCHEDULE

| Due Apr. 1 | Amount | Rate | Yield | Due Apr. 1 | Amount | Rate | Yield | Due Apr. 1 | Amount | Rate | Yield |
|---------------|-----------|------|-------|---------------|-----------|------|-------|---------------|-----------|------|-------|
| 2019 | \$145,000 | | | 2024 | \$170,000 | | | 2029** | \$205,000 | | |
| 2020 | 145,000 | | | 2025 | 170,000 | | | 2030** | 215,000 | | |
| 2021 | 150,000 | | | 2026** | 180,000 | | | 2031** | 230,000 | | |
| 2022 | 160,000 | | | 2027** | 185,000 | | | | | | |
| 2023 | 160,000 | | | 2028** | 200,000 | | | | | | |

**Callable-See "Description of the Bonds-Prior Redemption" herein.

The Refunding Bonds will be Delivered on or About February 28, 2018.

Information prepared in cooperation with:

ANDREW E. MEISNER
County Treasurer

JIM NASH

Water Resources Commissioner and
Chairperson of Bloomfield Township CSO Drainage
Board

Bond Counsel:
DICKINSON WRIGHT PLLC
Detroit, Michigan

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

MUNICIPAL FINANCIAL CONSULTANTS INCORPORATED

400 North Main Street, Suite 304
Millford, Michigan 48381
Phone: (313) 782-3011

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NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OF OAKLAND, THE BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT OR THE CHARTER TOWNSHIP OF BLOOMFIELD TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY, THE DISTRICT OR THE TOWNSHIP.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN PREPARED FROM SOURCES WHICH ARE DEEMED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS.

THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT NOR ANY SALE MADE UNDER IT SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY, THE DISTRICT OR THE TOWNSHIP SINCE THE DATE OF THIS OFFICIAL STATEMENT.

OPTIONAL BID FORM

\$2,315,000*
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
Oakland County, Michigan
DRAIN REFUNDING BONDS, SERIES 2018

*Subject to adjustment.

Mr. Jim Nash
Oakland County Water Resources Commissioner
Municipal Advisory Council of Michigan
Buhl Building
535 Griswold, Suite 1850
Detroit, Michigan 48226

February 14, 2018

Dear Mr. Nash:

With respect to the Official Notice of Sale (the "NOS") for the above-described refunding bonds (the "Refunding Bonds"), please be advised as follows:

1. As described in the NOS, we will pay you par, plus accrued interest from date of issue to date of delivery to us, plus a premium of \$_____, or less a discount of \$_____, for the Refunding Bonds maturing as follows:

| | | |
|-----------------------|-----------------------|-----------------------|
| April 1, 2019 _____ % | April 1, 2024 _____ % | April 1, 2029 _____ % |
| April 1, 2020 _____ % | April 1, 2025 _____ % | April 1, 2030 _____ % |
| April 1, 2021 _____ % | April 1, 2026 _____ % | April 1, 2031 _____ % |
| April 1, 2022 _____ % | April 1, 2027 _____ % | |
| April 1, 2023 _____ % | April 1, 2028 _____ % | |

Note: Refunding Bonds maturing in any year shall bear interest at a rate that is not less than the rate borne by the bonds maturing in any preceding year.)

2. This proposal is for all of the Refunding Bonds.

3. This proposal is subject to the opinion of Dickinson Wright PLLC as to the legality of the Refunding Bonds.

If this proposal is accepted a (Cashier's) or (Certified) Check No. _____, drawn on the _____ in the amount of \$46,300 can be cashed, or a wire transfer of the same amount will be sent, as required by the terms set forth in the NOS.

Respectfully submitted,

(List other account member, if any)

Signature: _____
Authorized Representative

Name (Print): _____

ACCEPTANCE CLAUSE

Subject to the terms and conditions set forth in the NOS, the foregoing proposal is hereby accepted by the Oakland County Water Resources Commissioner this 14th day of February, 2018.

Oakland County

By: _____
Jim Nash, Water Resources Commissioner

The following is a computation of the interest cost on the above proposal. This computation is not to be considered as a part of the proposal and is subject to verification.

Gross Interest Cost \$ _____
(-) Premium (+) Discount \$ _____
Interest Cost \$ _____
True Interest Rate _____ %

Return of the deposit check is hereby acknowledged
on this 14th day of February, 2018.

By: _____

INFORMATION FOR BIDDERS ON DETAILS OF SALE
\$2,315,000*
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018

DATE PROPOSALS DUE: February 14, 2018
TIME PROPOSALS DUE: 2:30 p.m. Eastern Standard Time

LOCATION OF SALE:

Municipal Advisory Council of Michigan
Buhl Building, 535 Griswold, Suite 1850
Detroit, MI 48226

Bids also accepted electronically via PARITY

BOND DETAILS:

Principal Amount: \$2,315,000*

Dated: February 1, 2018

Interest Payment Dates: April 1
& October 1, commencing
October 1, 2018

Rating: Standard & Poor's &
Moody's - Applied For

Maximum Interest Rate: 6.00%

Good Faith Deposit: \$46,300

Maximum Discount: \$23,150

Maximum Premium: \$23,150

Denominations: \$5,000 or a
multiple of \$5,000

MATURITIES: The Refunding Bonds shall mature on April 1 as follows:

| <u>Year</u> | <u>Principal</u> | <u>Year</u> | <u>Principal</u> | <u>Year</u> | <u>Principal</u> |
|-------------|------------------|-------------|------------------|-------------|------------------|
| 2019 | \$145,000 | 2024 | \$170,000 | 2029** | 205,000 |
| 2020 | 145,000 | 2025 | 170,000 | 2030** | 215,000 |
| 2021 | 150,000 | 2026** | 180,000 | 2031** | 230,000 |
| 2022 | 160,000 | 2027** | 185,000 | | |
| 2023 | 160,000 | 2028** | 200,000 | | |

*See "Adjustment in Principal Amount" herein

**Callable – See "Description of the Refunding Bonds – Prior Redemption herein".

THE REFUNDING BONDS WILL BE DELIVERED ON OR
ABOUT FEBRUARY 28, 2018.

RESTRICTIONS: The Refunding Bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one Refunding Bond shall be at one rate only and all Refunding Bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY REFUNDING BONDS MATURING IN ANY YEAR SHALL NOT BE AT A RATE LOWER THAN THE RATE BORNE BY REFUNDING BONDS MATURING IN ANY PRECEDING YEAR. No proposal for the purchase of less than all of the Refunding Bonds or at a price that is less than 99% or more than 101% of their par value will be considered.

OFFICIAL STATEMENT
\$2,315,000*
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
OAKLAND COUNTY, MICHIGAN
DRAIN REFUNDING BONDS, SERIES 2018

The purpose of this Official Statement is to set forth information concerning the County of Oakland (the "County") and the Charter Township of Bloomfield (the "Township") in connection with the sale by the Bloomfield Township CSO Drainage District, Oakland County, Michigan (the "District") of its Drain Refunding Bonds, Series 2018 (the "Refunding Bonds"). This Official Statement has been prepared in connection with the sale of the Refunding Bonds and for the information of those who initially become holders of the Refunding Bonds. Information summarized on the cover page is part of this Official Statement.

INTRODUCTION

The District, by adoption by its Drainage Board of a refunding bond resolution (the "Resolution"), has authorized the refunding of the callable portion of its outstanding bonds as follows:

Prior Bonds

Bloomfield Township CSO Drain Bonds
dated December 1, 2010 in the Original
Amount of \$3,000,000

Prior Bonds Being Refunded

\$2,235,000 of Term Bonds maturing in the
years 2025 and 2031 at a 0% call premium
(the "Refunded Bonds")

DESCRIPTION OF THE REFUNDING BONDS

The Refunding Bonds, aggregating the principal sum of \$2,315,000*, shall be known as Bloomfield Township CSO Drainage District "Drain Refunding Bonds, Series 2018" and shall be dated February 1, 2018. The Refunding Bonds shall be fully registered bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000 numbered from 1 upwards. The Refunding Bonds shall mature on April 1, 2019 and each April 1 thereafter as provided on the cover page of this Official Statement.

***Subject to adjustment.**

Term Bond Option

Refunding Bonds maturing in the years 2024-2031, inclusive, are eligible for designation by the original purchaser at the time of sale as serial Refunding Bonds or term Refunding Bonds, or both. There may be more than one term Refunding Bond maturity. However, principal maturities designated as term Refunding Bonds shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on April 1st of the year in which the Refunding Bonds are presently scheduled to mature. Each maturity of term Refunding Bonds and Serial Refunding Bonds must carry the same interest rate. Any such designation must be made at the time the proposals are submitted.

Adjustment In Principal Amount

The aggregate principal amount of this issue has been determined as the amount necessary to retire the Refunded Bonds and pay a portion or all of the costs of issuance of the Refunding

Bonds, assuming certain conditions and events exist on the date of sale. Following receipt of proposals and prior to final award, the District reserves the right to increase or decrease the aggregate principal amount of the issue by any amount. The increase or decrease will be in increments of \$5,000 and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the increase or decrease in issue size, but the interest rates specified by the successful proposer for all maturities will not change. In the case of a proposal with a premium, the aggregate amount of the Refunding Bonds will generally be reduced by at least the amount of the premium offered. The successful proposer may not withdraw the proposal as a result of any changes made within these limits.

If no proposal results in present value debt service savings acceptable to the District when the proceeds are used to provide for the refunding of the Refunded Bonds, the District may reject all proposals and negotiate with one or more of the proposers for the sale of the Refunding Bonds on terms which will enable the District to achieve present value debt service savings acceptable to the District.

Qualification Under Section 265(b)(3) of the Internal Revenue Code of 1986

The Refunding Bonds have not been designated by the District as "Qualified Tax-Exempt Obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Interest Payment and Interest Rate

The Refunding Bonds shall bear interest payable October 1, 2018 and semi-annually thereafter on each April 1 and October 1, until maturity, with interest rates as set forth on the cover of this Official Statement. Interest shall be paid by check or draft mailed to the registered owner of each Refunding Bond as of the applicable date of record.

Paying Agent and Bond Registrar

The Huntington National Bank, Grand Rapids, Michigan has been selected as bond registrar and paying agent (the "Paying Agent") for the Refunding Bonds. The Paying Agent will keep records of the registered holders of the Refunding Bonds, serve as transfer agent for the Refunding Bonds, authenticate the original and any re-issued Refunding Bonds and will pay principal and interest to the registered holders of the Refunding Bonds as shown on the registration books of the District maintained by the Paying Agent on the applicable date of record. The principal of each Refunding Bond will be paid when due upon presentation and surrender thereof to the Paying Agent. The date of record shall be the 15th day of the month before such payment is due.

Book-Entry-Only

DTC will act as securities depository for the Refunding Bonds. The Refunding 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 Refunding Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, 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 17 A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding 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. Beneficial Owners are, however, 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 Refunding 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 interests in Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding 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 Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding 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 Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Refunding Bonds may wish to ascertain that the nominee holding the Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish

to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Refunding 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 any other DTC nominee) will consent or vote with respect to Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. 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 Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Refunding 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 the 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 (nor its nominee), Paying Agent, or County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or 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 depository with respect to the Refunding Bonds at any time by giving reasonable notice to the County or Paying Agent. Under such circumstances, in the event that a successor 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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 NEITHER THE COUNTY, BOND COUNSEL, FINANCIAL ADVISOR NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE COUNTY AND THE COUNTY'S BOND COUNSEL OR FINANCIAL ADVISOR, THE UNDERWRITERS AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE REFUNDING BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE REFUNDING BONDS (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN REFUNDING BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE REFUNDING BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE

WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE COUNTY, THE UNDERWRITERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY OTHER PERSON WITH RESPECT TO: (1) THE REFUNDING BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE REFUNDING BONDS; (4) THE DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE REFUNDING BONDS; (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Discontinuation of Book-Entry-Only System

DTC may determine to discontinue providing its service with respect to the Refunding Bonds at any time by giving notice to the District and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the Paying Agent shall attempt to have established a securities depository/book-entry system relationship with another qualified depository. If the Paying Agent does not or is unable to do so, the book-entry-only system shall be discontinued.

Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the following provisions would apply to the Refunding Bonds. The Paying Agent shall keep the registration books for the Refunding Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Refunding Bonds may be transferred or exchanged for one or more Refunding Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Refunding 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 Refunding Bond which has been selected for such redemption, except the Refunding Bonds properly surrendered for partial redemption may be exchanged for new Refunding Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the District and Paying Agent shall be entitled to treat the registered owners of the Refunding Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Refunding 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.

Plan of Refunding

The proceeds of the Refunding Bonds will be used to pay the principal of, premium, if any, and interest on the Refunded Bonds maturing in the years 2025 and 2031 on April 1, 2018 (the "Redemption Date"), and to pay the costs of issuance of the Refunding Bonds.

Simultaneously with the issuance and delivery of the Refunding Bonds, sufficient amounts of the proceeds of the Refunding Bonds will be deposited in an escrow fund (the "Escrow Fund") held by The Huntington National Bank, Grand Rapids, Michigan as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement between the District and the Escrow Agent (the "Escrow Agreement"), and used as a cash balance or to purchase obligations of the United States of America pledging the full faith and credit of the United States of America ("Government Obligations"). The proceeds of any such Government Obligations, together with the earnings thereon and cash, if any, in the Escrow Fund shall be used to pay principal of, redemption premiums, and interest on the Refunded Bonds as stated above.

Prior Redemption

Bonds maturing prior to April 1, 2026, shall not be subject to redemption prior to maturity. Bonds maturing on or after April 1, 2026 shall be subject to redemption prior to maturity at the option of the District, in any order, in whole or in part on any date on or after April 1, 2025. Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a Bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion and the amount not being redeemed each constitutes an authorized denomination. In the event that less than the entire principal amount of a Bond is called for redemption, upon surrender of the Bond to the Paying Agent, the Paying Agent shall authenticate and deliver to the registered owner of the Bond a new Bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each Bond being redeemed by first class mail at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the Resolution. Any defect in such notice shall not affect the validity of the redemption proceedings. Bonds so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Paying Agent to redeem the same.

Transfer or Exchange of Refunding Bonds

Any Refunding Bond shall be transferable on the bond register maintained by the Paying Agent with respect to the Refunding Bonds upon the surrender of the Refunding Bond to the Paying Agent together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Paying Agent. Upon receipt of a properly assigned Refunding Bond the Paying Agent shall authenticate and deliver a new Refunding Bond or Refunding Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

Refunding Bonds may likewise be exchanged for one or more other Refunding Bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the Refunding Bond or Refunding Bonds being exchanged. Such exchange shall be effected by surrender of the Refunding Bond to be exchanged to the Paying Agent with written instructions signed by the registered owner of the Refunding Bond or his or her attorney in form satisfactory to the Paying Agent. Upon receipt of a Refunding Bond with proper written

instructions the Paying Agent shall authenticate and deliver a new Refunding Bond or Refunding Bonds to the registered owner of the Refunding Bond or his or her properly designated transferee or transferees or attorney.

The Paying Agent is not required to honor any transfer or exchange of Refunding Bonds or portions thereof that have been called for redemption. Any service charge made by the Paying Agent for any such registration, transfer or exchange shall be paid for by the District, unless otherwise agreed by the District and the Paying Agent. The Paying Agent may, however, require payment by a bondholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

CUSIP Numbers

CUSIP numbers will be imprinted on all Refunding Bonds of this issue at the District's expense. Neither the failure to print numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery. The purchaser shall be responsible for requesting assignment of numbers and for the payment of any charges for the assignment of numbers.

SECURITY FOR THE REFUNDING BONDS

Authorization

The Refunding Bonds are being issued pursuant to Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended ("Act 40"), and Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") and the Resolution.

Primary Security

The Refunding Bonds shall be issued in anticipation of the collection of special assessments against the Charter Township of Bloomfield and the County of Oakland on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain. The full faith and credit of the Drainage District are pledged hereby for the prompt payment of the principal of and interest on the Refunding Bonds as the same shall become due. The Drainage District has no power to levy ad valorem taxes.

| <u>Public Corporation</u> | <u>Special Assessment Roll Percentage</u> |
|--------------------------------|---|
| Charter Township of Bloomfield | 76.718% |
| County of Oakland | 23.282% |

The special assessment installments and interest thereon are sufficient to pay the principal of and interest on the Refunding Bonds when due. Each of the Charter Township of Bloomfield and the County of Oakland shall levy sufficient taxes or make other appropriations to pay each annual assessment installment and interest as the same become due unless there have been set aside moneys sufficient therefor. Taxes imposed by the Charter Township of Bloomfield are subject to constitutional, statutory, and charter tax limitations and taxes imposed by County of Oakland are subject to constitutional and statutory tax limitations.

Full Faith and Credit of County

Pursuant to a resolution adopted by its Board of Commissioners, the County of Oakland has pledged its full faith and credit as additional security for the payment of the principal and interest on the Refunding Bonds. Taxes imposed by the County are subject to constitutional and statutory tax limitations.

CONTINUING DISCLOSURE

The County and the Township (individually an "Obligated Person" and collectively, "Obligated Persons") have each covenanted and will covenant for the benefit of the Bondholders and the Beneficial Owners (as hereinafter defined) pursuant to a resolution and a related Continuing Disclosure Certificate to be delivered on the date of issuance of the Refunding Bonds to the purchaser thereof (individually a "Disclosure Certificate" and collectively, the "Disclosure Certificates"), to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the respective Obligated Person for its preceding fiscal year (the "Annual Report") by not later than the date seven months after the first day of its fiscal year, commencing with the Annual Report for the fiscal year ending September 30, 2017 for the County and March 31, 2018 for the Township; provided, however, that if the audited financial statements of any Obligated Person are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for such Obligated Person will be included in the Annual Report; and (ii) timely notices of the occurrence of certain enumerated events related to the respective Obligated Person, if material. Currently, the fiscal year of the County commences on October 1 and the fiscal year of the Township commences on April 1. "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Refunding Bonds (including any person holding Refunding Bonds through nominees, depositories or other intermediaries).

Each Annual Report will be filed with the Municipal Securities Rulemaking Board ("MSRB") electronically through MSRB's Electronic Municipal Market Access system ("EMMA"). If any Obligated Person is unable to provide the MSRB its Annual Report by the date required, such Obligated Person shall send, in a timely manner, to the MSRB through EMMA, a notice of the failure to file the Annual Report by such date. The notices of material events will be filed by each Obligated Person with the MSRB through EMMA. These covenants have been made by each Obligated Person in order to assist the purchaser of the Refunding Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection of (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"). The information to be contained in each Annual Report, the enumerated events, the occurrence of which will require a notice, and the other terms of each Disclosure Certificate are set forth in Appendices A and B "CONTINUING DISCLOSURE CERTIFICATES".

The County and the Township have had certain instances of late or incomplete filings as referenced below. A failure by the County or the Township to comply with its Disclosure Certificate will not constitute an event of default on the Refunding Bonds (although beneficial owners 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 Refunding Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Refunding Bonds and their market price.

Except for the fiscal year ended September 30, 2011 for which the County filed its continuing disclosure by May 22, 2012 and for the fiscal year ended September 30, 2012 for the which the County filed its continuing disclosure on June 30, 2013 in the past five years, the County has not failed to comply with any of its previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule.

The County has taken several measures to avoid any late filings in the future and will continue to comply in future years, in all material respects with all written contracts or agreements that it will enter into pursuant to subsection (b)(5) of the Rule.

The Township has not failed to comply in the last five years, in any material respect, with any previous undertakings pursuant to the Rule. The Annual Reports filed for the Township's fiscal years ending March 31, 2009, 2010, 2011 and 2012 omitted certain data relating to the Township's major taxpayers, which data was required under Township's prior undertakings. Upon discovering these instances of noncompliance, the Township filed the missing information. Additionally, the Township has put in place procedures to prevent similar future noncompliance.

BOND RATINGS

Standard & Poor's

The District has applied for a municipal bond rating from Standard & Poor's Ratings Services. The District furnished to such rating agency certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions made by the rating agencies. There is no assurance that such rating, when assigned, will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Refunding Bonds.

The definitions of a rating furnished by Standard & Poor's Ratings Services are as follows:

| | |
|----------------------------------|---|
| AAA | An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong. |
| AA | An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong. |
| A | An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. |
| BBB | An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. |
| BB; B; CCC; CC; and C | Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of |

speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.

B An obligation rated 'B' is more vulnerable to nonpayment than obligations rated BB', but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.

CCC An obligation rated 'CCC' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitments on the obligation.

CC An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

C An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared with obligations that are rated higher.

D An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

NR This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that S&P Global Ratings does not rate a particular obligation as a matter of policy.

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody's

The District has applied for a municipal bond rating from Moody's Investors Service, Incorporated (hereafter "Moody's"). The rating will be the sole view of the rating agency. There is no assurance that such rating, when assigned, will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Refunding Bonds.

A brief definition of the ratings furnished by Moody's are as follows:

Aaa Bonds which are rated "Aaa" are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa Bonds which are rated "Aa" are judged to be of a high quality by all standards. Together with the "Aaa" group, they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in "Aaa" securities or fluctuation of protective elements may be of great amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in the "Aaa" securities.

A Bonds which are rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Baa Bonds which are rated "Baa" are considered as medium grade obligations; i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Moody's Investors Service appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

TAX MATTERS

General

In the opinion of Dickinson Wright PLLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Refunding Bonds, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes. Interest on the Refunding Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was

repealed by Public Law No. 115-97 (the “Tax Cuts and Jobs Act”) enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Refunding Bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the Refunding Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above is subject to the condition that the District 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 Refunding 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 Refunding Bonds to be included in gross income retroactive to the date of issuance of the Refunding Bonds. The District has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds and the interest thereon.

In the opinion of Dickinson Wright PLLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Refunding Bonds, the Refunding Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Prospective purchasers of the Refunding Bonds should be aware that (i) interest on the Refunding 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 Refunding Bonds may be subject to a tax on excess net passive income of certain S Corporations imposed by Section 1375 of the Code, (iii) interest on the Refunding 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 Refunding 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 Refunding Bonds, (vi) registered owners acquiring the Refunding Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income, (vii) the receipt or accrual of interest on the Refunding Bonds may cause disallowance of the earned income credit under Section 32 of the Code, (viii) interest on the Refunding Bonds is subject to backup withholding under Section 3406 of the Code in the case of registered owners that have not reported a taxpayer identification number and are not otherwise exempt from backup withholding, and (ix) registered owners of the Refunding Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Refunding Bonds, and financial institutions may not deduct that portion of their interest expense allocated to interest on the Refunding Bonds.

Tax Treatment of Accruals on Original Issue Discount Refunding Bonds

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Refunding Bonds initially sold at a discount as shown on the cover page hereof (the “**OID Bonds**”) is sold and the amount payable at the stated redemption price at maturity thereof constitutes “original issue discount.” Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

Amortizable Bond Premium

For federal income tax purposes, the difference between an original registered owner’s cost basis of the Refunding Bonds initially sold at a premium as shown on the cover page hereof (the “**Original Premium Bonds**”) and the amounts payable on the Original Premium Bonds other than stated interest constitutes an amortizable bond premium. The same applies with respect to any Refunding Bond, if a registered owner’s cost basis exceeds the amounts payable thereon other than stated interest (collectively with the Original Premium Bonds held by the original registered owners, “**Premium Bonds**”). Such amortizable bond premium is not deductible from gross income, but is taken into account by certain corporations in determining adjusted current earnings for the purpose of computing the alternative minimum tax, which may also affect liability for the branch profits tax imposed by Section 884 of the Code. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the registered owner’s yield to maturity determined by using the registered owner’s basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the registered owner’s adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

Future Developments

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE REFUNDING BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET

PRICE OR MARKETABILITY OF THE REFUNDING BONDS, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURE LEGISLATION, OR ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE REFUNDING BONDS FOR AUDIT EXAMINATION, OR THE AUDIT PROCESS OR RESULT OF ANY EXAMINATION OF THE REFUNDING BONDS OR OTHER REFUNDING BONDS THAT PRESENT SIMILAR TAX ISSUES, WILL NOT ADVERSELY AFFECT THE MARKET PRICE OF THE REFUNDING BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE REFUNDING BONDS AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

BOND HOLDERS' RISKS

The Federal Bankruptcy Code affects the rights and obligations of municipalities and their creditors. Although State legislative authority is a condition to the filing by municipalities of cases for relief under the Bankruptcy Code, recently-enacted legislation empowers local governments, such as the County, the District or the Township, to become a debtor under the Bankruptcy Code. This authorization would be invoked if fiscal circumstances become such that an emergency financial manager were appointed for the County, the District or the Township. No assurance can be given that future circumstances or legislation will not result in the County, the District or the Township filing for relief under the Bankruptcy Code. Should the County, the District or the Township file a petition for relief under the Bankruptcy Code, the bankruptcy court could reduce the amount of or extend the time of the County's, District's or the Township' legal obligation to pay its outstanding debts.

LITIGATION

To the knowledge of the County, the District and the Township, there is no controversy of any nature threatening or pending against the County, the District or the Township, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds or in any way contesting or affecting the validity of the Refunding Bonds or any proceedings of the County, the District or the Township, respectively, taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Refunding Bonds.

APPROVAL OF LEGALITY

The approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, will be furnished without expense to the purchaser of the Refunding Bonds at the delivery thereof.

FINANCIAL ADVISOR

Municipal Financial Consultants Incorporated of Milford, Michigan has served as financial advisor to the District in connection with the sale of the Refunding Bonds. The financial advisor makes no representation as to the completeness or the accuracy of the information set forth in this Official Statement.

RESPONSIBILITIES OF BOND COUNSEL

Bond Counsel has reviewed the statements made in this Official Statement under the captions "DESCRIPTION OF THE REFUNDING BONDS" (except under the subcaption "Book-Entry-Only"), "SECURITY FOR THE REFUNDING BONDS", "CONTINUING DISCLOSURE" (first two paragraphs only), "TAX MATTERS", "APPROVAL OF LEGALITY" AND "RESPONSIBILITIES OF BOND COUNSEL", 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 District 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 Refunding Bonds and the exemption of the Refunding 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 Refunding Bonds and, therefore, will not express an opinion with respect to the accuracy or completeness of any such documents, statements or other materials.

The fees of Bond Counsel for services rendered in connection with its approving opinion are expected to be paid from bond proceeds or other funds available to the District.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

COUNTY OF OAKLAND, MICHIGAN

**By /s/ ANDREW MEISNER
COUNTY TREASURER**

**By /s/ JIM NASH
WATER RESOURCES COMMISSIONER**

BloomfieldTownshipCSO-POS.docx

EXHIBIT A
GENERAL AND ECONOMIC
INFORMATION REGARDING THE COUNTY

Introduction

Oakland County continues to be a great place to live, work, shop and establish your business. The County is a special place to live where families enjoy a quality of life that is second to none and where business grows and prospers. The County's taxable value for real and personal property has begun to rebound along with the overall economy and has grown 2.16% since 2011. With only 3.9% of taxable valuation coming from the ten largest taxpayers, the County continues to have a well-diversified tax base.

Residential developments in the County include some of the finest in the State. The median sales price of a single-family home was \$246,000 in 2017. 76% of the county's residential development since the start of 2009 has been single-family units, compared to 63% for the entire Southeast Michigan region. More than 30% of new residential construction in the region has been in Oakland County since 2009.

The unemployment rate for Oakland County averaged 3.5% in 2017. Oakland County did experience some job loss due to manufacturing reorganization in 2006 and the national recession that followed but has experienced consistent job growth since the middle of 2010. The University of Michigan's economic forecast for Oakland County projects strong job growth through 2019 due to our skilled and educated workers and a best in class economic diversification strategy, including Automation Alley, Emerging Sectors, and Medical Main Street featuring the new William Beaumont/Oakland University Medical School.

Oakland County has been recognized as one of the most prosperous counties in the nation. In comparing Oakland County with 39 other prosperous counties of similar population throughout the nation, economists rank Oakland County tenth overall based on selected indicators of prosperity. Our goal is to ensure Oakland County and its work force continues to thrive today and tomorrow as a premier technology hub and Oakland County maintains the coveted AAA bond rating thanks to sound fiscal stewardship and a 3-year budget balanced through 2020.

Oakland County has the highest level of personal income per capita of the major labor markets in Michigan. The estimated per capita income of Oakland County residents in 2016 was \$65,759.

Source: Oakland County Department of Planning and Economic Development

The County

The County is a public corporation created under the Constitution and Statutes of the State of Michigan, and has general governmental powers and authority. Under Act 206, the Treasurer of the County is the officer responsible for the collection of delinquent real property taxes returned to the County as uncollected on March 1 of any year. In addition, the County Treasurer is responsible for the application of the borrowing proceeds and the preservation of the security related to these funds. The County uses a modified accrual basis for accounting purposes.

Form of Government

The 21 member Board of Commissioners is the governing and legislative body of the County and is elected from districts for two (2) year terms. The County Executive is the chief administrative officer of the County and is elected for a four (4) year term.

The County Executive is responsible for the overall supervision of all County departments, except those headed by other elected officials. The County Executive also has veto powers over any ordinance or resolution adopted by the Board of Commissioners including appropriating ordinances, which may be over ridden by a 2/3 vote of all members elected and serving on the County Board of Commissioners.

County Budget Process

Conservative Budget Practices. The County's budgetary practices encourage favorable variances against actual operations. The County conservatively budgets for all authorized positions at full funding, regardless of whether they are filled or not. In doing so, vacancies arising from turnover, transfers or separation from County employment provide departments latitude in operating flexibility. Favorable variances are created as a financial management strategy and are relied upon to ensure that the General Fund equity (and other equities throughout the County) is maintained.

Multiple-Year Budgeting. After years of preparing and managing an operating budget for two-year periods of time, in 2009, the County expanded its budget practices to a triennial budget. The current County Executive Recommended Triennial Budget is balanced through FY 2020. On September 28, 2017, the Oakland County Board of Commissioners adopted the current FY-2018 to FY-2020 budget. The County maintains the triennial budget with periodic amendments. Each new program or action is considered for the current year and the subsequent two years on a line-item basis.

Dynamic Budgeting. The County continually monitors budget and supplementary data, including real estate trends, foreclosure data and other information which impacts County Revenue. This data is continually evaluated to determine long-term budget trends and to adjust current budgets.

Operating and Other Reserves. The General Fund balance is projected to be above the minimum operating reserve through FY2020 based on the County's Operating Budget. The County also has a formally expressed policy of maintaining a target amount of at least \$200,000,000 in its delinquent tax revolving fund.

Additional information on the County's budget is available at:

<https://www.oakgov.com/mgtbud/budgets-reports/Pages/budget.aspx>

County Location, Transportation and Character

The County of Oakland is located in the southeast portion of Michigan's Lower Peninsula. The County covers an area of 910 square miles, which includes 30 cities, 10 villages and 21 townships. Within the county there are more than 5 rivers, 1,400 lakes, 900 miles of shoreline, and numerous small streams. There are approximately 82 private and public golf courses, including Groveland Oaks, the first park in Michigan to be environmentally certified by the Michigan Turfgrass Environmental Stewardship Program, which attracts many businesses and residents to Oakland County.

Oakland (County) International Airport is capable of accommodating jets as large as a 727 and is home base for over 800 corporate and general aviation aircraft. It is the world's sixth busiest general aviation airport and is the second busiest airport in Michigan with approximately 333,000 aircraft flying in and out each year. In 1996 the airport opened a full time U.S. customs office and expanded the airport to international commerce, tripling the amount of international flights to over 1,200 flights per year. The airport contributes over \$150 million to the County's economy each year.

Detroit Metropolitan Airport (DTW), located 18 miles south of the County, offers direct and connecting flights daily to nearly everywhere in the world. With more than 31 million passengers each year, Detroit Metropolitan Airport is one of the busiest airports in the United States. As the second-largest hub and primary Asian gateway for Delta, the world's largest airline, DTW serves as the SkyTeam Alliance's major Midwestern hub. With two new passenger terminals, 145 gates, six jet runways and two modern Federal Inspection Services facilities for international arrivals it is one of the newest, most operationally-capable and efficient airports in North America.



Oakland County and the surrounding area is free of toll roads.

Rail Service – CSX offers class-one industrial/commercial freight shipping from Wixom, Michigan to Detroit or Chicago. Canadian National Railway operates class-one industrial/commercial freight shipping from Birmingham, Michigan to Detroit or Windsor, Ontario. Amtrak Passenger Rail Service has stations in the Michigan cities of Birmingham, Pontiac, and Royal Oak for trains traveling to Chicago Union Station and points in between.

Residential – With nearly 19,000 new construction permits since the start of 2009, the highest total in the seven-county Southeast Michigan region, Oakland County continues to post strong numbers in residential development. The estimated median housing value of a single-family home in Oakland County was \$224,400 in 2016, a 35% increase since 2010.

Commercial – Oakland County compiled 6.2 million square feet of development in 2016; industrial/research/hi-tech floorspace was the top contributor in the county at 26% of the new non-residential development. The “Tri-County Commerce Center” warehouse building in Hazel Park was the largest project under construction in 2016 at 575,000 square feet.

Agriculture - Agriculture has been declining steadily due to farm property being converted into residential, commercial and industrial sites, but remains an important part of the county’s economic diversification strategy.

Retail Activity – The County is home to an extensive collection of malls and shopping centers ranging from small village malls and popular local downtown shopping districts, to multi-floor regional malls found in most major cities. From luxury retailers at Somerset Collection to value-oriented stores at Great Lake Crossing Outlets, Oakland County offers shopping to meet the needs of residents and visitors alike.

Corporate - More than 60 percent of Fortune 500 companies do business in Oakland County, increasing 14 percent in two years. Of the Fortune Global 500 companies, 57 percent have business locations in Oakland County.

Oakland County continues to lead all Michigan counties in the number of business incorporating and forming in the state. Of the total new incorporations that took place in Michigan, Oakland County had 26 percent. Oakland County also has the state’s largest number of business proprietorships and partnerships.

Hotels-Motels - Oakland County has 98 hotels and motels with 20 or more rooms, including the Townsend of Birmingham and the Royal Park Hotel in Rochester. Several new hotel/motel properties are under construction and should be available in the very near future.

Source: Oakland County Department of Planning and Economic Development

The Port of Detroit, located south of the County (in Wayne County), serves as Southeast Michigan's link to the Great Lakes, the St. Lawrence Seaway and the world. An international port of entry with full U.S. Customs Service and a Free Trade Zone, enhancing the area's attractiveness to foreign manufacturers. Detroit is ranked third in exports (based on dollar value) after Los Angeles and New York.

Roads and Highways - Major investments in widening and in upgrades to many Interchanges along the 87 miles of interstate freeways serving Oakland County continue to be made. Interstate 75 and I-275 link the area with the states of Ohio, Kentucky, Tennessee, Georgia and Florida; and I-94, I-96 and I-696, Major east/west freeways in the state, link east to Canada and west through Chicago.

Office Buildings – More than eight million square feet of floor space has been completed in Oakland County since the start of 2007, accounting for nearly 25% of Southeast Michigan's total nonresidential development. According to CoStar, office lease and vacancy rates in Oakland County submarkets remain competitive with the rest of metro Detroit. The Auburn Hills 4.4%, Birmingham (7.1%), and Bloomfield (4.2%) submarkets have some of the lowest vacancy rates in the region.

Industrial & Research Parks - Oakland Technology Park, located in Auburn Hills, is one of the top five research parks in the nation in size. Fiat Chrysler (FCA) US, LLC's \$1 billion R & D headquarters and \$1.4 billion corporate world headquarters is located on 500 acres just outside the Tech park. Electronic Data Systems, Comerica Bank, World Computer, ITT Automotive and other major firms are located in this Tech Park. Oakland County leads all Michigan counties with more than 240 business parks totaling more than 10,000 acres.

Source: SEMCOG, CoStar

All of southern Oakland County buys water from the Great Lakes Water Authority. When projects now underway are completed, the Great Lakes Water Authority will treat all of southern Oakland County's sewage (other than that of the City of Pontiac). Major drainage systems have been and are being built in the County. Following is a list of the Utility Suppliers for Oakland County:

Electricity:

| | |
|-----------------|------------------------|
| Supplier | Detroit Edison |
| Supplier | Consumers Power |

Natural Gas:

| | |
|-----------------|-------------------------|
| Supplier | Consumers Energy |
| Supplier | MichCon |
| Supplier | Semco Energy |

Water:

| | |
|-----------------|------------------------------------|
| Supplier | Great Lakes Water Authority |
| Source | Lake Huron |
| | Ground Water from Wells |

Sewer:

| | |
|---------------------|---|
| Supplier | Great Lakes Water Authority |
| | Community Water Treatment Facilities and Septic Fields |
| System Types | Separate Storm and Sanitary Community Treatment Facilities |

Population

Oakland County's 2016 population was estimated to be over 1,240,000. Out of 83 counties in Michigan, it has the second largest population. Oakland County is also projected to have the second largest actual population gain in the metro Detroit area by 2040 with nearly 45,000 new residents.

Table 1 – Population Trends, 1960 – 2016

| <u>Year</u> | <u>Population</u> | <u>Year</u> | <u>Population</u> |
|-------------|-------------------|-------------|-------------------|
| 1960 | 650,259 | 2011 | 1,211,103 |
| 1970 | 907,871 | 2012 | 1,221,138 |
| 1980 | 1,011,793 | 2013 | 1,231,947 |
| 1990 | 1,083,592 | 2014 | 1,238,718 |
| 2000 | 1,194,156 | 2015 | 1,240,301 |
| 2010 | 1,202,362 | 2016 | 1,243,970 |

Sources: U.S. Department of Commerce, Bureau of the Census Bureau

Education

There are 28 school districts in Oakland County, all offering preschool programs and all but one providing childcare or latchkey services. *Newsweek* rated the International Academy in Bloomfield Hills number 8 in the nation's top 100 U.S. high schools. Also listed as being in the top 6% of high schools in the country are 9 other public high schools from 8 different school districts.

In the fall of 2006 Oakland County launched a Mandarin Chinese language program in four school districts. Today, all school districts in Oakland County and 3 consortium schools offer this language program.

Thirty institutions of higher learning with a total enrollment of over 100,000 are located in the County. The largest public degree-granting institutions headquartered in Oakland County are Oakland University, Oakland Community College, M-Tech and Lawrence Technological University. Over 75% of Michigan's schools offer dual-enrollment programs which give high school students the opportunity to earn college credits. The national average of schools offering dual-enrollment is only 65%.

Oakland University - The Schools of Management and Engineering work with industrial firms in developing personnel versed in manufacturing technologies and technology development processes, and management. The university's faculty consults with many industrial firms and facilitates on the transfer of technology between the University and the business community. The new William Beaumont/Oakland University School of Medicine is a game changing development for Oakland University, Oakland County, and the practice of medicine.

Oakland Community College - Nearly 38,000 students attend this multi-campus college specializing in technical and vocational education. To lead a consortium of educational institutions in Oakland County and Southeastern Michigan to support the Emerging Sectors initiative Oakland Community College was given \$285,000 in federal appropriations.

Lawrence Technological University - One of the Midwest's leading technical schools, Lawrence's engineering, architecture, business and industrial management and associate studies graduate 1,000 students yearly.

Other Educational Institutions - Central Michigan University and Michigan State University have graduate studies and programs in the County. Walsh College concentrates on business and accounting education as does Baker College.

The main campuses of the University of Michigan, Wayne State University and Michigan State University are approximately 20 to 90 miles from the County. These are major centers of research. Each university has institutes established for the purpose of providing technology research, development and transfer to the business sector for economic development. The Polymer Institute is located at the University of Detroit, less than two miles from the southern border of the County.

Source: Oakland County Department of Planning and Economic Development

Job Growth

Oakland County suffered substantial job losses each year from 2006 to 2009, registering a record loss of nearly 60,000 jobs in 2009. That year's performance reflected the national Great Recession and bankruptcy proceedings for both General Motors and Chrysler. Oakland County turned the corner to resume job growth in early 2010. The county gained nearly 25,000 jobs in both 2011 and 2012, before downshifting to just over 18,000 job additions in 2013. The average job gains from 2011 to 2013 were the most in any three-year period since the mid-1990s. Job growth in the county averaged just under 14,000 jobs annually in 2014 and 2015 while growth accelerated to 16,500 jobs for 2016. Four in nine of the new jobs created in the county from 2010 to 2016 were in high-wage industries.

The county's economic base continues to diversify since Oakland County's Emerging Sectors Initiative was put into place. Since the inception of Emerging Sectors in 2004, more than 380 Emerging Sector companies have generated more than \$4.5 billion in investment while creating or retaining more than 81,000 jobs. The vast majority of those jobs are in the high-wage category. It is clear that Oakland County is succeeding at attracting companies from emerging sectors from around the country, and in some instances, from around the globe.

Source: Oakland County Department of Planning and Economic Development

Industrial and High Technology

Companies believe that if you are a part of the automotive industry, you must have a presence in southeast Michigan, and preferably Oakland County. Certainly research and development organizations continue to select Oakland County as one-third of all Michigan's R & D facilities are located in Oakland County. Automation Alley, founded in Oakland County and headquartered in Troy, is Southeast Michigan's leading technology business association. The organization fosters growth and economic development and is home to more than 311,000 technology workers and 7,800 technology businesses from a variety of industries, and to help communities make the transition from a manufacturing economy to a knowledge economy, Oakland County has developed the Technology Planning Toolkit. This relates global economic trends with local actionable items.

Source: Oakland County Department of Planning and Economic Development

Foreign Investment

Over 1,000 businesses representing 38 foreign parent companies doing business in Michigan are located in Oakland County. Sixty-seven percent of all foreign owned firms in southeastern Michigan are in Oakland County.

County Tax Rates

In August 1978, the voters of Oakland County approved, as part of County wide fixed millage, a maximum millage of \$5.26 per \$1,000, subject to Headlee Amendment reductions. The maximum authorized operating millage for 2017, after the Headlee reduction, is 4.1457 mills. See "Tax Rate Limitation" section.

Table 2 - County Tax Rates (in mills) \$1.00/\$1,000 of Taxable Valuation

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Operating | 4.0400 | 4.0400 | 4.0900 | 4.1900 | 4.1900 | 4.1900 | 4.1900 | 4.1900 |
| Parks & Recreation | 0.2368 | 0.2392 | 0.2410 | 0.2415 | 0.2415 | 0.2415 | 0.2415 | 0.2415 |
| Huron Clinton Authority | 0.2140 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 |
| Zoo Authority | 0.0980 | 0.0990 | 0.0998 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 |
| Arts Authority | 0.1961 | 0.1981 | 0.1996 | 0.2000 | 0.2000 | 0.2000 | 0.0000 | 0.0000 |
| Total | 4.7849 | 4.7909 | 4.8450 | 4.9461 | 4.9461 | 4.7461 | 4.7461 | 4.6461 |

Source: Oakland County Treasurer

Tax Rate Limitation

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 millage of the local units involved shall then be permanently fixed within that greater millage limitation.

Act 62, Public Acts of Michigan, 1933, as amended, defines local units as counties, townships, villages, cities, school districts, community college districts, intermediate school districts, districts and other organizations or districts which

may be established with the power to levy taxes, except villages and cities for which there are provisions in their charters or general law fixing maximum limits on the power to levy taxes against property.

The County voted in 1978 to fix millage rates pursuant to Section 6 of the 1963 Michigan Constitution and eliminate the Tax Allocation Board. The fixed rates are as follows (per \$1,000 of equalized valuation):

| <u>Unit of Government</u> | <u>Millage Rate</u> |
|---|---------------------|
| Any School District | 9.54 |
| County of Oakland | 5.26 |
| Any Township | 1.41 |
| Oakland County Intermediate School District | <u>0.25</u> |
| Total Millage Rate | 16.46 |

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

1. All debt service on tax supported notes 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 such increased millage is approved by a majority of the qualified electors of the local unit.

County Operating Tax Collection Record

Table 3 – Collection Record of County's Tax Levy, 2007 - 2016

| <u>Year of Tax Levy</u> | <u>Tax Levy*</u> | <u>Collections to March 1 of Each Levy Year Amount**</u> | <u>Percent</u> | <u>Collections Plus Delinquent Tax Funding Percent</u> |
|-----------------------------|------------------|--|----------------|--|
| 2016 | \$208,735,308 | \$204,440,226 | 97.94% | 100.00% |
| 2015 | 207,429,739 | 202,760,984 | 97.55 | 100.00 |
| 2014 | 204,966,211 | 199,927,994 | 97.54 | 100.00 |
| 2013 | 201,089,193 | 195,528,055 | 97.23 | 100.00 |
| 2012 | 201,724,853 | 189,692,721 | 94.04 | 100.00 |
| 2011 | 206,524,166 | 198,931,022 | 96.32 | 100.00 |
| 2010 | 223,423,778 | 214,041,473 | 95.80 | 100.00 |
| 2009 | 253,987,318 | 241,943,443 | 95.26 | 100.00 |
| 2008 | 262,899,380 | 251,050,564 | 95.49 | 100.00 |
| 2007 | 262,814,606 | 251,354,868 | 95.64 | 100.00 |

* Includes real and personal property taxes.

** Reflects only real property delinquency and assumes 100% collection of personal property taxes.

Source: Oakland County Treasurer

Prior to 1997, the County's fiscal year began on January 1st and ended on December 31st. Starting in 1997, the County's Fiscal Year started on October 1st ended on September 30th. Taxes are due December 1, and become delinquent the following March 1. The County has issued General Obligation Limited Tax Notes and established a 100% Tax Payment Fund at the County level, and after March 1st, the County pays, from the 100% Tax Payment Fund, all delinquent real property taxes from all municipalities in the County. The fund does not cover personal, buildings on leased land, DNR-PILT, or tax abated property taxes. Delinquent personal property taxes are negligible, and therefore, 100% Tax Collections are reported above.

Table 4 – Collection Record of County Wide Tax Levy, 2007 - 2016

| Year of Tax Levy | Tax Levy* | Collections to March 1 of Each Levy Year Amount** | Percent | Collections Plus Delinquent Tax Funding Percent |
|-----------------------------|------------------|--|----------------|--|
| 2016 | \$2,328,096,528 | \$2,256,640,187 | 96.93% | 100.00% |
| 2015 | 2,286,212,705 | 2,212,322,514 | 96.77 | 100.00 |
| 2014 | 2,217,628,392 | 2,140,231,078 | 96.51 | 100.00 |
| 2013 | 2,170,304,164 | 2,083,958,031 | 96.02 | 100.00 |
| 2012 | 2,155,447,277 | 2,059,602,174 | 95.55 | 100.00 |
| 2011 | 2,196,145,824 | 2,081,982,974 | 94.80 | 100.00 |
| 2010 | 2,317,084,920 | 2,179,375,143 | 94.06 | 100.00 |
| 2009 | 2,552,222,639 | 2,388,595,610 | 93.59 | 100.00 |
| 2008 | 2,608,706,372 | 2,451,081,244 | 93.96 | 100.00 |
| 2007 | 2,655,538,647 | 2,505,486,055 | 94.34 | 100.00 |

* Includes real and personal property taxes.

** Reflects only real property delinquency and assumes 100% collection of personal property taxes.

Source: Oakland County Treasurer

Property Subject to Taxation

The State Constitution limits the proportion of true cash value at which property can be uniformly assessed to 50% or less. By statute, the state Legislature has provided that the property shall be assessed at 50% of its true cash value. The state Legislature or the electorate may at some future time reduce the percentage below the present 50% of true cash value.

Responsibility for assessing local taxable property rests with the assessing officers of cities, villages, and townships. Any property owner may appeal his or her assessment to the local Board of Review and ultimately to the Michigan State Tax Tribunal.

The State Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government are responsible for actually assessing at 50% of true cash value, the final state equalized assessment against which local property tax rates are applied is derived through several steps. County equalization is brought about by adjustments of the various local unit assessment ratios to the same levels; thereafter, the State equalizes the various counties in relation to each other.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution, limiting the increase in taxable value of property in any year, commencing 1995, to 5% or the rate of inflation, whichever is less, until ownership of the property is transferred at which time the assessment reverts to 50% of the true cash value of the property, as equalized. The effect of this assessment cap will be that different parcels of property will be taxed on different percentages of their cash value. The legislation implementing this constitutional amendment adds a new measure of property value for property taxes levied after 1994, known as taxable value. For the year 1995, the taxable value of property is based on the state equalized value (SEV) of that property in 1994. For each year after 1994, increases in the taxable value of property are limited by the constitutional assessment cap or the percentage change in the SEV of such property from the prior year until the transfer of ownership of the property at which time the taxable value shall be the property's SEV.

Industrial Facilities Tax

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended), provides significant tax incentives to industry to renovate and expand aging plants and to build new plants 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 plants to the area. The issuance of any exemption certificate must be approved by the State Treasurer. Firms situated in such districts pay an Industrial Facilities Tax in lieu of property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the assessed value is frozen at previous levels. New plant and equipment is taxed at one-half the current millage rate. 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. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one half the current millage rate, except for mills levied for local and intermediate school operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993. For 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. For abatements granted after 1993, the State Treasurer may also permit abatement of one-half of the mills levied or exempt the abatement totally from mills levied under the State Education Act. Abatements under Act 198 have been granted to properties in the County with a total 2016 taxable valuation of \$218,292,630 for real and personal property. The total number of parcels with exemptions in 2016 under Act 198 within the County was 329.

Others

The Obsolete Properties Tax (Act 146, Public Acts of Michigan, 2000) provides partial property tax abatements to property owners on the value of improvements made to certain types of commercial and residential properties. Currently, the City of Pontiac is the only community in Oakland County to utilize this tax abatement.

The Taxation of Lessees or Users of Tax-exempt Property Act (Act 189, Public Acts of Michigan, 1953) states that if real property exempt for any reason from ad valorem property taxation is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit, the lessee or user of the real property is subject to taxation in the same amount and to the same extent as though the lessee or user owned the real property. The total number of lessees or users in 2018 under Act 189 within the County was 20.

Source: Oakland County Treasurer

Largest Taxpayers

The 10 largest taxpayers in the County and their May 15, 2017 taxable valuations are:

Table 5 – Ten Largest Taxpayers

| Taxpayer | Taxable Valuation |
|----------------------------|--------------------------|
| DTE Electric and Gas | \$551,389,249 |
| Consumers Energy | \$287,012,198 |
| FCA Auburn Hills Owner LLC | \$167,950,630 |
| Enbridge | \$116,830,080 |
| SL Town ETAL | \$78,961,590 |
| Oakland Management | \$75,449,600 |
| Frankel Forbes Cohen | \$74,439,120 |
| Taubman | \$68,408,310 |
| Comcast | \$56,856,520 |
| Redwood ERC Novi LLC | \$56,025,150 |
| Total | \$1,533,322,447 |

Note: The taxable values have been compiled from a number of sources/reports and may include estimated figures.

Source: Oakland County Equalization Department

Major Employers

The 25 largest employers in the County and number of employees in 2017.

Table 6 – Twenty-Five Largest Employers in the County

| Employer Name | Approximate Number of Employees |
|------------------------------------|--|
| Beaumont Hospitals | 18,301 |
| FCA US LLC | 13,099 |
| General Motors Co. | 9,687 |
| Ascension Michigan | 5,474 |
| U.S. Postal Service | 4,195 |
| Henry Ford Health System | 4,085 |
| Oakland County | 3,451 |
| Trinity Health | 2,466 |
| Magna International of America | 2,441 |
| Comerica Bank | 2,003 |
| Flagstar Bancorp Inc. | 1,979 |
| Lear Corporation | 1,932 |
| Rochester Community Schools | 1,833 |
| McLaren Health Care Corp. | 1,831 |
| Oakland University | 1,764 |
| Blue Cross Blue Shield of Michigan | 1,496 |
| Walled Lake Community Schools | 1,410 |
| Huron Valley Schools | 1,362 |
| Delphi Automotive | 1,316 |
| Comau, Inc. | 1,300 |
| U.S. Farathane | 1,269 |
| The Suburban Collection | 1,251 |
| Kelly Services, Inc. | 1,235 |
| Nissan North America Inc. | 1,213 |
| Detroit Medical Center | 1,150 |
| State of Michigan | 1,150 |

Source: Oakland County Department of Planning and Economic Development

Labor Force

The unemployment rate for Oakland County averaged 3.5% and 4.5% for the State of Michigan in 2017.

Table 7 – Unemployment History in the County – Calendar Year 2017

| Month | Total Labor Force | Unemployment | Percent Unemployed |
|-----------|-------------------|--------------|--------------------|
| January | 650,090 | 31,055 | 4.8% |
| February | 651,319 | 28,628 | 4.4% |
| March | 653,280 | 25,055 | 3.8% |
| April | 652,049 | 19,626 | 3.0% |
| May | 658,000 | 18,754 | 2.9% |
| June | 657,676 | 19,211 | 2.9% |
| July | 662,258 | 22,208 | 3.4% |
| August | 662,494 | 22,937 | 3.5% |
| September | 665,213 | 22,927 | 3.4% |
| October | 659,133 | 21,770 | 3.3% |
| November | 660,687 | 19,533 | 3.0% |
| December | 657,814 | 21,339 | 3.2% |

Source: State of Michigan, Department of Technology, Management & Budget

Table 8 – Unemployment History in the County, 2007-2016 (Annual Averages)

| Year | Total Work Force | Unemployment | Percent Unemployed |
|------|------------------|--------------|--------------------|
| 2008 | 609,423 | 40,300 | 6.6% |
| 2009 | 606,548 | 78,817 | 13.0% |
| 2010 | 621,876 | 73,177 | 11.8% |
| 2011 | 610,881 | 58,221 | 9.5% |
| 2012 | 616,205 | 50,751 | 8.2% |
| 2013 | 626,783 | 48,816 | 7.8% |
| 2014 | 629,865 | 40,945 | 6.5% |
| 2015 | 633,540 | 30,145 | 4.8% |
| 2016 | 648,101 | 27,402 | 4.2% |
| 2017 | 657,501 | 22,754 | 3.5% |

Source: State of Michigan, Department of Technology, Management & Budget

Table 9 – Unemployment History in the State of Michigan, 2007-2016 (Annual Averages)

| Year | Total Work Force | Unemployment | Percent Unemployed |
|-------------|-------------------------|---------------------|---------------------------|
| 2008 | 4,921,000 | 392,000 | 8.0% |
| 2009 | 4,904,000 | 670,000 | 13.7% |
| 2010 | 4,799,000 | 605,000 | 12.6% |
| 2011 | 4,685,000 | 487,000 | 10.4% |
| 2012 | 4,673,000 | 426,000 | 9.1% |
| 2013 | 4,728,000 | 418,000 | 8.8% |
| 2014 | 4,754,000 | 345,000 | 7.3% |
| 2015 | 4,757,000 | 257,000 | 5.4% |
| 2016 | 4,837,000 | 238,000 | 4.9% |
| 2017 | 4,873,917 | 220,167 | 4.5% |

Source: State of Michigan, Department of Technology, Management & Budget

Income

Oakland County's per capita income (PCI) was \$65,759 in 2016, the highest among Michigan's 83 counties. Oakland's PCI also compares favorably to the national average \$49,246 and state average of \$44,253.

Table 10 - Per Capita Personal Income in Oakland County, 2004-2016

| Year | Per Capita Income |
|-------------|--------------------------|
| 2004 | 50,427 |
| 2005 | 51,383 |
| 2006 | 51,762 |
| 2007 | 53,185 |
| 2008 | 52,884 |
| 2009 | 48,577 |
| 2010 | 49,821 |
| 2011 | 54,114 |
| 2012 | 57,372 |
| 2013 | 57,641 |
| 2014 | 60,610 |
| 2015 | 64,106 |
| 2016 | 65,759 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

County Labor Contracts

As of January 2018, Oakland County has 3,809 full time eligible positions of which 1,577 are represented by 8 certified bargaining units.

There are no current labor problems which might have a material effect upon Oakland County.

Table 11 – Oakland County Employees Represented by Bargaining Unit

| County Employee Group | Number of Positions | Contract Expiration Date |
|--------------------------------|----------------------------|---------------------------------|
| Sheriff's Law Enforcement | 427 | 9/30/2018 |
| Corrections and Services | 342 | 9/30/2018 |
| Sheriff's Command Officers | 117 | 9/30/2018 |
| Children's Village Employees | 144 | 9/30/2018 |
| Family Court Employees | 89 | 9/30/2018 |
| Prosecutor's Investigators | 8 | 9/30/2018 |
| Oakland County Employees Union | 363 | 9/30/2018 |
| Public Health Nurses | <u>87</u> | 9/30/2018 |
| | 1,577 | |

Source: Oakland County Human Resources Department.

Major Corporations

Oakland County is host to Major Corporate Headquarters and Major Regional Division Offices. Below is a listing of the top ten doing business in Oakland County:

Table 12 – Companies with Major Corporate or Regional Division Offices in Oakland County

| <u>Company</u> | <u>Sales (millions)</u> |
|--|--------------------------------|
| Fiat Chrysler Automobiles N.V. | \$111,018.0 |
| Penske Automotive Group | 20,118.5 |
| Lear Corporation | 18,557.6 |
| Aptiv, PLC (formerly Delphi Automotive, PLC) | 16,661.0 |
| Autoliv, Inc | 10,074.0 |
| BORGWARNER Inc. | 9,071.0 |
| Federal-Mogul Corporation | 7,434.0 |
| IAC Group North America Inc. | 6,000.0 |
| Kelly Services, Inc. | 5,276.8 |
| Guardian Industries Corporation | 5,031.9 |

Source: Hoover's, Bloomberg; Most recent annual filing or estimate as of January 31, 2018

Revenue Sharing 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 State's fiscal year begins October 1 of each year and end 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.

Act Nos. 356 and 357, Public Acts of Michigan, 2004 signed into law on September 30, 2004 made a number of changes. The most important change is a movement of the county fixed or allocated millage from December 1 to July 1. This movement occurs transitionally beginning in 2004 and is complete in July of 2007. In addition, a special Revenue Sharing Reserve Fund ("RSRF") was established and used to reduce the State's obligation to pay revenue sharing to counties. This allows counties to collect part of their millage earlier in the year thereby advancing their cash flows.

The RSRF could be drawn on by counties to replace the revenue sharing payments which they would have otherwise received from the State. Once money in the RSRF was depleted, revenue sharing payments to the counties resumed. In Oakland County, revenue sharing distributions from the State resumed in 2015.

Tax Collection and Levy Date for County Fixed or Allocated Millage

The money which is generated by a cash flow shift which will accelerate the collection of county fixed or allocated millage. All counties collect a base tax (which is, of course, reduced by Headlee rollbacks and limited by Proposal A caps) which is either fixed by a vote of the county voters or allocated to the county by a tax allocation board. In addition, counties have a right to vote extra millages for various purposes for up to 20 years. THIS DOES NOT APPLY TO EXTRA VOTED TAXES WHICH CONTINUE TO BE LEVIED AND COLLECTED ON DECEMBER 1.

Resumption of Actual Revenue Sharing Payments

The statutory guarantee to counties to receive revenue sharing payments from the State remain in full force and effect.

Purchasers of the Bonds offered herein should be alert to further modifications to revenue sharing payments to Michigan local government units, to the potential consequent impact upon the County's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the County from the State.

Pensions

As of September 30, 2016, the actuarial value of assets was used to determine both the funded status and the required employer contribution. The resulting System funded percent is 102.3%.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2016:

Table 13 – Oakland County Employees Retirement System – Present Financial Report

| | General Union | Command Officers | Road Deputies | Corrections Deputies | Total |
|--|---------------|---------------------|---------------|-------------------------|---------------|
| A. Accrued Liability | | | | | |
| 1. For retirees and beneficiaries | \$475,902,136 | \$41,598,557 | \$47,017,620 | \$51,792,720 | \$616,311,033 |
| 2. For vested /terminated members | 6,803,134 | 299,101 | 140,125 | 298,351 | 7,540,711 |
| 3. For present active members | | | | | |
| a. Value of expected future benefit payments | 98,362,293 | 13,621,106 | 23,732,108 | 12,447,974 | 148,163,481 |
| b. Value of future normal costs | 6,867,863 | 640,172 | 1,300,264 | 685,938 | 9,494,237 |
| c. Active member liability: (a) – (b) | 91,494,430 | 12,980,934 | 22,431,844 | 11,762,036 | 138,669,244 |
| 4. Total | 574,199,700 | 54,878,592 | 69,589,589 | 63,853,107 | 762,520,988 |
| B. Valuation Assets | 587,762,534 | 55,761,963 | 71,407,869 | 64,752,869 | 779,685,235 |
| C. Unfunded Accrued Liability: (A.4) – (B) | (13,562,834) | (883,371) | (1,818,280) | (899,762) | (17,164,247) |

Other Post-Employment Benefits (OPEB)

The plan's funding percent based on the actuarial value of plan assets is 123% as of September 30, 2016, while prior year the funded percent was 124%.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2016:

Table 14 – Oakland County Retirees' Health Care Trust* – Present Financial Report

| | General County | Command Officers | Road Deputies | Corrections Deputies | Total |
|---|----------------|------------------|---------------|----------------------|---------------|
| A. Accrued Liability | | | | | |
| 1. For retirees and beneficiaries | \$406,259,810 | \$31,419,620 | \$47,088,666 | \$42,958,440 | \$527,726,536 |
| 2. For vested and terminated members | 51,603,883 | 969,675 | 3,176,600 | 2,570,842 | 58,321,000 |
| 3. For present active members | | | | | |
| a. Value of expected future benefit payments | 282,454,328 | 31,432,581 | 76,329,589 | 45,017,018 | 435,233,516 |
| b. Value of future normal costs | 44,427,455 | 4,547,624 | 18,019,667 | 10,235,905 | 77,230,641 |
| c. Active member liability: (a) – (b) | 238,026,883 | 26,884,957 | 58,309,922 | 34,781,113 | 358,002,875 |
| 4. Total | 695,890,576 | 59,274,252 | 108,575,188 | 80,310,395 | 944,050,411 |
| B. Valuation Assets | 848,480,781 | 65,139,403 | 143,644,413 | 107,300,888 | 1,164,565,485 |
| C. Unfunded Accrued Liability: (A.4) – (B) | (152,590,205) | (5,865,151) | (35,069,225) | (26,990,493) | (220,515,074) |

** The State of Michigan adopted new legislation – Public Act 329, effective October 9, 2012 – which authorized local units of government to issue taxable general obligation bonds to fund OPEB obligations. This created the opportunity for the County to take advantage of lower bond interest rates and to refinance the 2007 COPS debt. On September 27, 2013, Oakland County initiated a private placement of \$350 million in bonded debt to refinance the outstanding long-term OPEB COP's debt of \$422.1 million which were subsequently called on April 1, 2014. The remaining amount of \$72.1 million needed to call the debt came from surplus assets in the Interim trust fund set up to keep the V'EB Trust fully funded.*

**Table 15 – History of State Equalized Valuation (SEV)
(Represents 50% of true cash value)**

| Assessment Year | Real Property | Personal Property | Total | % Change In Total | Taxable Value |
|----------------------------|----------------------|------------------------------|------------------|------------------------------|----------------------|
| 2017 | \$65,554,572,199 | \$3,453,780,010 | \$69,008,352,209 | 6.03% | \$54,723,743,027 |
| 2016 | 61,675,751,998 | 3,409,099,116 | 65,084,851,114 | 7.04% | 52,786,202,473 |
| 2015 | 56,923,321,000 | 3,882,782,774 | 60,806,103,774 | 10.39% | 51,895,341,437 |
| 2014 | 51,433,104,533 | 3,651,502,760 | 55,084,607,293 | 7.11% | 50,048,650,087 |
| 2013 | 47,639,423,175 | 3,790,500,640 | 51,429,923,815 | 1.16% | 49,235,110,306 |
| 2012 | 47,131,932,645 | 3,707,092,321 | 50,839,024,966 | -3.08% | 49,235,953,993 |
| 2011 | 48,766,831,153 | 3,686,629,190 | 52,453,460,343 | -9.16% | 50,798,540,257 |
| 2010 | 53,979,517,024 | 3,765,559,483 | 57,745,076,507 | -14.90% | 55,081,707,586 |
| 2009 | 63,909,419,815 | 3,949,566,334 | 67,858,986,149 | -8.90% | 62,416,676,895 |
| 2008 | 70,503,451,609 | 3,987,629,953 | 74,491,081,562 | -3.67% | 64,745,976,336 |

Source: Oakland County Equalization Department

SEV does not include any value of tax exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatements. See "Taxing Procedures" herein. In accordance with Act 409, Public Acts of 1965, as amended, and Article IX, Section 3, of the Michigan Constitution of 1963, SEV represents 50% of true cash value.

Table 16 – History and Percentage Breakdown of State Equalized Valuation by Tax Year

| Type of Property | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential | 76.9% | 76.7% | 75.3% | 73.7% | 71.3% | 69.9% | 68.5% | 67.6% | 68.7% | 70.9% |
| Commercial | 15.2 | 15.2 | 15.5 | 16.7 | 18.0 | 19.3 | 20.6 | 19.6 | 19.0 | 17.6 |
| Industrial | 2.8 | 2.8 | 2.7 | 2.9 | 3.1 | 3.4 | 3.7 | 6.0 | 6.3 | 6.0 |
| Personal Property | 5.0 | 5.2 | 6.4 | 6.6 | 7.4 | 7.3 | 7.0 | 6.5 | 5.8 | 5.4 |
| Agricultural | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 |
| Developmental | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Oakland County Equalization Department

Personal Property Tax Revenues

In an effort to entice businesses to locate in Michigan and to encourage existing businesses to expand, the Michigan Legislature approved a series of bills in December 2012 to phase out and eventually eliminate industrial and commercial personal property tax (PPT). These bills were tie-barred together, were to be implemented in phases, and required approval by statewide vote in August 2014 to take full effect. Based on these bills passed in 2012, local units of government would have received partial but not full reimbursement from the State for reduced PPT revenue. The budget as adopted in September 2013 included a reduction in the PPT revenue based on the 2012 PPT reduction bills.

The Legislature passed a series of new PPT bills in 2014 to fix some technical problems identified with the 2012 bills and also to provide funding to eventually fully reimburse local governments for the reduction in PPT revenue. These bills also were dependent upon voter approval in August 2014. On August 5, 2014 the voters of the State of Michigan approved a ballot proposition having the effect of approving the PPT plan contained in the 2012 bills as modified by the 2014 bills.

The first phase of the PPT plan took effect on January 1, 2014, with an exemption for business owners if their personal property has a combined true cash value of less than \$80,000 (taxable value of less than \$40,000). However, eligible property owners must have filed an affidavit by February 2014 in order to claim the exemption. The triennial budget

as adopted in September 2013 included the assumption that all eligible property owners filed for the required affidavit by the state-imposed February deadline and that PPT revenue will be reduced by \$1.5 million annually in FY 2014 and FY 2015. The previously adopted budget also included further additional reductions in PPT for the subsequent implementation of the second and third phases based on the legislation passed in 2012, with the exemption amounts budgeted at \$2.8 million in FY 2016 and increasing to \$4.5 million in FY 2017.

Based on the new legislation passed in 2014, the lost revenue from the PPT exemptions would be restored through State reimbursement beginning in FY 2016. The County has received full reimbursement of PPT losses for FY 2016 and FY 2017 with the State of Michigan reimbursing at rates of more than 100% for those years.

Table 17 – History of County Wide Tax Delinquencies

| Levy Year | Real Property | Personal Property |
|-----------|------------------|-------------------|
| 2016 | \$ 66,517,083.17 | \$4,813,003.09 |
| 2015 | 68,796,395.48 | 4,791,215.74 |
| 2014 | 72,532,013.95 | 4,669,385.41 |
| 2013 | 80,215,223.23 | 6,132,887.66 |
| 2012 | 89,699,373.20 | 5,702,067.01 |
| 2011 | 107,675,895.41 | 6,032,598.54 |
| 2010 | 130,215,501.20 | 7,271,064.88 |
| 2009 | 155,464,907.26 | 7,809,985.47 |
| 2008 | 149,883,620.70 | 7,387,710.43 |
| 2007 | 138,097,525.69 | 9,102,775.59 |

Source: Oakland County Treasurer

Debt-History

The County of Oakland has no record of default.

Short-Term Financing

The County has issued short-term notes in order to establish the 100% Delinquent Tax Payment Fund. Notes issued in each of the years below have been in a face amount less than the actual real property tax delinquency. The County has pledged its full faith and credit and limited taxing power to the payment of principal and interest on notes issued since 1979. The County does not issue short-term obligations for cash flow purposes.

Table 18 – History of Oakland County Delinquent Tax Anticipation Notes

| Year Issued | Notes Issued | Amount Outstanding |
|-------------|--------------|--------------------|
| 2017 | \$25,000,000 | \$25,000,000 |
| 2016 | 25,000,000 | 0 |
| 2015 | 25,000,000 | 0 |
| 2014 | 25,000,000 | 0 |
| 2013 | 25,000,000 | 0 |
| 2012 | 25,000,000 | 0 |
| 2011 | 50,000,000 | 0 |
| 2010 | 50,000,000 | 0 |
| 2009 | 50,000,000 | 0 |
| 2008 | 25,000,000 | 0 |
| 2007 | 25,000,000 | 0 |

Source: Oakland County Treasurer

Lense Obligations

The County leases a portion of its Law Enforcement Complex, Rochester Hills 52-3 District Court, Executive Office Building, Airport T-Hangars, Airport Terminal Building, Animal Control Building and various Facility Infrastructure and Information Technology Capital Projects from the Oakland County Building Authority. Since ownership of the property will ultimately transfer to the County from the Building Authority, the leases have been capitalized. There are also a number of sub-leases between the County and various governmental entities with the debt being funded from payments from the benefiting community over the life of the debt issues, with the structures being collateral. Current sub-leases are in place with the City of Rochester Hills, City of Keego Harbor, and City of Oak Park. All County Building Authority Debt is listed in the Debt Statement.

The County leases certain office and computer equipment and facilities. Total lease expense and future minimum annual payments are not significant.

Future Financing

The County will be moving ahead with its projects and has bond offerings planned for 2018.

Banking

The banking needs of the County are adequately handled by:

| | | |
|------------------------------|------------------------------|------------------------------|
| Bank of America | Comerica Bank | Level One Bank |
| Bank of Ann Arbor | Crestmark Bank | mBank |
| Bank of Birmingham | Flagstar Bank | Main Street Bank |
| Charter One Bank, NA | Genisys Credit Union | Mercantile Bank |
| Chemical Bank | Horizon Bank | Michigan First Credit Union |
| Chief Financial Credit Union | Huron Valley State Bank | Oxford Bank |
| CIBC | Independent Bank | PNC Bank |
| Citizens Community Federal | JP Morgan Chase Bank | The Huntington National Bank |
| Clarkston State Bank | Lakes Community Credit Union | TCF Bank |

Table 19 –Oakland County Net Direct Debt as of 12/31/2017 - Unaudited

| | <u>Gross</u> | <u>Self-Supporting or Portion Paid Directly by Benefited Municipalities</u> | <u>Net</u> |
|-------------------------------------|----------------------|---|----------------------|
| <u>Limited Tax</u> | | | |
| Building Authority | \$ 40,095,000 | \$ 3,020,000 | \$ 37,075,000 |
| Building Authority Refunding | 29,570,000 | - | 29,570,000 |
| Retirees Health Care Bonds | 283,370,000 | - | 283,370,000 |
| Sewer Disposal Bonds | 13,945,000 | 9,755,000 | 4,190,000 |
| Water Supply Bonds | 14,195,000 | 14,195,000 | - |
| Water & Sewage Refunding | 1,000,000 | 1,000,000 | - |
| Mich. Bond Auth.-Sewage Disp. Bonds | 55,374,672 | 1,575,178 | 53,799,494 |
| GOLT Tax Notes | 25,000,000 | 25,000,000 | - |
| Total | <u>\$462,549,672</u> | <u>\$54,545,178</u> | <u>\$408,004,494</u> |
| <u>Drain District</u> | | | |
| Drain Bonds | \$ 69,255,000 | \$ 61,940,745 | \$ 7,314,255 |
| Drain Refunding | 9,375,000 | 7,909,645 | 1,465,355 |
| Michigan Bond Authority Drain | 168,902,476 | 101,376,231 | 67,526,245 |
| Total | <u>\$247,532,476</u> | <u>\$171,226,621</u> | <u>\$76,305,855</u> |

Table 20 – Oakland County Overlapping Debt as of 12/31/2017

| | |
|--|------------------------|
| Cities, Villages and Townships | \$1,155,305,407 |
| School Districts | 2,267,330,370 |
| Community College, Intermediate School Districts and Library | 47,509,938 |
| Net County Overlapping Debt | <u>\$3,470,145,715</u> |
| Net County Direct and Overlapping Debt* | <u>\$3,954,456,064</u> |
| County Issued Debt Paid by Local Municipalities | \$200,771,799 |

**Short Term Notes not included in Net County Direct and Overlapping Debt*

Overlapping Debt: Property in the County is currently taxed for a proportionate share of outstanding debt obligations of overlapping governmental entities including school districts, cities, villages and townships within the County.

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

**Table 21 – Oakland County Schedule of Bond Maturities
County Credit and Limited Tax
Principal Only as of 12/31/2017**

| <u>Year</u> | <u>Building Authority</u> | <u>Building Authority Refunding</u> | <u>Water Supply Bonds</u> | <u>Water & Sewage Refunding</u> | <u>MBA Sewer Disposal Bonds</u> |
|-------------|-------------------------------|---|-----------------------------------|---|---|
| 2018 | \$2,655,000 | \$2,410,000 | \$745,000 | \$205,000 | \$2,260,000 |
| 2019 | 2,705,000 | 2,465,000 | 730,000 | 200,000 | 1,725,000 |
| 2020 | 2,780,000 | 2,460,000 | 740,000 | 220,000 | 1,770,000 |
| 2021 | 2,885,000 | 2,345,000 | 775,000 | 215,000 | 1,805,000 |
| 2022 | 2,960,000 | 2,430,000 | 785,000 | 160,000 | 1,850,000 |
| 2023 | 815,000 | 1,200,000 | 800,000 | - | 1,895,000 |
| 2024 | 820,000 | 755,000 | 835,000 | - | 1,940,000 |
| 2025 | 870,000 | 100,000 | 845,000 | - | 1,985,000 |
| Beyond 2025 | <u>4,320,000</u> | <u>0</u> | <u>7,940,000</u> | <u>0</u> | <u>20,415,939</u> |
| | <u>\$20,810,000</u> | <u>\$14,165,000</u> | <u>\$14,195,000</u> | <u>\$1,000,000</u> | <u>\$35,645,939</u> |

Source: Oakland County Treasurer

**Table 22 – Oakland County Schedule of Drain Bond Maturities
County Credit and Limited Tax
Principal Only as of 12/31/2017**

| <u>Year</u> | <u>Drain Bonds</u> | <u>Drain Refunding</u> | <u>Sewage Bonds</u> | <u>M.B.A. Drain Bonds</u> | <u>M.B.A. Sewage Bonds</u> |
|-------------|------------------------|----------------------------|-------------------------|-------------------------------|--------------------------------|
| 2018 | \$3,525,000 | \$1,385,000 | \$90,000 | \$13,405,000 | \$1,070,000 |
| 2019 | 3,955,000 | 1,370,000 | 90,000 | 13,890,000 | 1,100,000 |
| 2020 | 4,100,000 | 1,395,000 | 90,000 | 14,097,717 | 1,125,000 |
| 2021 | 4,220,000 | 1,440,000 | 95,000 | 14,365,000 | 1,160,000 |
| 2022 | 4,315,000 | 1,460,000 | 95,000 | 14,705,000 | 1,180,000 |
| 2023 | 3,995,000 | 960,000 | 100,000 | 13,920,000 | 1,215,000 |
| 2024 | 4,130,000 | 930,000 | 105,000 | 14,121,172 | 1,245,000 |
| 2025 | 4,275,000 | 435,000 | 105,000 | 8,925,000 | 1,270,000 |
| Beyond 2025 | <u>36,740,000</u> | <u>0</u> | <u>225,000</u> | <u>77,619,440</u> | <u>10,363,73</u> |
| | <u>\$69,255,000</u> | <u>\$9,375,000</u> | <u>\$995,000</u> | <u>\$168,902,476</u> | <u>\$19,728,733</u> |

Source: Oakland County Treasurer

**Table 23 – Oakland County Schedule of Bond Maturities
with Limited County Pledge - Taxable
Principal Only as of 12/31/2017**

| <u>Year</u> | <u>Bldg. Authority</u> | <u>Bldg. Authority Refunding</u> | <u>Retirees Health Care Bonds</u> | <u>Sewage</u> | <u>Tax Notes</u> |
|-------------|----------------------------|--|---------------------------------------|---------------------|---------------------|
| 2018 | \$925,000 | \$2,425,000 | \$23,870,000 | \$505,000 | \$25,000,000 |
| 2019 | 945,000 | 2,490,000 | 24,750,000 | 515,000 | 0 |
| 2020 | 960,000 | 2,575,000 | 25,660,000 | 710,000 | 0 |
| 2021 | 970,000 | 2,655,000 | 26,605,000 | 735,000 | 0 |
| 2022 | 1,010,000 | 2,685,000 | 27,585,000 | 745,000 | 0 |
| 2023 | 1,030,000 | 1,265,000 | 28,605,000 | 775,000 | 0 |
| 2024 | 1,075,000 | 1,310,000 | 29,660,000 | 795,000 | 0 |
| 2025 | 1,100,000 | 0 | 30,750,000 | 825,000 | 0 |
| Beyond 2025 | <u>11,270,000</u> | <u>0</u> | <u>65,885,000</u> | <u>7,345,000</u> | <u>0</u> |
| | <u>\$19,285,000</u> | <u>\$15,405,000</u> | <u>\$283,370,000</u> | <u>\$12,950,000</u> | <u>\$25,000,000</u> |

Source: Oakland County Treasurer

**Table 24 – Oakland County Schedule of Principal and Interest Requirements
as of 12/31/2017**

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|----------------------|---------------------|----------------------|
| 2018-2019 | \$135,940,654.00 | \$42,418,374.61 | \$182,069,028.61 |
| 2020-2024 | 289,497,676.00 | 69,744,120.94 | 359,241,796.94 |
| 2025-2030 | 214,257,758.00 | 29,178,275.70 | 243,436,033.70 |
| 2031-2040 | <u>70,386,060.00</u> | <u>4,761,458.36</u> | <u>75,147,518.36</u> |
| | \$710,082,148.00 | \$144,411,152.59 | \$854,493,300.59 |

Source: Oakland County Treasurer

**Table 25 – Oakland County Statement of Legal Debt Margin
as of 12/31/2017**

| | |
|---|---------------------------|
| <u>Bonds and Notes with County Credit and Limited Tax</u> | |
| GOLT Bldg. Authority | \$ 20,810,000.00 |
| GOLT Bldg. Authority Refunding | 14,165,000.00 |
| GOLT Water | 14,195,000.00 |
| GOLT Water & Sewage Refunding | 1,000,000.00 |
| Michigan Bond Authority Sewage Disposal | 35,645,939.00 |
| Total | <u>\$ 85,815,939.00</u> |
| <u>Drain Bonds</u> | |
| Drain Bonds | \$ 69,255,000.00 |
| Drain Refunding | 9,375,000.00 |
| Sewage | 995,000.00 |
| Michigan Bond Authority Sewage Disposal | 19,728,733.00 |
| Michigan Bond Authority Drain | 168,902,476.00 |
| Total | <u>\$ 268,256,209.00</u> |
| <u>Bonds and Notes with County Credit and Limited-Taxable</u> | |
| GOLT Bldg Authority | \$ 19,285,000.00 |
| GOLT Bldg Authority Refunding | 15,405,000.00 |
| GOLT Retirees Health Care Bonds | 283,370,000.00 |
| GOLT Sewage | 12,950,000.00 |
| GOLT Tax Notes | 25,000,000.00 |
| Total | <u>\$ 356,010,000.00</u> |
| Total All County Debt | <u>\$ 710,082,148.00</u> |
| Statutory Limit - 10% of Currently Approved SEV | \$6,900,835,220.90 |
| Total County Credit/Pledged Debt | 710,082,148.00 |
| Available Statutory Debt Limit | <u>\$6,190,753,072.90</u> |

Source: Oakland County Treasurer

**EXHIBIT A
COUNTY OF OAKLAND
GENERAL AND ECONOMIC INFORMATION**

EXHIBIT B

FINANCIAL INFORMATION REGARDING THE COUNTY OF OAKLAND

The following sections of the audited financial statements* of the County of Oakland for the Fiscal Year ended September 30, 2016 have been extracted from the audit:

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| Statement of Net Position | 45-46 |
| Statement of Activities | 47-48 |
| Balance Sheet – Governmental Funds | 49-50 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position | 51 |
| Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds | 52-53 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 54 |
| Statement of Net Position – Proprietary Funds | 55-58 |
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| Statement of Cash Flows – Proprietary Funds | 61-65 |
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| Statement of Net Position – Component Units | 68 |
| Statement of Activities – Component Units | 69 |
| Notes to Basic Financial Statements | 70-121 |

*Note: The County's auditors have not been asked to consent to the use of the audited financial statements provided herein and have not conducted any subsequent review of such audited financial statements or the information presented in this Exhibit B.

Independent Auditor's Report

To the Board of Commissioners
Oakland County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County, Michigan (the "County") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Commissioners
Oakland County, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of September 30, 2016 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, as identified in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, as identified in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Commissioners
Oakland County, Michigan

The introductory section and statistical section, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of Oakland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oakland County's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 24, 2017

County of Oakland
Statement of Net Position
September 30, 2016

| | Primary Government | | | Component Units |
|---|------------------------------------|--|----------------------|----------------------------|
| | Governmental Activities | Business- Type Activities | Totals | |
| Assets | | | | |
| Current assets | | | | |
| Pooled cash and investments | \$ 444,964,371 | \$ 369,300,595 | \$ 814,264,966 | \$ 43,513,709 |
| Cash and cash equivalents | - | - | - | 55,441,396 |
| Receivables (net of allowance for uncollectibles where applicable) | | | | |
| Current property taxes | 18,205,852 | - | 18,205,852 | - |
| Delinquent property taxes | 626,423 | 55,702,262 | 56,328,685 | - |
| Special assessments | - | - | - | 7,645,593 |
| Due from other governmental units | 34,751,256 | 21,499,552 | 56,250,808 | 4,379,819 |
| Due from primary government | - | - | - | 35,000 |
| Due from component units | 732,783 | 62,177 | 794,960 | - |
| Accrued interest receivable | 1,018,806 | 2,365,774 | 3,384,580 | 97,949 |
| Accounts receivable | 3,207,220 | 43,628,659 | 46,835,879 | 18,943,257 |
| Contracts receivable | 32,693,961 | 1,225,510 | 33,919,471 | - |
| Internal balances - footnote 19 | (48,264) | 48,264 | - | - |
| Inventories and supplies | 1,220,441 | 363,095 | 1,583,536 | 4,761,475 |
| Prepayments and other assets | 8,873,302 | 2,072,210 | 10,945,512 | 2,185,579 |
| Total current assets | 546,246,151 | 496,268,098 | 1,042,514,249 | 137,003,777 |
| Noncurrent assets | | | | |
| Special assessments receivable | 59,835,029 | - | 59,835,029 | 194,539,292 |
| OPEB asset | 157,325,849 | - | 157,325,849 | - |
| Capital assets, net | | | | |
| Land and other nondepreciable assets | 32,322,950 | 152,268,389 | 184,591,339 | 395,719,500 |
| Land improvements, net | 184,820 | 7,747,691 | 7,932,511 | 966,146 |
| Buildings and improvements, net | 135,701,316 | 57,456,231 | 193,157,547 | 59,670,808 |
| Equipment and vehicles, net | 24,412,379 | 16,554,588 | 40,966,967 | 10,849,052 |
| Infrastructure, net | 12,158,299 | 92,004,684 | 104,162,983 | 988,355,455 |
| Total capital assets, net | 204,779,764 | 326,031,583 | 530,811,347 | 1,455,560,961 |
| Total noncurrent assets | 421,940,642 | 326,031,583 | 747,972,225 | 1,650,100,253 |
| Total assets | 968,186,793 | 822,299,681 | 1,790,486,474 | 1,787,104,030 |
| Deferred Outflows of Resources | | | | |
| Deferred outflows related to pension | 19,305,794 | - | 19,305,794 | 26,075,995 |
| Total deferred outflows of resources | \$ 19,305,794 | \$ - | \$ 19,305,794 | \$ 26,075,995 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Net Position (Continued)
September 30, 2016

| | Primary Government | | | Component Units |
|---------------------------------------|----------------------------|---------------------------------|------------------|--------------------|
| | Governmental Activities | Business- Type Activities | Totals | |
| Liabilities | | | | |
| Current liabilities | | | | |
| Vouchers payable | \$ 16,249,728 | \$ 4,372,096 | \$ 20,621,824 | \$ 16,743,980 |
| Accrued payroll | 5,936,196 | - | 5,936,196 | - |
| Due to other governmental units | 1,187,818 | 14,796,127 | 15,983,945 | 7,340,470 |
| Due to primary government | - | - | - | 794,960 |
| Due to component units | 35,000 | - | 35,000 | - |
| Accrued interest payable | 443,469 | 32,593 | 476,062 | 14,071 |
| Other accrued liabilities | 24,915,875 | 6,616,523 | 31,532,398 | 9,514,123 |
| Accrued compensated absences | 1,274,937 | - | 1,274,937 | - |
| Unearned revenue | 27,733,062 | 1,983,383 | 29,716,445 | 9,983,779 |
| Claims and judgments | 4,384,160 | - | 4,384,160 | 483,633 |
| Bonds and notes payable | 33,705,000 | 26,775,600 | 60,480,600 | 17,724,400 |
| Total current liabilities | 115,865,245 | 54,576,322 | 170,441,567 | 62,599,416 |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | 11,474,428 | - | 11,474,428 | 3,078,900 |
| Claims and judgments | 11,588,467 | - | 11,588,467 | 528,700 |
| Net pension liability | 5,444,786 | - | 5,444,786 | 42,947,521 |
| Other postemployment benefits | - | - | - | 28,201,451 |
| Bonds and notes payable | 393,048,690 | 25,031,754 | 418,080,444 | 247,062,088 |
| Total noncurrent liabilities | 421,556,371 | 25,031,754 | 446,588,125 | 321,818,660 |
| Total liabilities | 537,421,616 | 79,608,076 | 617,029,692 | 384,418,076 |
| Net Position | | | | |
| Net investment in capital assets | 147,744,764 | 299,224,229 | 446,968,993 | 1,190,774,473 |
| Restricted for | | | | |
| Property tax forfeiture | 5,884,980 | - | 5,884,980 | - |
| Public safety | 7,705,367 | - | 7,705,367 | - |
| Citizens services | 2,045,986 | - | 2,045,986 | - |
| Public works | 2,738,206 | - | 2,738,206 | 14,840,100 |
| Justice Administration | 1,681,740 | - | 1,681,740 | - |
| Commerce and community development | 8,084,649 | - | 8,084,649 | - |
| Debt service | 7,791,059 | - | 7,791,059 | 194,941,834 |
| Airports | - | 400 | 400 | - |
| Community water and sewer | - | 98,336,769 | 98,336,769 | - |
| Unrestricted | 266,394,220 | 345,130,207 | 611,524,427 | 28,205,542 |
| Total net position | \$ 450,070,971 | \$ 742,691,605 | \$ 1,192,762,576 | \$ 1,428,761,949 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Activities
Year Ended September 30, 2016

| | Expenses | Program Revenues | | | Net (Expense) Revenue |
|------------------------------------|----------------|----------------------|------------------------------------|----------------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Functions/Programs | | | | | |
| Primary government | | | | | |
| Governmental activities | | | | | |
| General government, administrative | \$ 36,922,795 | \$ 23,078,190 | \$ 600,500 | \$ - | \$ (13,244,105) |
| Public safety | 186,368,098 | 64,274,890 | 18,302,689 | 282,049 | (103,508,470) |
| Justice administration | 88,190,032 | 32,064,235 | 680,004 | 39,190 | (55,406,603) |
| Citizen services | 77,513,361 | 9,488,715 | 15,731,575 | - | (52,293,071) |
| Public works | 53,585,849 | 34,566,771 | 1,069,022 | 1,207,474 | (16,742,582) |
| Recreation and leisure | 1,346,384 | 15,468 | 8,000 | - | (1,322,916) |
| Commerce and community development | 42,667,769 | 18,361,879 | 20,163,033 | - | (4,142,857) |
| Unallocated depreciation | 3,527,266 | - | - | - | (3,527,266) |
| Interest on debt | 3,222,007 | - | - | - | (3,222,007) |
| Total governmental activities | 493,343,561 | 181,850,148 | 56,554,823 | 1,528,713 | (253,409,877) |
| Business-type activities | | | | | |
| Airports | 6,630,136 | 4,624,215 | - | 915,522 | (1,090,399) |
| Community safety support | 20,772,663 | 14,293,818 | - | 77,563 | (6,401,282) |
| Community tax financing | 988,159 | 15,872,925 | - | - | 14,884,766 |
| Community water and sewer | 82,330,145 | 92,591,784 | 1,398,631 | 1,057,973 | 12,718,243 |
| Recreation and leisure | 23,460,676 | 9,981,419 | 77,079 | - | (13,402,178) |
| Sewage disposal systems | 132,107,791 | 133,611,778 | 727,072 | 27,520,966 | 29,752,025 |
| Total business-type activities | 266,289,570 | 270,975,939 | 2,202,782 | 29,572,024 | 36,461,175 |
| Total primary government | \$ 759,633,131 | \$ 452,826,087 | \$ 58,757,605 | \$ 31,100,737 | \$ (216,948,702) |
| Component units | | | | | |
| Drainage districts | \$ 95,780,166 | \$ 92,911,062 | \$ 1,857,656 | \$ 25,136,259 | \$ 24,124,811 |
| Road commission | 123,387,277 | 16,203,823 | 67,485,619 | 51,358,884 | 11,661,049 |
| Total component units | \$ 219,167,443 | \$ 109,114,885 | \$ 69,343,275 | \$ 76,495,143 | \$ 35,785,860 |

(continued)

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2016

| | Primary Government | | | Component Units |
|--------------------------------------|----------------------------|---------------------------------|-------------------------|-------------------------|
| | Governmental Activities | Business- Type Activities | Totals | |
| Changes in net position | | | | |
| Net (expense) revenue | <u>\$ (253,409,877)</u> | <u>\$ 36,461,175</u> | <u>\$ (216,948,702)</u> | <u>\$ 35,785,860</u> |
| General revenues | | | | |
| Taxes | | | | |
| Property taxes | 210,219,877 | 12,246,824 | 222,466,701 | - |
| State-shared revenue (unrestricted) | 42,849,430 | - | 42,849,430 | - |
| Unrestricted investment earnings | 3,894,824 | 3,617,151 | 7,511,975 | 1,066,790 |
| Gain on sale of capital assets | 435,178 | - | 435,178 | - |
| Other revenues | 3,765,977 | - | 3,765,977 | - |
| Transfers in (out) | <u>17,841,687</u> | <u>(17,841,687)</u> | <u>-</u> | <u>-</u> |
| Total general revenues and transfers | <u>279,006,973</u> | <u>(1,977,712)</u> | <u>277,029,261</u> | <u>1,066,790</u> |
| Change in net position | <u>25,597,096</u> | <u>34,483,463</u> | <u>60,080,559</u> | <u>36,852,650</u> |
| Net position | | | | |
| Beginning | <u>424,473,875</u> | <u>708,208,142</u> | <u>1,132,682,017</u> | <u>1,391,909,299</u> |
| Ending | <u>\$ 450,070,971</u> | <u>\$ 742,691,605</u> | <u>\$ 1,192,762,576</u> | <u>\$ 1,428,761,949</u> |

The accompanying notes are an integral part of the financial statements.

Governmental Fund Financial Statements

Major Funds

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Authority Debt Act 31 Fund - This fund was established to accumulate the resources for the payment of bonded debt issued for the construction of, or improvement to various facilities (currently five issues). The fund also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the County.

Water and Sewer Debt Act 342 Fund - This fund was established to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 342 of 1939 (currently nine issues).

Non-Major Funds

Non-major governmental funds are presented, by fund type, in the following sections:

Special revenue funds
Debt service funds
Capital projects funds

County of Oakland
Balance Sheet
Governmental Funds
September 30, 2016

| | Major Funds | | |
|--|-----------------------|---|---|
| | General | Building Authority Debt Act 31 | Water and Sewer Debt Act 342 |
| Assets | | | |
| Pooled cash and investments | \$ 241,383,024 | \$ 6,871,087 | \$ 1,046,871 |
| Receivables (net of allowance for uncollectibles where applicable) | | | |
| Current property taxes | 18,205,852 | - | - |
| Delinquent property taxes | 626,423 | - | - |
| Due from other governmental units | 7,626,059 | 114,196 | - |
| Due from component units | 4,196 | - | - |
| Accrued interest receivable | 254,760 | 1,435 | 93 |
| Accounts receivable | 335,738 | 741,114 | - |
| Contracts receivable | 16,368,961 | 12,835,000 | - |
| Special assessments receivable | - | - | 57,670,727 |
| Due from other funds | 12,103,325 | - | - |
| Advances receivable | - | - | - |
| Inventories | 143,527 | - | - |
| Prepayments and other assets | 391,239 | - | - |
| Total assets | <u>\$ 297,443,104</u> | <u>\$ 20,562,832</u> | <u>\$ 58,717,691</u> |
| Liabilities | | | |
| Vouchers payable | \$ 10,496,956 | \$ - | \$ 1,022,263 |
| Accrued payroll | 5,936,196 | - | - |
| Due to other governmental units | 513,984 | - | - |
| Due to other funds | 506,688 | - | - |
| Due to component units | 35,000 | - | - |
| Advances payable | - | - | - |
| Unearned revenue | 12,345,962 | - | 11,872,037 |
| Other accrued liabilities | 5,517,493 | - | 4,117 |
| Total liabilities | <u>35,352,279</u> | <u>-</u> | <u>12,898,417</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue-property taxes | 6,775,127 | - | - |
| Unavailable revenue-special assessments | - | - | 45,798,690 |
| Unavailable revenue-grants | 51,649 | - | - |
| Unavailable revenue-contracts receivable | - | 12,835,000 | - |
| Unavailable revenue-other | 22,581 | - | - |
| Total deferred inflows of resources | <u>6,849,357</u> | <u>12,835,000</u> | <u>45,798,690</u> |
| Fund Balances | | | |
| Nonspendable | 534,766 | - | - |
| Restricted | 5,884,980 | 7,727,832 | 20,584 |
| Committed | - | - | - |
| Assigned | 245,859,255 | - | - |
| Unassigned | 2,962,467 | - | - |
| Total fund balances | <u>255,241,468</u> | <u>7,727,832</u> | <u>20,584</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 297,443,104</u> | <u>\$ 20,562,832</u> | <u>\$ 58,717,691</u> |

(continued)

The accompanying notes are an integral part of the financial statements.

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2016**

| | Non-Major Funds | Totals September 30, 2016 |
|--|----------------------------|--|
| Assets | | |
| Pooled cash and investments | \$ 72,950,797 | \$ 322,251,779 |
| Receivables (net of allowance for uncollectibles where applicable) | - | 18,205,852 |
| Current property taxes | - | 626,423 |
| Delinquent property taxes | 26,196,796 | 33,937,051 |
| Due from other governmental units | 687,556 | 691,752 |
| Due from component units | 55,858 | 312,146 |
| Accrued interest receivable | 471,971 | 1,548,823 |
| Accounts receivable | 3,490,000 | 32,693,961 |
| Contracts receivable | 2,164,302 | 59,835,029 |
| Special assessments receivable | 1,320,983 | 13,424,308 |
| Due from other funds | 1,102,916 | 1,102,916 |
| Advances receivable | - | 143,527 |
| Inventories | 2,002,683 | 2,393,922 |
| Prepayments and other assets | \$ 110,443,862 | \$ 487,167,489 |
| Total assets | | |
| Liabilities | \$ 2,274,636 | \$ 13,793,855 |
| Vouchers payable | - | 5,936,196 |
| Accrued payroll | 432,720 | 946,704 |
| Due to other governmental units | 12,916,077 | 13,422,765 |
| Due to other funds | - | 35,000 |
| Due to component units | 1,102,916 | 1,102,916 |
| Advances payable | 2,814,224 | 27,032,223 |
| Unearned revenue | 13,508,724 | 19,030,334 |
| Other accrued liabilities | 33,049,297 | 81,299,993 |
| Total liabilities | | |
| Deferred Inflows of Resources | - | 6,775,127 |
| Unavailable revenue-property taxes | 2,164,302 | 47,962,992 |
| Unavailable revenue-special assessments | 2,704,023 | 2,755,672 |
| Unavailable revenue-grants | 3,490,000 | 16,325,000 |
| Unavailable revenue-contracts receivable | 1,547,619 | 1,570,200 |
| Unavailable revenue-other | 9,905,944 | 75,388,991 |
| Total deferred inflows of resources | | |
| Fund balances | 1,102,916 | 1,637,682 |
| Nonspendable | 17,972,719 | 31,606,115 |
| Restricted | 51,423,615 | 51,423,615 |
| Committed | - | 245,859,255 |
| Assigned | (3,010,629) | (48,162) |
| Unassigned | 67,488,621 | 330,478,505 |
| Total fund balances | | |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 110,443,862 | \$ 487,167,489 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2016

| | | |
|---|-------------------|-----------------------|
| Total fund balances for governmental funds | | \$ 330,478,505 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Land, not being depreciated | \$ 7,235,551 | |
| Construction in progress, not being depreciated | 13,375,820 | |
| Land improvements, net of \$1,111,870 depreciation | 184,820 | |
| Buildings and improvements, net of \$113,029,647 depreciation | 134,351,000 | |
| Equipment and vehicles, net of \$21,224,802 depreciation | 12,110,500 | |
| Infrastructure, net of \$15,453,375 depreciation | <u>12,058,363</u> | |
| | | 179,316,054 |
| Internal service funds are used by management to charge the cost of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. | | 135,385,154 |
| Other post-employment benefits assets do not represent financial resources and are not reported in the funds. | | 157,325,849 |
| Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds. | | 6,148,704 |
| Long-term receivables such as special assessments and contracts receivable are expected to be collected over several years and are deferred in the governmental funds and are not available to pay for current year expenditures. | | 68,613,864 |
| Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement: | | |
| Bonds and notes payable | (426,753,690) | |
| Accrued interest payable | <u>(443,469)</u> | |
| | | (427,197,159) |
| Net position of governmental activities | | <u>\$ 450,070,971</u> |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2016

| | Major Funds | | |
|--|-----------------------|---|---------------------------------------|
| | General | Building Authority Debt Act 31 | Water and Sewer Debt Act 342 |
| Revenues | | | |
| Taxes | \$ 214,229,960 | \$ - | \$ - |
| Special assessments | - | 1,103,274 | 2,298,925 |
| Federal grants | 470,888 | - | - |
| State grants | 4,826,971 | - | - |
| Other intergovernmental revenues | 45,057,978 | - | - |
| Charges for services | 111,659,600 | 1,229 | 1,150 |
| Contributions | 53,334 | - | - |
| Investment income | 2,368,986 | 53,502 | 5,047 |
| Indirect cost recovery | 7,846,289 | - | - |
| Other | 546,081 | - | - |
| Total revenues | <u>387,060,087</u> | <u>1,158,005</u> | <u>2,305,122</u> |
| Expenditures | | | |
| Current operations | | | |
| County Executive | 88,023,622 | 2,000 | - |
| Clerk/Register of Deeds | 8,812,726 | - | - |
| Treasurer | 8,286,497 | - | - |
| Justice administration | 51,969,190 | - | - |
| Law enforcement | 157,861,425 | - | - |
| Legislative | 3,952,835 | - | - |
| Water Resource Commissioner | 5,772,271 | - | - |
| Non-departmental | 21,079,507 | - | - |
| Total current operations | <u>345,758,073</u> | <u>2,000</u> | <u>-</u> |
| Capital outlay | 848,382 | - | - |
| Intergovernmental | - | - | - |
| Debt service | - | 2,495,000 | 1,580,000 |
| Principal payments | - | 1,050,446 | 721,175 |
| Interest and fiscal charges | <u>346,606,455</u> | <u>3,547,446</u> | <u>2,301,175</u> |
| Total expenditures | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>40,453,632</u> | <u>(2,389,441)</u> | <u>3,947</u> |
| Other financing sources (uses) | | | |
| Transfers in | 14,583,318 | 9,279,785 | - |
| Transfers out | (59,999,875) | - | - |
| Issuance of bonds | - | - | - |
| Premiums on bonds sold | - | - | - |
| Discount on bonds sold | - | - | - |
| Total other financing sources (uses) | <u>(45,416,557)</u> | <u>9,279,785</u> | <u>-</u> |
| Net change in fund balances | <u>(4,962,925)</u> | <u>6,890,344</u> | <u>3,947</u> |
| Fund balances | | | |
| October 1, 2015 | <u>260,204,393</u> | <u>837,488</u> | <u>16,637</u> |
| September 30, 2016 | <u>\$ 255,241,468</u> | <u>\$ 7,727,832</u> | <u>\$ 20,584</u> |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2016

| | Non-Major Funds | Totals September 30, 2016 |
|--|----------------------|---------------------------------|
| Revenues | | |
| Taxes | \$ - | \$ 214,229,960 |
| Special assessments | 1,982,365 | 5,384,564 |
| Federal grants | 29,166,460 | 29,637,348 |
| State grants | 22,019,577 | 26,846,548 |
| Other intergovernmental revenues | 11,810,591 | 56,868,569 |
| Charges for services | 11,982,313 | 123,644,292 |
| Contributions | 168,244 | 221,578 |
| Investment income | 344,948 | 2,772,483 |
| Indirect cost recovery | - | 7,846,289 |
| Other | 384,227 | 930,308 |
| Total revenues | <u>77,858,725</u> | <u>468,381,939</u> |
| Expenditures | | |
| Current operations | | |
| County Executive | 62,879,425 | 150,905,047 |
| Clerk/Register of Deeds | 2,031,711 | 10,844,437 |
| Treasurer | - | 8,286,497 |
| Justice administration | 23,842,331 | 75,811,521 |
| Law enforcement | 6,880,385 | 164,741,810 |
| Legislative | 8,000 | 3,960,835 |
| Water Resource Commissioner | 29,369,938 | 35,142,209 |
| Non-departmental | - | 21,079,507 |
| Total current operations | <u>125,011,790</u> | <u>470,771,863</u> |
| Capital outlay | 12,620,866 | 13,469,248 |
| Intergovernmental | 4,508 | 4,508 |
| Debt service | | |
| Principal payments | 4,535,000 | 8,610,000 |
| Interest and fiscal charges | <u>1,298,795</u> | <u>3,070,416</u> |
| Total expenditures | <u>143,470,959</u> | <u>495,926,035</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(65,612,234)</u> | <u>(27,544,096)</u> |
| Other financing sources (uses) | | |
| Transfers in | 51,607,765 | 75,470,868 |
| Transfers out | (2,329,977) | (62,329,852) |
| Issuance of bonds | 40,475,488 | 40,475,488 |
| Premiums on bonds sold | 20,870 | 20,870 |
| Discount on bonds sold | (23,433) | (23,433) |
| Total other financing sources (uses) | <u>89,750,713</u> | <u>53,613,941</u> |
| Net change in fund balances | <u>24,138,479</u> | <u>26,069,845</u> |
| Fund balances | | |
| October 1, 2015 | <u>43,350,142</u> | <u>304,408,660</u> |
| September 30, 2016 | <u>\$ 67,488,621</u> | <u>\$ 330,478,505</u> |

The accompanying notes are an integral part of the financial statements.

County of Oakland

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities Year Ended September 30, 2016

| | | |
|---|--------------------|----------------------|
| Net change in fund balance - Total governmental funds | | \$ 26,069,845 |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Construction in progress | \$ 7,913,729 | |
| Buildings and improvements | 240,272 | |
| Equipment and vehicles | 1,297,483 | |
| Depreciation expense | <u>(8,816,755)</u> | |
| | | 634,729 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. | | |
| | | (2,525,181) |
| Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds. | | |
| | | (5,766,783) |
| Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds. | | |
| Prior year's deferral | (10,158,787) | |
| Current year deferral | <u>6,148,704</u> | |
| | | (4,010,083) |
| Revenues from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year. | | |
| | | 21,008,755 |
| Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount proceeds exceed repayments. | | |
| Bond proceeds | (40,475,488) | |
| Repayment of bond principal | 30,810,000 | |
| Accrued interest | <u>(148,698)</u> | |
| | | (9,814,186) |
| Change in net position of governmental activities | | <u>\$ 25,597,096</u> |

The accompanying notes are an integral part of the financial statements.

Proprietary Fund Financial Statements

Major Funds

Parks and Recreation Fund - This fund is used to account for revenues earmarked for the operation of the County's 13 parks, including campgrounds, day-use and dog parks, five golf courses, 65 miles of trails, two waterparks, nature centers and banquet facilities, and management of the Oakland County Market. Principal revenue is from a voter-approved millage and user charges.

Delinquent Tax Revolving Fund - This fund is used to account for money advanced by the County to cities, townships, villages and County funds for unpaid property taxes, and the subsequent collections of delinquencies from taxpayers.

The County Airports Fund - This fund was established to account for operations of the County's Oakland County International, Oakland/Troy, and Oakland/Southwest airports. Revenue is primarily derived from leases, hangar rentals, landing fees, and other rental or service charges. Capital costs are financed primarily from issuance of debt or state and federal capital grants.

Water and Sewer Trust Fund - This fund is used to account for monies received from those County residents whose water and sewer systems are maintained for their respective city, villages, or townships by Oakland County.

Evergreen-Farmington S.D.S. (Sewage Disposal System) Fund - This fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced or issuance of debt.

Southeastern Oakland County S.D.S. (S.O.C.S.D.S.) Fund - This fund was established to record the operations and maintenance of the system, which is used to move sewage and storm water to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

Clinton-Oakland S.D.S. (Sewage Disposal System) Fund - This fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

Non-Major Funds

Non-major proprietary funds are presented, by fund type, in the following sections:

Internal service funds
Enterprise funds

County of Oakland
Statement of Net Position
Proprietary Funds
September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|---|---|-----------------------------|--------------------|-----------------------------|---------------------------------|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen- Farmington SDS |
| Assets | | | | | |
| Current assets | | | | | |
| Pooled cash and investments | \$ 24,046,824 | \$ 155,011,711 | \$ 15,908,069 | \$ 68,252,945 | \$ 15,684,005 |
| Delinquent property taxes receivable | - | 55,702,262 | - | - | - |
| Due from other governmental units | 32,000 | 1,673,374 | 600 | 7,117,197 | 2,986,702 |
| Due from component units | - | - | - | - | 62,177 |
| Accrued interest receivable | 17,994 | 1,588,604 | 73,058 | 72,111 | 118,304 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 121,339 | 11,620,851 | 298,064 | 30,005,902 | - |
| Due from other funds | - | - | - | - | - |
| Current portion of contracts receivable | - | - | 1,225,510 | - | - |
| Current portion of advances receivable | - | 12,883 | - | - | - |
| Inventories and supplies | 61,208 | - | - | - | - |
| Prepayments and other assets | 783 | 333 | - | 656,928 | - |
| Total current assets | 24,280,148 | 225,610,018 | 17,505,301 | 106,105,083 | 18,851,188 |
| Noncurrent assets | | | | | |
| Advances receivable | - | 51,532 | - | - | - |
| Capital assets, net | | | | | |
| Land and other nondepreciable assets | 31,298,114 | - | 36,462,333 | 15,012,281 | 42,753,007 |
| Land improvements, net | - | - | 7,239,896 | 5,907 | 501,888 |
| Building and improvements, net | 19,698,912 | - | 22,227,348 | 1,029,768 | 9,414,879 |
| Equipment and vehicles, net | 1,446,292 | - | 702,931 | 3,502,570 | 259,843 |
| Infrastructure, net | 17,136,480 | - | 2,967,308 | 55,099,386 | 3,467,935 |
| Total noncurrent assets | 69,579,798 | 51,532 | 69,599,816 | 74,649,912 | 56,397,552 |
| Total assets | 93,859,946 | 225,661,550 | 87,105,117 | 180,754,995 | 75,248,740 |
| Deferred Outflows of Resources | | | | | |
| Deferred outflows related to pension | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|---|----------------------------|--------------------|---------------------------------|--|
| | Major | | | Totals September 30, 2016 | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | | |
| Assets | | | | | |
| Current assets | | | | | |
| Pooled cash and investments | \$ 40,968,105 | \$ 8,525,250 | \$ 40,903,686 | \$ 369,300,595 | \$ 122,712,592 |
| Delinquent property taxes | - | - | - | 55,702,262 | - |
| Due from other governmental units | 4,981,095 | 3,150,339 | 1,558,245 | 21,499,552 | 814,205 |
| Due from component units | - | - | - | 62,177 | 41,031 |
| Accrued interest receivable | 155,437 | 136,127 | 204,139 | 2,365,774 | 706,660 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 157,896 | - | 1,424,607 | 43,628,659 | 1,658,397 |
| Due from other funds | - | - | - | - | 16,092 |
| Current portion of contracts receivable | - | - | - | 1,225,510 | - |
| Current portion of advances receivable | - | - | - | 12,883 | - |
| Inventories and supplies | - | - | 301,887 | 363,095 | 1,076,914 |
| Prepayments and other assets | 522,746 | - | 891,420 | 2,072,210 | 6,479,380 |
| Total current assets | 46,785,279 | 11,811,716 | 45,283,984 | 496,232,717 | 133,505,271 |
| Noncurrent assets | | | | | |
| Advances receivable | - | - | - | 51,532 | - |
| Capital assets, net | | | | | |
| Land and other nondepreciable assets | 3,743,289 | 18,637,150 | 4,362,215 | 152,268,389 | 11,711,579 |
| Land improvements, net | - | - | - | 7,747,691 | - |
| Building and improvements, net | - | 209,393 | 4,875,931 | 57,456,231 | 1,350,315 |
| Equipment and vehicles, net | 168,872 | 77,110 | 10,396,970 | 16,554,588 | 12,301,880 |
| Infrastructure, net | 192,679 | 9,520,796 | 3,620,100 | 92,004,684 | 99,936 |
| Total noncurrent assets | 4,104,840 | 28,444,449 | 23,255,216 | 326,083,115 | 25,463,710 |
| Total assets | 50,890,119 | 40,256,165 | 68,539,200 | 822,315,832 | 158,968,981 |
| Deferred Outflows of Resources | | | | | |
| Deferred outflows related to pension | - | - | - | - | 19,305,794 |
| Total deferred outflows of resources | - | - | - | - | 19,305,794 |
| | | | | | (continued) |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|---|--|---------------------------------|------------------------|------------------------------|---------------------------------|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen-Farmington SDS |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Vouchers payable | \$ 264,500 | \$ 219,275 | \$ 83,872 | \$ 2,957,562 | \$ 432,641 |
| Due to other governmental units | - | 177,023 | - | 292,313 | 5,636,429 |
| Due to other funds | - | - | - | 7,055 | 2,323 |
| Unearned revenue | 124,088 | - | 1,477,905 | - | - |
| Notes payable | - | 25,000,000 | - | - | - |
| Accrued interest payable | - | 32,593 | - | - | - |
| Current portion of bonds payable | - | - | 615,000 | 900,600 | 260,000 |
| Current portion of accrued compensated absences | - | - | - | - | - |
| Current portion of claims and judgments | - | - | - | - | - |
| Current portion of advances payable | - | - | - | - | - |
| Other accrued liabilities | 267,540 | 40,666 | 467,535 | 4,542,283 | 199,553 |
| Total current liabilities | 656,128 | 25,469,557 | 2,644,312 | 8,699,813 | 6,530,946 |
| Noncurrent liabilities | | | | | |
| Bonds payable | - | - | 6,935,000 | 12,981,754 | 5,115,000 |
| Net pension liability | - | - | - | - | - |
| Accrued compensated absences | - | - | - | - | - |
| Claims and judgments | - | - | - | - | - |
| Advances payable | - | - | - | - | - |
| Total noncurrent liabilities | - | - | 6,935,000 | 12,981,754 | 5,115,000 |
| Total liabilities | 656,128 | 25,469,557 | 9,579,312 | 21,681,567 | 11,645,946 |
| Net position | | | | | |
| Net investment in capital assets | 69,579,798 | - | 62,049,816 | 60,767,558 | 51,022,552 |
| Restricted for programs | - | - | 400 | 56,536,681 | 10,021,142 |
| Unrestricted | 23,624,020 | 200,191,993 | 15,475,589 | 41,769,189 | 2,559,100 |
| Total net position | \$ 93,203,818 | \$ 200,191,993 | \$ 77,525,805 | \$ 159,073,428 | \$ 63,602,794 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|--|-------------------------------|------------------------|---------------------------|---|
| | Major | | | Totals | |
| | S.O.C.S.D.S. | Clinton-Oakland S.D.S. | Non-Major Funds | September 30, 2016 | |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Vouchers payable | \$ 98,220 | \$ 62,180 | \$ 253,846 | \$ 4,372,096 | \$ 2,455,873 |
| Due to other governmental units | 7,635,143 | 235,306 | 819,913 | 14,796,127 | 241,114 |
| Due to other funds | 5,034 | 1,554 | 185 | 16,151 | 1,484 |
| Unearned revenue | - | - | 381,390 | 1,983,383 | 74,416 |
| Notes payable | - | - | - | 25,000,000 | - |
| Accrued interest payable | - | - | - | 32,593 | - |
| Current portion of bonds payable | - | - | - | 1,775,600 | - |
| Current portion of accrued compensated absences | - | - | - | - | 1,274,937 |
| Current portion of claims and judgments | - | - | - | - | 4,384,160 |
| Current portion of advances payable | - | - | - | - | 12,883 |
| Other accrued liabilities | 288,135 | 47,361 | 763,450 | 6,616,523 | 5,885,541 |
| Total current liabilities | 8,026,532 | 346,401 | 2,218,784 | 54,592,473 | 14,330,408 |
| Noncurrent liabilities | | | | | |
| Bonds payable | - | - | - | 25,031,754 | - |
| Net pension liability | - | - | - | - | 5,444,786 |
| Accrued compensated absences | - | - | - | - | 11,474,428 |
| Claims and judgments | - | - | - | - | 11,588,467 |
| Advances payable | - | - | - | - | 51,532 |
| Total noncurrent liabilities | - | - | - | 25,031,754 | 28,559,213 |
| Total liabilities | 8,026,532 | 346,401 | 2,218,784 | 79,624,227 | 42,889,621 |
| Net position | | | | | |
| Net investment in capital assets | 4,104,840 | 28,444,449 | 23,255,216 | 299,224,229 | 25,463,710 |
| Restricted for programs | 16,072,684 | 9,618,849 | 6,087,413 | 98,337,169 | - |
| Unrestricted | 22,686,063 | 1,846,466 | 36,977,787 | 345,130,207 | 109,921,444 |
| Total net position | \$ 42,863,587 | \$ 39,909,764 | \$ 66,320,416 | \$ 742,691,605 | \$ 135,385,154 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|--|--|---------------------------------|------------------------|------------------------------|---------------------------------|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen-Farmington SDS |
| Operating revenues | | | | | |
| Charges for services | \$ 9,951,644 | \$ 15,355,326 | \$ 4,617,639 | \$ 92,010,431 | \$ 40,422,468 |
| Other | 21,721 | 54,653 | 5,951 | 567,251 | 778 |
| Total operating revenues | 9,973,365 | 15,409,979 | 4,623,590 | 92,577,682 | 40,423,246 |
| Operating expenses | | | | | |
| Salaries | 8,782,764 | 104,401 | 1,176,133 | 102,299 | - |
| Fringe benefits | 2,995,011 | 71,312 | 657,596 | 66,761 | - |
| Fringe benefits - pension | - | - | - | - | - |
| Contractual services | 5,544,049 | 266,263 | 1,485,074 | 42,411,068 | 36,661,109 |
| Commodities | 902,309 | - | 117,929 | 2,279,630 | 222,447 |
| Depreciation | 3,640,363 | - | 2,665,382 | 2,412,590 | 684,976 |
| Internal services | 1,596,180 | - | 217,016 | 22,342,444 | 1,258,298 |
| Intergovernmental | - | - | - | 12,520,420 | - |
| Total operating expenses | 23,460,676 | 441,976 | 6,319,130 | 82,135,212 | 38,826,830 |
| Operating income (loss) | (13,487,311) | 14,968,003 | (1,695,540) | 10,442,470 | 1,596,416 |
| Nonoperating revenues (expenses) | | | | | |
| Property taxes | 12,246,824 | - | - | - | - |
| Contributions | 77,079 | - | - | 1,398,631 | 459,288 |
| Interest recovery - federal grants | - | - | 99,895 | - | 89,517 |
| Interest revenue | 203,166 | 1,666,012 | 149,170 | 517,084 | 117,698 |
| Interest expense | - | (125,182) | (311,006) | (194,933) | (266,565) |
| Bonds maturing | - | - | - | - | - |
| Gain on sale of property and equipment | 8,054 | - | 625 | 14,102 | - |
| Total nonoperating revenues (expenses) | 12,535,123 | 1,540,830 | (61,316) | 1,734,884 | 399,938 |
| Income (loss) before transfers and contributions | (952,188) | 16,508,833 | (1,756,856) | 12,177,354 | 1,996,354 |
| Transfers and contributions | | | | | |
| Capital contributions | - | - | 815,627 | 1,057,973 | 27,138,372 |
| Transfers in | - | - | - | - | - |
| Transfers out | (60,000) | (19,137,710) | - | (22,141) | (1,439,727) |
| Total transfers and contributions | (60,000) | (19,137,710) | 815,627 | 1,035,832 | 25,698,645 |
| Change in net position | (1,012,188) | (2,628,877) | (941,229) | 13,213,186 | 27,694,999 |
| Net position | | | | | |
| October 1, 2015 | 94,216,006 | 202,820,870 | 78,467,034 | 145,860,242 | 35,907,795 |
| September 30, 2016 | \$ 93,203,818 | \$ 200,191,993 | \$ 77,525,805 | \$ 159,073,428 | \$ 63,602,794 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|----------------------------|--------------------|---------------------------------|--|
| | Major | | | Totals September 30, 2016 | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | | |
| Operating revenues | | | | | |
| Charges for services | \$ 49,959,337 | \$ 36,660,733 | \$ 21,185,988 | \$ 270,163,566 | \$ 238,443,491 |
| Other | 3,108 | 426 | 123,931 | 777,819 | 2,835,669 |
| Total operating revenues | 49,962,445 | 36,661,159 | 21,309,919 | 270,941,385 | 241,279,160 |
| Operating expenses | | | | | |
| Salaries | - | - | 2,396,388 | 12,561,985 | 36,317,475 |
| Fringe benefits | - | - | 1,228,965 | 5,019,645 | 21,144,994 |
| Fringe benefits - pension | - | - | - | - | 13,666,033 |
| Contractual services | 47,759,604 | 34,322,530 | 13,653,266 | 182,102,963 | 127,681,656 |
| Commodities | 147,211 | 207,433 | 425,296 | 4,302,255 | 6,497,523 |
| Depreciation | 795,552 | 758,204 | 8,118,631 | 19,075,698 | 5,428,206 |
| Internal services | 1,503,459 | 900,818 | 1,940,703 | 29,758,918 | 7,491,665 |
| Intergovernmental | - | - | 50,000 | 12,570,420 | - |
| Total operating expenses | 50,205,826 | 36,188,985 | 27,813,249 | 265,391,884 | 218,227,552 |
| Operating income (loss) | (243,381) | 472,174 | (6,503,330) | 5,549,501 | 23,051,608 |
| Nonoperating revenues (expenses) | | | | | |
| Property taxes | - | - | - | 12,246,824 | - |
| Contributions | 267,784 | - | - | 2,202,782 | 957,015 |
| Interest recovery - federal grants | - | - | - | 189,412 | - |
| Interest revenue | 521,856 | 82,085 | 360,080 | 3,617,151 | 1,122,341 |
| Interest expense | - | - | - | (897,686) | (11,799,468) |
| Bonds maturing | - | - | - | - | (22,200,000) |
| Gain on sale of property and equipment | 11,750 | - | 23 | 34,554 | 435,178 |
| Total nonoperating revenues (expenses) | 801,390 | 82,085 | 360,103 | 17,393,037 | (31,484,934) |
| Income (loss) before transfers and contributions | 558,009 | 554,259 | (6,143,227) | 22,942,538 | (8,433,326) |
| Transfers and contributions | | | | | |
| Capital contributions | 293,077 | - | 77,563 | 29,382,612 | 1,207,474 |
| Transfers in | - | - | 3,303,891 | 3,303,891 | 4,922,817 |
| Transfers out | - | - | (486,000) | (21,145,578) | (222,146) |
| Total transfers and contributions | 293,077 | - | 2,895,454 | 11,540,925 | 5,908,145 |
| Change in net position | 851,086 | 554,259 | (3,247,773) | 34,483,463 | (2,525,181) |
| Net position | | | | | |
| October 1, 2015 | 42,012,501 | 39,355,505 | 69,568,189 | 708,208,142 | 137,910,335 |
| September 30, 2016 | \$ 42,863,587 | \$ 39,909,764 | \$ 66,320,416 | \$ 742,691,605 | \$ 135,385,154 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|---|--|---------------------------------|------------------------|------------------------------|---------------------------------|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen-Farmington SDS |
| Cash flows from operating activities | | | | | |
| Cash received from users | \$ 10,278,605 | \$ 16,914,759 | \$ 4,664,475 | \$ 92,737,812 | \$ 42,103,438 |
| Cash paid to suppliers | (11,340,859) | (337,908) | (2,815,093) | (79,869,023) | (37,736,834) |
| Cash paid to employees | (8,782,764) | (104,401) | (1,176,133) | (102,299) | - |
| Net cash provided by (used in) operating activities | (9,845,018) | 16,472,450 | 673,249 | 12,766,490 | 4,366,604 |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | - | - | - | - | - |
| Transfers to other funds | (60,000) | (19,137,710) | - | (22,141) | (1,439,727) |
| Contributions | 77,079 | - | - | 1,909,182 | 459,288 |
| Principal paid on debt | - | - | - | - | - |
| Interest paid on debt | - | - | - | - | - |
| Purchase of delinquent property taxes | - | (68,797,631) | - | - | - |
| Delinquent property taxes collected | - | 77,445,020 | - | - | - |
| Issuance of short-term borrowings | - | 25,000,000 | - | - | - |
| Repayments received on advances | - | 12,883 | - | - | - |
| Property taxes | 12,246,824 | - | - | - | - |
| Interest paid on short-term borrowings | - | (100,902) | - | - | - |
| Payments on short-term borrowings | - | (25,000,000) | - | - | - |
| Net cash provided by (used in) noncapital financing activities | 12,263,903 | (10,578,340) | - | 1,887,041 | (980,439) |
| Cash flows from capital and related financing activities | | | | | |
| Contributions for capital acquisitions | - | - | - | 836,916 | - |
| Proceeds from sale of bonds | - | - | - | 8,084,915 | - |
| Transfers from other funds | - | - | - | - | - |
| Interest recovery - federal grants | - | - | 99,895 | - | 89,517 |
| Proceeds from sale of capital assets | 73,683 | - | 625 | 14,102 | - |
| Acquisition of capital assets | (1,393,232) | - | (29,239) | (7,074,483) | (421,830) |
| Principal paid on debt | - | - | (610,000) | (620,200) | (250,000) |
| Interest paid on debt | - | - | (311,006) | (194,933) | (266,565) |
| Amount paid on advances | - | - | - | - | - |
| Interest paid on advances | - | - | - | - | - |
| Net cash provided by (used in) capital and related financing activities | (1,319,549) | - | (849,725) | 1,046,317 | (848,878) |
| Cash flows from investing activities | | | | | |
| Interest on investments | 207,646 | 1,557,973 | 137,658 | 475,490 | 109,898 |
| Net cash provided by investing activities | 207,646 | 1,557,973 | 137,658 | 475,490 | 109,898 |
| Net increase (decrease) in cash and cash equivalents | 1,306,982 | 7,452,083 | (38,818) | 16,175,338 | 2,647,185 |
| Pooled cash and investments | | | | | |
| October 1, 2015 | 22,739,842 | 147,559,628 | 15,946,887 | 52,077,607 | 13,036,820 |
| September 30, 2016 | \$ 24,046,824 | \$ 155,011,711 | \$ 15,908,069 | \$ 68,252,945 | \$ 15,684,005 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|--|-------------------------------|------------------------|---------------------------|---|
| | Major | | | Totals | |
| | S.O.C.S.D.S. | Clinton-Oakland S.D.S. | Non-Major Funds | September 30, 2016 | |
| Cash flows from operating activities | | | | | |
| Cash received from users | \$ 51,891,440 | \$ 39,250,523 | \$ 22,070,795 | \$ 279,911,847 | \$ 240,217,044 |
| Cash paid to suppliers | (48,871,867) | (36,970,737) | (16,962,947) | (234,905,268) | (165,031,817) |
| Cash paid to employees | - | - | (2,396,388) | (12,561,985) | (36,317,475) |
| Net cash provided by (used in) operating activities | 3,019,573 | 2,279,786 | 2,711,460 | 32,444,594 | 38,867,752 |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | - | - | 3,303,891 | 3,303,891 | 1,144,728 |
| Transfers to other funds | - | - | (486,000) | (21,145,578) | (222,146) |
| Contributions | 267,784 | - | - | 2,713,333 | 957,015 |
| Principal paid on debt | - | - | - | - | (22,200,000) |
| Interest paid on debt | - | - | - | - | (11,799,138) |
| Purchase of delinquent property taxes | - | - | - | (68,797,631) | - |
| Delinquent property taxes collected | - | - | - | 77,445,020 | - |
| Issuance of short-term borrowings | - | - | - | 25,000,000 | - |
| Repayments received on advances | - | - | - | 12,883 | - |
| Property taxes | - | - | - | 12,246,824 | - |
| Interest paid on short-term borrowings | - | - | - | (100,902) | - |
| Payments on short-term borrowings | - | - | - | (25,000,000) | - |
| Net cash provided by (used in) noncapital financing activities | 267,784 | - | 2,817,891 | 5,677,840 | (32,119,541) |
| Cash flows from capital and related financing activities | | | | | |
| Contributions for capital acquisitions | 293,077 | - | - | 1,129,993 | 67,172 |
| Proceeds from sale of bonds | - | - | - | 8,084,915 | - |
| Transfers from other funds | - | - | - | - | 3,776,816 |
| Interest recovery - federal grants | - | - | - | 189,412 | - |
| Proceeds from sale of capital assets | 11,750 | - | 23 | 100,183 | 657,933 |
| Acquisition of capital assets | (590,447) | (497,847) | (1,555,858) | (11,562,936) | (5,201,535) |
| Principal paid on debt | - | - | - | (1,480,200) | - |
| Interest paid on debt | - | - | - | (772,504) | - |
| Amount paid on advances | - | - | - | - | (12,883) |
| Interest paid on advances | - | - | - | - | (330) |
| Net cash provided by (used in) capital and related financing activities | (285,620) | (497,847) | (1,555,835) | (4,311,137) | (712,827) |
| Cash flows from investing activities | | | | | |
| Interest on investments | 494,219 | 75,538 | 331,382 | 3,389,804 | 1,027,390 |
| Net cash provided by investing activities | 494,219 | 75,538 | 331,382 | 3,389,804 | 1,027,390 |
| Net increase (decrease) in cash and cash equivalents | 3,495,956 | 1,857,477 | 4,304,898 | 37,201,101 | 7,062,774 |
| Pooled cash and investments | | | | | |
| October 1, 2015 | 37,472,149 | 6,667,773 | 36,598,788 | 332,099,494 | 115,649,818 |
| September 30, 2016 | \$ 40,968,105 | \$ 8,525,250 | \$ 40,903,686 | \$ 369,300,595 | \$ 122,712,592 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|---|---|--------------------------|-------------------|-----------------------|--------------------------|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen-Farmington SDS |
| Operating (loss) income | \$ (13,487,311) | \$ 14,968,003 | \$ (1,695,540) | \$ 10,442,470 | \$ 1,596,416 |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities | | | | | |
| Depreciation expense | 3,640,363 | - | 2,665,382 | 2,412,590 | 684,976 |
| (Increase) decrease in due from other governmental units | 60,973 | (458,486) | - | (4,020,885) | 1,666,794 |
| (Increase) decrease in due from component units | - | - | - | - | 13,398 |
| (Increase) decrease in accounts receivable | 168,290 | 2,043,564 | 42,474 | (818,985) | - |
| (Increase) decrease in due from other funds | 3,493 | - | - | 5,000,000 | - |
| (Increase) decrease in inventories and supplies | (5,901) | - | - | - | - |
| (Increase) decrease in prepayments and other assets | 18,538 | (333) | - | (40,191) | - |
| (Increase) decrease in deferred outflows related to pension | - | - | - | - | - |
| Increase (decrease) in vouchers payable | (184,921) | 35,828 | (309,100) | (512,317) | 245,074 |
| Increase (decrease) in due to other governmental units | - | (113,624) | - | (771,973) | 444,907 |
| Increase (decrease) in due to component units | - | - | - | (116,445) | - |
| Increase (decrease) in due to other funds | - | - | - | 7,055 | 363 |
| Increase (decrease) in unearned revenue | 72,484 | - | (1,589) | - | - |
| Increase (decrease) in current portion of other long-term liabilities | - | - | - | - | - |
| Increase (decrease) in other accrued liabilities | (131,026) | (2,502) | (28,378) | 1,185,171 | (285,324) |
| Increase (decrease) in net pension liability | - | - | - | - | - |
| Increase (decrease) in other long-term liabilities | - | - | - | - | - |
| Net cash provided by (used in) operating activities | <u>\$ (9,845,018)</u> | <u>\$ 16,472,450</u> | <u>\$ 673,249</u> | <u>\$ 12,766,490</u> | <u>\$ 4,366,604</u> |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|----------------------------|---------------------|---------------------------------|--|
| | Major | | | Totals September 30, 2016 | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | | |
| Operating income (loss) | \$ (243,381) | \$ 472,174 | \$ (6,503,330) | \$ 5,549,501 | \$ 23,051,608 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Depreciation expense | 795,552 | 758,204 | 8,118,631 | 19,075,698 | 5,428,206 |
| (Increase) decrease in due from other governmental units | 1,967,193 | 2,589,364 | 546,354 | 2,351,307 | (277,886) |
| (Increase) decrease in due from component units | - | - | - | 13,398 | (14,432) |
| (Increase) decrease in accounts receivable | (38,198) | - | 33,296 | 1,430,441 | (735,818) |
| (Increase) decrease in due from other funds | - | - | 78,524 | 5,082,017 | (14,511) |
| (Increase) decrease in inventories and supplies | - | - | 61,799 | 55,898 | 274,099 |
| (Increase) decrease in prepayments and other assets | 33,713 | - | 340,478 | 352,205 | 181,964 |
| (Increase) decrease in deferred outflows related to pension | - | - | - | - | 20,939,875 |
| Increase (decrease) in vouchers payable | 10,895 | (533,075) | (87,943) | (1,335,559) | (117,285) |
| Increase (decrease) in due to other govern- mental units | 452,226 | 53,291 | (229,654) | (164,827) | (39,112) |
| Increase (decrease) in due to component units | - | - | - | (116,445) | (495) |
| Increase (decrease) in due to other funds | 3,135 | 1,554 | (1,371) | 10,736 | (78,977) |
| Increase (decrease) in unearned revenue | - | - | 102,702 | 173,597 | (19,469) |
| Increase (decrease) in current portion of other long-term liabilities | - | - | - | - | 2,780 |
| Increase (decrease) in other accrued liabilities | 38,438 | (1,061,726) | 251,974 | (33,373) | 420,954 |
| Increase (decrease) in net pension liability | - | - | - | - | (7,273,842) |
| Increase (decrease) in other long-term liabilities | - | - | - | - | (2,859,907) |
| Net cash provided by (used in) operating activities | <u>\$ 3,019,573</u> | <u>\$ 2,279,786</u> | <u>\$ 2,711,460</u> | <u>\$ 32,444,594</u> | <u>\$ 38,867,752</u> |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2016

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$815,627 and \$27,138,372 in the County Airports and Evergreen-Farmington S.D.S. fund, respectively; transfer of fully depreciated capital assets of \$781,066 from the Drainage Districts Component Unit and forgiveness of debt in the amount of \$1,057,973 recorded in the Water and Sewer Trust fund.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Unearned Revenue of \$1,225,510 in the County Airports fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$77,563 in the CLEMIS fund, and adjustment (reduction) of capital asset value and accumulated depreciation in the amount of \$584 in the Radio Communications fund.

Internal Service Funds

Noncash and capital related financing activities included contribution of capital assets in the amount of \$1,140,302 in the Information Technology fund.

Noncash and non-capital related financing activities included transfers from other funds in the amount of \$1,273 included in the Due from Other Assets asset account in the Facilities Maintenance and Operations fund.

Fiduciary Fund Financial Statements

Pension (and Other Postemployment Benefits) Trust Funds - Employee Pension Trust funds accept payments made by the County, invest fund resources, and calculate and pay pensions to beneficiaries. Postemployment benefit trust funds accumulate resources to provide health-related benefits to retired employees, dependents and beneficiaries.

Investment Trust Funds - These funds account for monies from external local units of government, held in a pooled investment portfolio for the benefit of the respective governmental units under contractual arrangement.

Agency Funds - These funds account for assets held by the County in a custodial capacity. Disbursements from these funds are contingent upon the agreement or applicable legislative enactment for each particular fund. Agency funds are generally clearance devices for monies collected for others, held briefly, and then disbursed to authorized recipients.

Combining schedules for fiduciary funds are presented, by fund type, in the following sections:

Pension (and other postemployment benefits) trust funds

Investment trust funds

Agency funds

County of Oakland
Statement of Net Position
Fiduciary Funds
September 30, 2016

| | Pension (and Other Post- employment Benefits) Trust Funds | Investment Trust Funds | Agency Funds |
|---|--|---------------------------------------|-------------------------|
| Assets | | | |
| Pooled cash and investments | \$ 37,611,072 | \$ 518,237,579 | \$ 276,425,940 |
| Cash and cash equivalents | - | - | 904,426 |
| Investments, at fair value | | | |
| Common stock | 890,382,233 | - | - |
| Preferred stock | 95,366 | - | - |
| Government agencies | 90,764,610 | - | - |
| Corporate bonds | 216,616,108 | - | - |
| Municipal bonds | 2,893,160 | - | - |
| Hedge funds | 86,884,808 | - | - |
| Limited partnerships | 111,830,508 | - | - |
| Asset-backed fixed income | 16,896,385 | - | - |
| Government bonds | 85,838,929 | - | - |
| Government mortgage-backed securities | 60,194,294 | - | - |
| Government issued commercial mortgage-backed securities | 1,099,538 | - | - |
| Nongovernment-backed CMOs | 1,767,110 | - | - |
| Commercial mortgage-backed securities | 21,141,245 | - | - |
| Bank loans | 4,150,672 | - | - |
| Exchange traded funds | 988,979 | - | - |
| International common stock | 66,417,456 | - | - |
| Index linked government bonds | 25,956,381 | - | - |
| Real estate | 182,030,832 | - | - |
| Other fixed income | 3,485,685 | - | - |
| Other | 631,067 | - | - |
| Total investments | <u>1,870,065,366</u> | <u>-</u> | <u>-</u> |
| Receivables - interest and dividends | 4,480,271 | - | 179,456 |
| Receivables - other | 30,861 | - | - |
| Prepaid expenses | 217,474 | - | - |
| Total assets | <u>1,912,405,044</u> | <u>518,237,579</u> | <u>277,509,822</u> |
| Liabilities | | | |
| Vouchers payable | 1,374,882 | - | 104,386 |
| Due to other governmental units | - | - | 263,619,145 |
| Other accrued liabilities | 2,226,757 | - | 13,786,291 |
| Total liabilities | <u>3,601,639</u> | <u>-</u> | <u>277,509,822</u> |
| Net position | | | |
| Restricted for Pension and other Postemployment healthcare benefits, and pool participants | <u>\$ 1,908,803,405</u> | <u>\$ 518,237,579</u> | <u>\$ -</u> |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Changes in Net Position
Fiduciary Funds
Year Ended September 30, 2016

| | Pension (and Other Post- employment Benefits) Trust Funds | Investment Trust Funds |
|--|--|---------------------------------------|
| Additions | | |
| Contributions | | |
| Pool participants | \$ - | \$ 783,171,209 |
| Plan members | 589,961 | - |
| Total contributions | 589,961 | 783,171,209 |
| Investment income | 169,542,631 | 4,325,308 |
| Other revenue | 2,611,995 | - |
| Total additions | 172,744,587 | 787,496,517 |
| Deductions | | |
| Benefits | 85,561,388 | - |
| Administrative expenses | 5,720,518 | - |
| Distribution to pool participants | - | 769,684,160 |
| Total deductions | 91,281,906 | 769,684,160 |
| Net increase | 81,462,681 | 17,812,357 |
| Net position restricted for pension and other postemployment healthcare benefits, and pool participants | | |
| October 1, 2015 | 1,827,340,724 | 500,425,222 |
| September 30, 2016 | <u>\$ 1,908,803,405</u> | <u>\$ 518,237,579</u> |

The accompanying notes are an integral part of the financial statements.

Component Unit Financial Statements

Component Units

Drainage Districts - This component unit consists of many individual districts created for the purpose of alleviating drainage problems. This involves accounting for the resources and costs associated with the construction, maintenance, and financing of the individual drainage districts.

Road Commission - This component unit is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by the State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951.

Combining schedules for Drainage Districts Funds are presented, by fund type, in the Drainage Districts section.

County of Oakland
Statement of Net Position
Component Units
September 30, 2016

| | Drainage Districts | Road Commission | Total Component Units |
|--|-----------------------|-----------------------|-----------------------------|
| Assets | | | |
| Current assets | | | |
| Pooled cash and investments | \$ 43,513,709 | \$ - | \$ 43,513,709 |
| Cash and cash equivalents | - | 55,441,396 | 55,441,396 |
| Receivables, net | | | |
| Special assessments | - | 7,645,593 | 7,645,593 |
| Due from other governmental units | 4,379,819 | - | 4,379,819 |
| Due from primary government | 35,000 | - | 35,000 |
| Accrued interest receivable | 97,949 | - | 97,949 |
| Accounts receivable | 62,726 | 18,880,531 | 18,943,257 |
| Inventories and supplies | - | 4,761,475 | 4,761,475 |
| Prepayments and other assets | - | 2,185,579 | 2,185,579 |
| Total current assets | <u>48,089,203</u> | <u>88,914,574</u> | <u>137,003,777</u> |
| Noncurrent assets | | | |
| Special assessments receivable | 194,539,292 | - | 194,539,292 |
| Capital assets, net | | | |
| Land and other nondepreciable assets | 190,174,255 | 205,545,245 | 395,719,500 |
| Land improvements, net | - | 966,146 | 966,146 |
| Buildings and improvements, net | 51,014,913 | 8,655,895 | 59,670,808 |
| Equipment and vehicles, net | 304,202 | 10,544,850 | 10,849,052 |
| Infrastructure, net | 394,289,704 | 594,065,751 | 988,355,455 |
| Total capital assets, net | <u>635,783,074</u> | <u>819,777,887</u> | <u>1,455,560,961</u> |
| Total noncurrent assets | <u>830,322,366</u> | <u>819,777,887</u> | <u>1,650,100,253</u> |
| Total assets | <u>878,411,569</u> | <u>908,692,461</u> | <u>1,787,104,030</u> |
| Deferred Outflows of Resources | | | |
| Deferred outflows related to pension | - | 26,075,995 | 26,075,995 |
| Liabilities | | | |
| Current liabilities | | | |
| Vouchers payable | 9,161,672 | 7,582,308 | 16,743,980 |
| Due to other governmental units | 7,340,470 | - | 7,340,470 |
| Due to primary government | 750,900 | 44,060 | 794,960 |
| Unearned revenue and advances | 597,645 | 9,386,134 | 9,983,779 |
| Accrued interest payable | 14,071 | - | 14,071 |
| Current portion of long-term debt | 17,724,400 | - | 17,724,400 |
| Current portion of long-term liabilities | - | 483,633 | 483,633 |
| Other accrued liabilities | 2,241,574 | 7,272,549 | 9,514,123 |
| Total current liabilities | <u>37,830,732</u> | <u>24,768,684</u> | <u>62,599,416</u> |
| Bonds and notes payable | 247,062,088 | - | 247,062,088 |
| Accrued compensated absences | - | 3,078,900 | 3,078,900 |
| Claims and judgments | - | 528,700 | 528,700 |
| Net pension liability | - | 42,947,521 | 42,947,521 |
| Other postemployment benefits | - | 28,201,451 | 28,201,451 |
| Total liabilities | <u>284,892,820</u> | <u>99,525,256</u> | <u>384,418,076</u> |
| Net position | | | |
| Net investment in capital assets | 370,996,586 | 819,777,887 | 1,190,774,473 |
| Restricted for | | | |
| Public works | 14,840,100 | - | 14,840,100 |
| Debt service | 194,941,834 | - | 194,941,834 |
| Unrestricted | 12,740,229 | 15,465,313 | 28,205,542 |
| Total net position | <u>\$ 593,518,749</u> | <u>\$ 835,243,200</u> | <u>\$ 1,428,761,949</u> |

The accompanying notes are an integral part of the financial statements

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2016**

| | Program Revenues | | | | Drainage Districts | Road Commission | Total Component Units |
|----------------------------------|-----------------------|-------------------------|--|--|-----------------------|-----------------------|-----------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | | |
| Functions/Programs | | | | | | | |
| Drainage Districts | \$ 95,780,166 | \$ 92,911,062 | \$ 1,857,656 | \$ 25,136,259 | \$ 24,124,811 | \$ - | \$ 24,124,811 |
| Road Commission | 123,387,277 | 16,203,823 | 67,485,619 | 51,358,884 | - | 11,661,049 | 11,661,049 |
| Total component units | <u>\$ 219,167,443</u> | <u>\$ 109,114,885</u> | <u>\$ 69,343,275</u> | <u>\$ 76,495,143</u> | <u>24,124,811</u> | <u>11,661,049</u> | <u>35,785,860</u> |
| General Revenue | | | | | | | |
| Unrestricted investment earnings | | | | | 392,071 | 674,719 | 1,066,790 |
| Change in net position | | | | | 24,516,882 | 12,335,768 | 36,852,650 |
| Net position | | | | | | | |
| Beginning | | | | | 569,001,867 | 822,907,432 | 1,391,909,299 |
| Ending | | | | | <u>\$ 593,518,749</u> | <u>\$ 835,243,200</u> | <u>\$ 1,428,761,949</u> |

The accompanying notes are an integral part of the financial statements

County of Oakland

Notes to Basic Financial Statements

September 30, 2016

1. Summary of Significant Accounting Policies

The basic financial statements of Oakland County (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The more significant of the County's accounting policies are described below.

The Financial Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present Oakland County (the Primary Government) and its component units. The County's Parks and Recreation Commission is not legally separate from the County, nor does it possess separate corporate powers. As such, the financial data of the County's Parks and Recreation Commission have been included with the financial data of the Primary Government. The financial data of the component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Unit

A blended component unit is a legally separate entity from the County, but is so intertwined with the County that it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate funds.

- ***Oakland County Building Authority (the Authority)*** – A five-person authority is appointed by the Oakland County Board of Commissioners, and its activity is dependent upon Board actions. The purpose of the Authority is to finance, through tax-exempt bonds, the construction of public buildings for use by the County, with the bonds secured by lease agreements with the County and retired through lease payments from the County. The Oakland County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance the construction of the County's public buildings. The Authority's activity is reported in various Debt Service funds (designated by the caption "Building Authority"), and the Building Improvement Fund, a capital projects fund.

Separate financial statements for the Authority are not published.

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

Discretely Presented Component Unit

A discretely presented component unit is an entity that is legally separate from the County but for which the County is financially accountable, or its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the County.

- **Road Commission for Oakland County (Road Commission)** – The Road Commission is governed by three appointees of the County Board of Commissioners who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised. The Road Commission's primary activities, which are as of and for the year ended September 30, 2016, are reported discretely as a governmental fund type - Special Revenue fund. The Road Commission Retirement System, which is as of and for the year ended December 31, 2016, is not reported in the financial statements of Oakland County.
- Complete financial statements of the Road Commission, which include the Road Commission Retirement System and its separately issued statements, can be obtained from its administrative offices as follows:

Road Commission for Oakland County
31001 Lahser Road
Beverly Hills, Michigan 48025

- **Drainage Districts** – This component unit consists of 174 individual districts created under Chapters 20 and 21 of Michigan Public Act 40 of 1956, for the purpose of alleviating drainage problems. This involves the construction, maintenance, and financing necessary to account for the cost of the drainage district. The individual districts, each a separate legal entity with power to assess the benefiting communities, is governed by the Drain Board for Oakland County, which consists of the Oakland County Water Resources Commissioner, the Chairman of the Oakland County Board of Commissioners, and the Chairperson of the Finance Committee of the Board of Commissioners. Assessments are made against the applicable municipalities within each district, including the Road Commission for Oakland County and the State of Michigan for road drainage. All activities of the various drainage districts are administered by the Oakland County Water Resources Commissioner. However, the drainage districts are not subject to the County's appropriation process. Because of the relationship between the component unit and the primary government, it would be misleading to exclude the Drainage Districts' Component Unit from the financial statements of Oakland County.
- The financial activities of the Drainage Districts as of and for the year ended September 30, 2016 are reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from:

Oakland County Water Resources Commissioner
#1 Public Works Drive
Waterford, Michigan 48328

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

Basic (Government-wide) and Fund Financial Statements – GASB Statement No. 34

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that net position be classified for accounting and reporting purposes into the following three categories:

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.
- **Restricted net position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often is designated to indicate that management does not consider them to be available for general operations. Unrestricted net position often has constraints on resources which are imposed by management, but can be removed or modified.

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type) in the new financial reporting model, the focus is on either the County as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The County's fiduciary funds (which have been redefined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of third parties (pension participants and others) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects the degree to which direct expenses that are clearly identifiable with a given functional category (General Government, Public Safety, Justice Administration, Citizen Services, Public Works, Recreation and Leisure, and Commerce and Community Development) are offset by program revenues. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or category, restricted investment earnings, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

functional category. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Property taxes and certain intergovernmental revenues are reported instead as general revenues, which are used to cover the net cost of the various functional categories of the County.

The County policy is to eliminate internal activity from the Statement of Activities. This policy dictates the elimination of indirect expenses, but not direct expenses. The exception to this general rule is activities between funds reported as governmental activities and funds reported as business-type activities (i.e., billings for services or products by internal service funds to enterprise funds).

The County does not currently employ an indirect cost allocation system. Rather, an administrative service fee is charged by the General Fund to the other operating funds to address General Fund services such as finance, personnel, purchasing, legal, administration, etc. This is treated like a reimbursement, eliminating revenues and expenses on the Statement of Activities.

This government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) are summarized into a single column.

The governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to reconcile the fund-based financial statements into the full accrual governmental column of the government-wide presentation.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the County's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity. When appropriate, surplus or deficits in the internal service funds are allocated back to the various users within the entity-wide Statement of Activities.

The focus of the entity-wide financial statements under the new reporting model is to present the County as a whole. The focus of the Fund Financial Statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category), and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

Basis of Presentation – Fund Accounting

Funds are used to report the County's financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Revenue is primarily derived from property taxes, state and federal distributions, and charges for services.

The Building Authority Debt Act 31 Fund was established to accumulate the resources for payment of bonded debt issued for the construction of, or improvement to various facilities. This also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the County.

The Water and Sewer Debt Act 342 Fund accounts for the accumulation of resources, mainly special assessments against benefiting municipalities, for the payment of bonded debt issued for construction of various water and sewer systems in Oakland County.

The County reports the following major enterprise funds:

The Parks and Recreation Fund accounts for the operation of the Oakland County parks system.

The Delinquent Tax Revolving Fund accounts for money advanced to the County and other local units of government for unpaid property taxes, and the subsequent collection of delinquencies.

The County Airports Fund was created to account for operations of the County's airports.

The Water and Sewer Trust Fund accounts for the collection of resources for the operation of various water and sewer systems maintained by the County, rather than the respective individual municipalities.

The Evergreen-Farmington S.D.S. (Sewage Disposal System) Fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities serviced.

The Southeastern Oakland County S.D.S. (S.O.C.S.D.S.) Fund was established to record the operations and maintenance of the system, which is used to move sewage and storm water to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being served.

The Clinton-Oakland S.D.S. (Sewage Disposal System) Fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds are used to ensure that specified resources (other than expendable trusts and funds for major capital improvements) are used as required by legal, regulatory, and/or administrative provisions. Included within the Special Revenue Funds are programs for care of children, drain maintenance, and certain grant operations involving public health, employment training, community development, environmental infrastructure programs, and other grants.

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

Debt Service Funds account for the financing resources and payment of current principal and interest on debt. Debt Service Funds account for servicing of general long-term debt of various building authority debt issues, and debt associated with local water and sewer obligations upon which there are County guarantees.

Capital Projects Funds account for the acquisition, construction, and renovation of major capital facilities other than those financed by proprietary funds.

Proprietary Fund Types

Internal service funds account for goods and services provided to departments, funds, and governmental units on a cost-reimbursement basis. Included within the internal service funds are certain fringe benefits provided to County employees which include health, workers' compensation, unemployment compensation, information technology, various equipment revolving funds, and central service-type operations.

Enterprise Funds, business-type activities, report operations for services to the general public, financed primarily by user charges intended to recover the cost of services provided, and include three airports, four sewage disposal systems, parks and others.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. The exception to this general rule is activities between funds reported as governmental activities and funds reported as business-type activities.

Amounts reported as program revenues include 1) charges for customers for goods supplied or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources, as well as taxes, are reported as general revenue rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Oakland County's fiduciary funds include Pension (and other post-employment benefits) Trust funds to account for retirees' retirement and medical benefits; Investment Trust funds, which report funds deposited by and invested for local units of government; and Agency funds, which account for assets held in a custodial capacity by the County for others. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the programs of Oakland County.

Basis of Accounting

- **Primary government** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, except for certain miscellaneous receivables and special assessments, and current liabilities are included on the balance sheet. Governmental funds are used to account for all or most of the

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

County's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.

- Proprietary, Pension Trust, and Investment Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Position with the balance classified as net position. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.
- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental funds use the modified accrual basis of accounting, which recognizes revenue in the accounting period in which they become susceptible to accrual, generally when they become both measurable and available. Property taxes are levied on December 1 and July 1 of each year (see Note 4) and are recognized as revenue in the fiscal year during which they are levied, and interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. Other revenue is considered to be available when anticipated to be collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except debt service expenditures, which are recorded when paid.
- Proprietary, Pension Trust, and Investment Trust Funds use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Agency funds, which report only a Statement of Net Position, use the accrual basis of accounting.

Discretely Presented Component Units

The Road Commission uses the current financial resources measurement focus for its governmental fund-type activities. The governmental fund type is used to account for all of the Road Commission's activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt. Revenues and expenditures are recorded under the modified accrual basis of accounting, and, as such, revenue is recorded when measurable and available, and earned. Project-related revenue is recognized as related costs are incurred, except for interest on long-term debt, which is recorded when paid.

The Drainage Districts use the current financial resources measurement focus for their activities. The governmental fund type is used to account for all of the Drainage Districts' activities, including the financing of the cost of construction and maintenance of Drainage Districts and servicing of long-term debt. Revenues and expenditures are recorded under the modified accrual basis of accounting, and as such, revenue is recorded when measurable and available, and earned. Project-related revenues are recognized as related costs are incurred, except for debt service expenditures, which are recorded when paid.

Budgets

Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles (GAAP basis) in that property tax revenue is recognized when made available by Board resolution. The budget was legally adopted by the Board of Commissioners prior to September 30, 2015 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Child Care and Social Welfare-Foster Care. Appropriations lapse at the end of the year. Project-length

County of Oakland
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financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

Encumbrances are recorded at the time that purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Unliquidated encumbrances at the end of the year are set aside as assigned within fund balance. In the succeeding year, the encumbrances are re-appropriated by the Board of Commissioners to cover the unliquidated encumbrances included in fund equity.

Pooled Cash and Investments

The County maintains a cash and investment pool for all funds except the pension trust funds, the Superseding Trust fund, and two agency funds (Jail Inmate Trust and District Court Trust), in order to maximize investment earnings. Investments of the pool are not segregated by fund but each contributing fund's balance is treated as equity in the pool. For funds not in the pool, cash equivalents are considered to be demand deposits and short-term investments with an original maturity date of three months or less from the date of acquisition.

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2016 have been reclassified as a "due to other funds," and a corresponding "due from other funds" was established in the General Fund. Similarly, negative accrued interest receivable caused by negative cash balances is also reclassified at year end as an inter-fund liability.

In 2016, the County applied Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

Pooled investment income is allocated to all funds based on the respective share of their average daily balances. Interest charges for funds with negative balances are reported as negative interest income.

Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term receivables and payables resulting from such transactions are classified as "due from other funds" or "due to other funds" on the balance sheet.

Non-current portions of long-term inter-fund loan receivables are reported as advances and are offset equally by nonspendable fund balance.

Inventories

Inventories in governmental and proprietary funds are stated at cost using the first-in, first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Prepayments

Payments made for services that will benefit periods beyond September 30, 2016 are recorded as prepayments using the consumption method.

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Capital Assets

Capital assets, which includes land, buildings, equipment and infrastructure assets (e.g., roads, drains, and similar items), are reported in the government-wide statements and applicable proprietary fund financial statements. Capital assets that are used for governmental activities are only capitalized in the government-wide statements and fully expended in the government funds. The County established capitalization thresholds for capital assets of \$5,000. Capital assets are stated at cost or, if donated, at acquisition value at the time of donation. In some instances, capital asset historical costs were not available; therefore, the costs of these assets at the dates of acquisitions have been estimated. Expenditures materially extending the life of capital assets are capitalized. Interest incurred during construction is only capitalized in proprietary funds. Capital assets are depreciated over their useful lives, using the straight-line depreciation method. Infrastructure ("public domain") assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters, are capitalized.

The County's estimated useful lives of the major classes of property and equipment follow:

| Class | Years |
|----------------------------|--------------|
| Land improvements | 10-15 |
| Buildings and improvements | 35-45 |
| Equipment and vehicles | 3-10 |
| Sewage disposal systems | 40-50 |
| Infrastructure | 10-75 |

Capital assets used in the general operation of the Road Commission are depreciated under various methods, including straight-line and sum-of-the-years digits.

Compensated Absences

Compensated absences (vested sick and annual leave) of the Primary Government that are allowed to accumulate are charged to operations in the Fringe Benefit fund (an Internal Service fund) as the benefits accrue. Compensated absences for the Road Commission are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only for employee terminations as of year end.

No liability is recorded for non-vesting accumulating rights to receive sick pay benefits for the Primary Government and Component Units.

Pension

The County offers pension benefits to retirees. The County records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, provides information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Other Postemployment Benefit Costs

The County offers retiree healthcare benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements, the County reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year balance, if any.

Net Pension Liability

Beginning in fiscal year 2015, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires governments that provide defined benefit pensions to recognize the net pension liability and the pension expense on their financial statements. As a result, the government-wide statements now include a liability for our unfunded legacy costs related to the County's pension plan. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net pension liability is recorded on the government-wide, internal service and discretely presented component unit statements. This change does not impact the General Fund or any other governmental fund. Refer to the pension footnotes for further details.

Fund Equity

In the fund financial statements for the governmental fund reports, the following are the components of fund balance.

- **Nonspendable**, includes amounts that cannot be spent.
- **Restricted**, amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.
- **Committed**, amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the County's highest level of decision-making authority. A formal resolution by the Board of Commissioners is required to establish, modify or rescind a fund balance commitment.
- **Assigned**, amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. These assignments are authorized by the Board of Commissioners through a formal resolution.
- **Unassigned**, is the residual classification of the General Fund, and the reporting of any negative fund balance of a governmental fund.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the County's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the County's policy to spend funds in this order: committed, assigned, and unassigned.

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Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has only one item that qualifies for reporting in that category. Accordingly, the item, deferred outflows related to pensions, is reported as deferred outflows in the government-wide, internal service and component unit statements of net position. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over the next four years and included in pension expense.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: property taxes, contracts, grants, special assessments and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2015 through September 30, 2016) and are reported as revenues in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred inflows.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, September 30, 2016. These estimates and assumptions also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

The Board of Commissioners has established the legal level of control by control groups, as outlined in the County's General Appropriations Act. This act states that expenditures shall not exceed the total appropriations for personnel expenditures (salaries, overtime, and fringes), operating expenditures, and internal support expenditures (Internal Service fund charges), respectively, by department. Budgets are adopted and presented on the GAAP basis of accounting.

The Board of Commissioners is authorized to make amendments to the various budgets as deemed necessary. Current year supplemental budgetary appropriations were not material. Funds that receive an appropriation and can therefore be defined as those with an appropriated, annual, legally adopted budget are the General Fund and two Special Revenue funds: Child Care and Social Welfare-Foster Care. The budgetary comparison for the General Fund is presented in the Required Supplementary Information. The Child Care and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

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Transfers within and between budgeted funds and departments may be made by the Fiscal Officer (Director of Management and Budget Department) in the following instances:

- (a) Transfers may be made from the non-departmental overtime reserve account and fringe benefit adjustment account to the appropriate departmental budget as specific overtime requests are reviewed and approved by the Fiscal Officer. Additionally, overtime appropriations may be transferred between divisions within a department at the request of the department head, if authorized by the Fiscal Officer or designee.
- (b) Transfers may be made from the non-departmental appropriation reserve accounts for maintenance department charges and miscellaneous capital outlay to the appropriate departmental budgets as specific requests for these items are reviewed and approved by the Fiscal Officer.
- (c) Transfers may be made from the non-departmental appropriation reserve accounts, emergency salaries, and summer help as specific requests for these items are reviewed and approved by the Director of the Human Resources Department.

At year end, the Board of Commissioners adopts a resolution which authorizes and closes amounts exceeding the original appropriation against the balances in other appropriations and closes the remaining balance to the General Fund's "Unassigned Fund Balance."

During the fiscal year, the County incurred no expenditures in excess of appropriations which are presented at the legal level of control.

3. Deposits and Investments

The County has deposits and investments which are maintained for its primary government, component unit and fiduciary fund types.

For the primary government, the County manages its investments in a pool format which is used by all County funds. Income, gains and losses are allocated back to County funds based on their share of the pool which is calculated on their average daily cash balance.

For its pool, the County only uses federal and state-chartered banks and savings institutions, which are members of the FDIC, NCUA or DIFS and have a location in the state of Michigan. All deposits and investments for the pool are held in the County's name and tax ID number.

The County Treasurer is permitted to offer an investment option to local units of government within the County, called the Local Government Investment Pool (LGIP). Contracted participant deposits are treated just like County funds and receive a share of earnings based on their average daily cash balance. The LGIP is not subject to regulatory oversight, is not registered with the SEC, and does not issue a separate report. Fair value of the position in the pool is approximately equal to the value of the pool shares. The LGIP has not provided or obtained any legally binding guarantees during the period to support the value of the shares. Investments are valued monthly.

Deposits

It is County policy to review and verify a bank's creditworthiness through a system of ratio analysis and from information provided by several third-party sources. In addition, the County places concentration limits on banks based on creditworthiness resulting from both the ratio analysis and third-party information.

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Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned.

As of September 30, 2016, the bank balance of the County's deposits was \$1,067,853,134. Insured deposits were \$3,500,000, and the remaining \$1,064,353,134 was uninsured, uncollateralized, and held in the County's name.

The Drainage District's component unit's cash, deposits and investments are maintained in pooled accounts of the County; therefore, their amount of insurance would be allocated to the Drainage District's deposits based on their prorated share of the investment portfolio.

The County's Investment Policy allows for the use of bank deposits including certificates of deposit. The only limitation placed on bank deposits is that they cannot exceed 60% of the total investment portfolio. In addition, the County's investment policy limits the investment with any single financial institution to 15%.

At September 30, 2016, the Road Commission component unit had \$4,643,961 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. However, only those institutions with an acceptable estimated risk level are used as depositories.

Investments - Internal Investment Pool

Investments, except those of the Retirement Systems, Superseding Retiree Medical Benefits Trust and Deferred Compensation Plan, are administered by the Treasurer under guidelines established by Act 20 of the Michigan Public Acts of 1943, as amended and the Investment Policy as adopted by the County's Board of Commissioners. The County's Investment Policy is more restrictive than state law and allows for the following instruments:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of Michigan financial institutions.
3. Commercial paper rated at the time of purchase at the *highest* classification established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments in subdivision 1. The PSA Master Repurchase Agreement prototype agreement shall be employed with appropriate supplemental provisions regarding security delivery, security substitutions, and governing law. A signed repurchase agreement must be on file before entering into a repurchase transaction.
5. Bankers' acceptances of United States banks.
6. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
7. Obligations described in subdivisions 1 through 6 if purchased through an inter-local agreement under the Urban Cooperation Act of 1967.
8. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982.
9. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985.

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10. Mutual funds registered under the Investment Company Act of 1940 with authority to only purchase investment vehicles that are legal for direct investment by a Michigan public corporation. Investment is limited to mutual funds that maintain a net asset value of \$1.00 per share.

As of September 30, 2016, the County had the following deposit and investment types in its internal investment pool.

| Deposit and Investment Type | Market Value | Weighted Average Maturity (days) |
|--|-------------------------|---|
| Certificates of Deposit (1) | \$ 856,114,166 | 206 |
| Deposit Accounts (1) | 211,738,968 | 1 |
| Money Market Investment Pools | 271,831,810 | 1 |
| Commercial Paper | 9,998,817 | 11 |
| MI Government Coupon | 40,709,560 | 3,834 |
| U.S. Agencies | 256,657,217 | 956 |
| Total Market Value of Internal Investment Pool | \$ 1,647,050,538 | |
| Weighted Average Maturity of Internal Investment Pool (in days) | | 337 |

- (1) These items are considered deposits and not investments. They are presented here to give a clear picture of the investment pool's overall weighted average maturity.

Credit Risk – The County had \$256,657,217 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$40,709,560 in Municipal bonds rated Aaa by Moody's and AAA by Standard & Poor's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSRO). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. At September 30, 2016, the County had \$9,998,817 invested in A1+ (S&P) and P1 (Moody's) commercial paper. The money market investment pool had \$271,831,810 invested with a rating of AAA (S&P). The County's investment policy is silent on the use of rated versus unrated money market funds. In addition, there is no rating level requirement for unrated money market funds.

Custodial Credit Risk – Investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another side party. The County's investment policy requires that all investment transactions (including collateral for repurchase agreements) be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian, as designated by the County Treasurer, and shall be evidenced by a safekeeping receipt. As of September 30, 2016, \$307,365,594 in investments, at fair value, was held in third-party safekeeping in the County's name.

The County also invests in money market funds that have their securities safe kept with a third party selected by the counterparty. However, the pool's securities are held in trust for the participants of the fund and are not available to the counterparty if the counterparty should happen to fail. We believe this arrangement satisfies the County's investment policy safe-keeping requirement.

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Concentration of Credit Risk – Investments. On September 30, 2016, the County had investments of 5% or more of the total portfolio, with the following U.S. agency issuers: Fannie Mae 8.75%, and Freddie Mac 6.89%. No other issuer exceeded 5% of the total portfolio.

Interest Rate Risk – To limit its exposure to fair value losses from rising interest rates, the County's investment policy states the County will not directly invest in securities that mature more than three years from date of purchase; however, securities exceeding the three-year limitation may be purchased provided maturity dates coincide with the expected use of the funds. As of September 30, 2016, the internal investment pool had a weighted average maturity of 337 days and the longest investment maturity in the portfolio was 3,834 days (10.5 years).

Fair Value Measurement – The County categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County has the following recurring fair value measurements as of September 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

| Investment Type | Total Value | Fair Value Measurement Using | | |
|---------------------------------|----------------|------------------------------|----------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Commercial Paper | \$ 9,998,817 | \$ - | \$ 9,998,817 | \$ - |
| Government Agencies | 256,657,217 | - | 256,657,217 | - |
| Municipal Bonds | 40,709,560 | - | 40,709,560 | - |
| Total Investments by Fair Value | \$ 307,365,594 | \$ - | \$ 307,365,594 | \$ - |

Investments measured at the

Net Asset Value (NAV)

| | |
|--|-----------------------|
| Money Market Investment Pools | 271,831,810 |
| Total Investments measured fair value | <u>\$ 579,197,404</u> |

The fair value of Commercial Paper, Government Agencies and Municipal Bonds at September 30, 2016 was determined primarily based on Level 2 inputs and are valued using quoted prices for identical securities in markets that are not active. Money Market Investment Pools is valued at published fair value per share (unit) for the fund.

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Investments – Pension Trust Funds

The Pension Trust Funds and the Superseding Retirees' Medical Benefits Trust Fund investments are made in accordance with Act 55 of the Michigan Public Acts of 1982, as amended, and are limited to no more than 65 percent in common stock. In addition, no investments, loans, or leases are with parties related to the pension plan.

Pension investments are made through the use of Investment Advisors which are selected and retained by the Retirement and Deferred Compensation Board (PERS, VEBA and SMBT). The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2016, the Primary Government's Pension Trust fund had 23 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

As of September 30, 2016, the County had the following investment types in its Retirement System and other postemployment benefits trust funds:

| Investment Type | Fair Value | Percentage | Average Duration (In Years) |
|--|------------------------|----------------|-----------------------------|
| Common Stock | \$ 546,571,625 | 28.64% | N/A |
| International Common Stock | 66,417,456 | 3.48% | N/A |
| Common Stock - Funds | 343,810,608 | 18.02% | N/A |
| Preferred Stock | 95,366 | 0.01% | N/A |
| Exchange Traded Funds | 988,978 | 0.05% | N/A |
| Government Bonds | 80,602,117 | 4.22% | 6.39 |
| International Government Bonds | 5,236,812 | 0.27% | N/A |
| Government Agencies | 90,693,370 | 4.75% | 1.50 |
| International Government Agencies | 71,240 | 0.00% | N/A |
| Municipal Bonds | 2,893,160 | 0.15% | 15.44 |
| Corporate Bonds | 216,616,108 | 11.35% | 6.28 |
| Bank Loans | 4,150,672 | 0.22% | N/A |
| Government Mortgage-Backed Securities | 60,194,294 | 3.16% | 2.60 |
| Gov't Issued Commercial Mortgage-Backed Securities | 1,099,539 | 0.06% | 2.00 |
| Commercial Mortgage-Backed Securities | 21,141,245 | 1.11% | 3.66 |
| Asset-Backed Securities | 16,896,385 | 0.89% | 1.68 |
| Non-government Backed CMOs | 1,767,110 | 0.09% | 1.75 |
| Index Linked Government Bonds | 25,956,380 | 1.36% | 18.37 |
| Other Fixed Income | 3,485,686 | 0.18% | 3.46 |
| Real Estate | 182,030,832 | 9.55% | N/A |
| Partnerships | 111,830,508 | 5.86% | N/A |
| Other Assets | 631,067 | 0.03% | N/A |
| Hedge Funds | 86,884,808 | 4.55% | N/A |
| Cash and Cash Equivalents | 38,133,932 | 2.00% | 0.02 |
| Total | \$1,908,199,298 | 100.00% | |

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Credit Risk. The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no non-convertible bonds and convertible securities are authorized for purchase. In addition, no more than 10% of the total value of the portfolio, at the time of purchase, may be held in non-investment grade bonds as rated by Moody's and/or Standard & Poor's. Ninety percent of the total value of the portfolio must have a quality rating of A or better by Moody's and Standard & Poor's. For any security held in the portfolio that drops below investment grade as rated by Moody's or Standard & Poor's, the investment manager is to advise the Board of that fact along with a buy/hold recommendation. The Board shall then instruct the investment manager as to which action should be taken.

As of September 30, 2016, debt obligation investments held in the retirement system had the following ratings:

| Fair Value | Percentage | Ratings | |
|----------------------|-----------------|--------------------|---------|
| | | S&P | Moody's |
| \$200,813,942 | 31.31 % | AAA | Aaa |
| 36,053,883 | 5.62 | AA | Aa |
| 86,532,366 | 13.49 | A | A |
| 57,406,609 | 8.95 | BBB | Baa |
| 28,999,269 | 4.52 | BB | Ba |
| 12,355,432 | 1.93 | B | B |
| 490,331 | 0.08 | CCC | Caa |
| 139,229,169 | 21.71 | NR | NR |
| 79,471,463 | 12.39 | US Govt Guaranteed | |
| <u>\$641,352,464</u> | <u>100.00 %</u> | | |

Custodial Credit Risk is the risk associated that in the event of the failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Statement of Investment Goals and Objectives (SIGO) requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Boards, and shall be evidenced by a custodial report. As of September 30, 2016, \$1,906,602,833 in investments was held in third-party safekeeping in the County's name.

Concentration of Credit Risk. The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no more than 5% of the assets of the Retirement System's portfolio may be invested in the fixed-income obligations of any one corporation or its affiliates and no more than 10% may be invested in the equity of any one corporation or its affiliates. Further, for fixed-income investments, no more than 10% of the assets of the portfolio may be invested in the securities of any governmental agency that is not fully backed by the U.S. government. No limitation applies to obligations of the United States Treasury or any fully guaranteed agency of the federal government.

For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2016, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

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Interest Rate Risk - The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed-income managers on the length to maturity for fixed-income investments. As the schedule on page 85 indicates, the system's fixed-income investments had average durations of between 0.02 years and 18.4 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to rapidly adjusting interest rates.

Collateralized Mortgage Obligations (CMOs) are U.S. government-issued asset-backed certificates and corporate-issued asset-backed certificates. Current CMO holdings have maturity lengths ranging from 1.3 years to 46.6 years and are backed by investments in various assets, including mortgages. As of September 30, 2016, the market value was \$22,908,355.

Interest Rate Risk - Collateralized Mortgage Obligations. The market value of such investments can be affected by, among other factors, changes in interest rates, including the effect of prepayments, marketability, and default rates on assets underlying the securities. At September 30, 2016, the County's CMO portfolio had an effective duration of 2.04 years.

Fair Value Measurement – The County categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

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The County has the following recurring fair value measurements as of September 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

| | | Fair Value Measurement Using | | |
|--|-------------------------------------|--|---|--|
| | Balance at September 30, 2016 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| Equity securities: | | | | |
| Common Stock | \$ 612,989,082 | \$ 612,842,490 | \$ - | \$ 146,592 |
| Preferred Stock | 95,366 | 95,366 | - | - |
| Exchange Traded Funds | 988,978 | 988,978 | - | - |
| Equity Mutual Funds | 24,945,270 | - | 24,945,270 | - |
| Total equity securities | 639,018,696 | 613,926,834 | 24,945,270 | 146,592 |
| Debt securities: | | | | |
| Government Bonds | 85,838,929 | - | 85,312,209 | 526,720 |
| Government Agencies | 16,390,668 | - | 16,390,668 | - |
| State or Local Governments | 2,893,160 | - | 2,893,160 | - |
| Corporate Bonds | 216,616,108 | - | 216,616,108 | - |
| Residential Mortgage-Backed Securities | 134,568,236 | - | 134,568,236 | - |
| Commercial Mortgage-Backed Securities | 22,240,784 | - | 22,240,784 | - |
| Collateralized Mortgage Obligations | 1,767,110 | - | 1,767,110 | - |
| Other Asset-Backed Securities | 16,896,385 | - | 16,896,385 | - |
| Index-Linked Government Bonds | 25,956,380 | - | 25,956,380 | - |
| Bank Loans | 4,150,672 | - | 4,150,672 | - |
| Other Debt Securities | 3,485,686 | - | 3,485,686 | - |
| Total debt securities | 530,804,118 | - | 530,277,398 | 526,720 |
| Total investments by fair value level | \$ 1,169,822,814 | \$ 613,926,834 | \$ 555,222,668 | \$ 673,312 |
| Investments measured at Net Asset Value (NAV) | | | | |
| International Equity | 130,599,228 | | | |
| Global Fixed Income | 111,830,508 | | | |
| Index Funds | 188,266,109 | | | |
| Equity Long/Short Hedge Funds | 86,884,808 | | | |
| Private Real Estate | 5,077,414 | | | |
| Real Estate Funds | 166,275,203 | | | |
| Real Estate International | 10,678,215 | | | |
| Total investments measured at NAV | 699,611,485 | | | |
| Total investments measured at fair value | \$ 1,869,434,299 | | | |
| Investment derivative instruments | | | | |
| Forward Foreign Currency Exchange | \$ 209 | \$ - | \$ 209 | \$ - |

County of Oakland
Notes to Basic Financial Statements
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Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: Equity Mutual Funds are valued using fair value per share for each fund; Fixed Income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Debt and equity securities classified in Level 3 are based upon unobservable inputs. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmarks.

Investments in Entities that Calculate Net Asset Value per Share

The County holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended September 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

| | Fair Value | Unfunded Commitments | Redemption Frequency, if eligible | Redemption Notice Period |
|-------------------------------|----------------------|---------------------------------|--|---|
| International Equity | \$130,599,144 | - | Monthly | 10 Days |
| Global Fixed Income | 111,830,508 | - | Daily | 3 Days |
| Index Funds | 188,266,109 | - | Daily | 3 Days |
| Equity Long/Short Hedge Funds | 86,884,808 | - | Quarterly | 90 Days |
| Private Real Estate | 5,077,414 | - | - | - |
| Real Estate Funds | 166,275,203 | - | - | - |
| Real Estate International | 10,678,215 | - | - | - |
| | <u>\$699,611,401</u> | | | |

The International Equity fund seeks long-term growth of capital by investing at least 80% of its net assets in large capitalization equity securities listed in the Morgan Stanley Capital International Europe, Australasia and Far East Index (MSCI EAFE Index). The fair values of the investments have been estimated using the net asset value per share of the investments.

The Global Fixed Income Fund seeks current income with capital appreciation and growth of income, by investing at least 80% of its net assets in bonds of governments, government related entities and government agencies located anywhere in the world. The fund regularly enters into various currency-related and other transactions involving derivative instruments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The Index Fund seeks to replicate the total return of the S&P 500 index. Under normal market conditions, at least 80% of its total assets will be invested in stocks in the S&P 500 index. The fund utilizes a "passive" investment approach, attempting to replicate the investment performance of its benchmark. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

County of Oakland
Notes to Basic Financial Statements
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The Hedged Equity Long/Short Fund is comprised of hedge funds that invest in global equity markets using long/short strategies both from a bottom-up (stock-pickers) orientation and a top-down (macro) orientation, including emerging markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The Real Estate funds class included several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the County's ownership interest in partners' capital.

Disclosures Regarding Redemption Only Upon Liquidation

The investments in the Private Real Estate, Real Estate and Real Estate International can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 10 years.

4. Property Taxes – Receivables and Short-term Debt

Receivables - Prior to 2004, taxes were levied on December 1 on the taxable value of real and personal property as established the preceding December 31. Taxes became a lien on the property on December 1 and were due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. Michigan Public Act 357 of 2004 required a gradual shift over a three-year period, of county property tax levies from winter to summer as a substitute to county revenue sharing from the State. The entire County Operating Tax is levied on July 1 each year beginning in 2007; however, the date for delinquencies did not change with the shift in levy dates. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Equalized values for the 2016 summer levy amounted to \$65,084,851,114 with taxable values of \$52,786,202,473. The operating tax rate for the 2016 levy was 4.04 mills, with an additional 0.2410 mills voted for Parks and Recreation (winter levy only). The amount unpaid at fiscal year end is reported as current property taxes receivable in the County's General Fund. These receivables (current and delinquent) for the County operating tax levy amounted to \$18,832,275 at September 30, 2016.

Short-term Debt - By agreement with various taxing authorities, the County purchases (at face value) real property taxes for all municipalities and school districts within Oakland County which are returned delinquent on March 1. To accomplish this, tax notes are sold and the proceeds of these notes are used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), in the amount of \$225,661,550 at September 30, 2016, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt.

The following is a summary of the short-term debt activity for the year ended September 30, 2016:

| Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|----------------------|---------------|-----------------|-------------------|------------------------|
| \$ 25,000,000 | \$ 25,000,000 | \$ (25,000,000) | \$ 25,000,000 | \$ 25,000,000 |

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

5. Allowances for Uncollectible Receivables

At September 30, 2016, the allowances for uncollectible receivables were as follows:

| | |
|--|------------------|
| General Fund | \$ 25,000 |
| Capital Projects | |
| Drains-Act 40 Maintenance Chapter 4 & 18 | <u>6,972</u> |
| Total | <u>\$ 31,972</u> |

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$36,761 and uncollectable accounts receivable of \$60,991 at September 30, 2016.

6. Investment Income – Pension and Other Postemployment Trust Funds

The following is a breakdown of the investment income for Pension and other Postemployment Trust funds of the primary government for the year ended September 30, 2016:

| | Employees' Retirement | VEBA Trust | Superseding Trust |
|---|----------------------------------|-----------------------|------------------------------|
| Interest and dividends | \$ 13,168,836 | \$ 18,276,788 | \$ 124,632 |
| Unrealized/Realized gain (loss) on investments | <u>54,775,767</u> | <u>82,184,503</u> | <u>1,012,105</u> |
| Total | <u>\$ 67,944,603</u> | <u>\$ 100,461,291</u> | <u>\$ 1,136,737</u> |

County of Oakland
Notes to Basic Financial Statements
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7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2016, for governmental activities follows:

| | Balance October 1, 2015 | Additions | Disposals and Adjustments | Balance September 30, 2016 |
|--|-------------------------------|---------------|---------------------------------|----------------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 7,365,551 | \$ - | \$ - | \$ 7,365,551 |
| Construction in progress | 14,901,068 | 10,291,291 | (234,960) | 24,957,399 |
| Total capital assets not being depreciated | 22,266,619 | 10,291,291 | (234,960) | 32,322,950 |
| Capital assets being depreciated | | | | |
| Land improvements | 1,250,633 | 46,057 | - | 1,296,690 |
| Buildings and improvements | 250,004,217 | 194,215 | - | 250,198,432 |
| Equipment and vehicles | 121,482,476 | 5,539,977 | (2,636,447) | 124,386,006 |
| Infrastructure | 30,681,421 | - | - | 30,681,421 |
| Total capital assets being depreciated | 403,418,747 | 5,780,249 | (2,636,447) | 406,562,549 |
| Less: Accumulated depreciation | | | | |
| Land improvements | 1,090,723 | 21,147 | - | 1,111,870 |
| Buildings and improvements | 108,659,260 | 5,837,856 | - | 114,497,116 |
| Equipment and vehicles | 94,594,716 | 7,706,609 | (2,327,698) | 99,973,627 |
| Infrastructure | 17,843,773 | 679,349 | - | 18,523,122 |
| Total accumulated depreciation | 222,188,472 | 14,244,961 | (2,327,698) | 234,105,735 |
| Total capital assets being depreciated, net | 181,230,275 | (8,464,712) | (308,749) | 172,456,814 |
| Governmental activities capital assets, net | \$ 203,496,894 | \$ 1,826,579 | \$ (543,709) | \$ 204,779,764 |
| Depreciation expense was charged to functions as follows: | | | | |
| Public safety | | \$ 3,044,628 | | |
| Justice administration | | 1,083,429 | | |
| Citizens services | | 681,525 | | |
| Public infrastructure | | 450,370 | | |
| Commerce and Community Development | | 29,537 | | |
| Unallocated depreciation | | 3,527,266 | | |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | | 5,428,206 | | |
| Total depreciation expense - governmental activities | | \$ 14,244,961 | | |

County of Oakland
Notes to Basic Financial Statements
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A summary of business-type property and equipment at September 30, 2016 follows:

| | Balance October 1, 2015 | Additions | Disposals and Adjustments | Balance September 30, 2016 |
|---|-------------------------------|---------------|---------------------------------|----------------------------------|
| Business-type Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 68,158,860 | \$ - | \$ - | \$ 68,158,860 |
| Construction in progress | 52,947,497 | 38,440,174 | (7,290,142) | 84,097,529 |
| Other | 12,000 | - | - | 12,000 |
| Total capital assets not being depreciated | 121,118,357 | 38,440,174 | (7,290,142) | 152,268,389 |
| Capital assets being depreciated | | | | |
| Land improvements | 35,823,624 | - | - | 35,823,624 |
| Buildings and improvements | 98,816,827 | 489,912 | (83,499) | 99,223,240 |
| Equipment and vehicles | 89,893,718 | 2,663,684 | (1,098,804) | 91,458,598 |
| Infrastructure | 340,915,052 | 3,530,014 | - | 344,445,066 |
| Total capital assets being depreciated | 565,449,221 | 6,683,610 | (1,182,303) | 570,950,528 |
| Less: Accumulated depreciation | | | | |
| Land improvements | 26,695,580 | 1,380,353 | - | 28,075,933 |
| Buildings and improvements | 38,491,911 | 3,340,726 | (65,628) | 41,767,009 |
| Equipment and vehicles | 70,372,402 | 6,928,595 | (2,396,987) | 74,904,010 |
| Infrastructure | 245,014,358 | 7,426,024 | - | 252,440,382 |
| Total accumulated depreciation | 380,574,251 | 19,075,698 | (2,462,615) | 397,187,334 |
| Total capital assets being depreciated, net | 184,874,970 | (12,392,088) | 1,280,312 | 173,763,194 |
| Business-type activities capital assets, net | \$ 305,993,327 | \$ 26,048,086 | \$ (6,009,830) | \$ 326,031,583 |
| Depreciation expense was charged to functions as follows: | | | | |
| Airports | | \$ 2,665,382 | | |
| Community safety support | | 8,052,414 | | |
| Community water and sewer | | 2,412,590 | | |
| Recreation and leisure | | 3,640,363 | | |
| Sewage disposal systems | | 2,304,949 | | |
| Total depreciation expense - business-type activities | | \$ 19,075,698 | | |

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2016, for component units follows:

| Component Units | Balance October 1, 2015 | Additions | Disposals and Adjustments | Balance September 30, 2016 |
|--|-------------------------------|---------------|---------------------------------|----------------------------------|
| Drainage Districts | | | | |
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ 164,427,466 | \$ 29,733,025 | \$ (4,312,200) | \$ 189,848,291 |
| Land | 325,964 | - | - | 325,964 |
| Total capital assets not being depreciated | 164,753,430 | 29,733,025 | (4,312,200) | 190,174,255 |
| Capital assets being depreciated | | | | |
| Buildings | 57,248,656 | - | - | 57,248,656 |
| Equipment | 373,557 | - | - | 373,557 |
| Infrastructure | 495,179,489 | 4,312,200 | - | 499,491,689 |
| Total capital assets being depreciated | 552,801,702 | 4,312,200 | - | 557,113,902 |
| Less: Accumulated depreciation | | | | |
| Buildings | 4,508,331 | 1,725,412 | - | 6,233,743 |
| Equipment | 38,538 | 30,817 | - | 69,355 |
| Infrastructure | 99,527,361 | 5,674,624 | - | 105,201,985 |
| Total accumulated depreciation | 104,074,230 | 7,430,853 | - | 111,505,083 |
| Total capital assets being depreciated, net | 448,727,472 | (3,118,653) | - | 445,608,819 |
| Governmental activity capital assets, net | \$ 613,480,902 | \$ 26,614,372 | \$ (4,312,200) | \$ 635,783,074 |
| Road Commission | | | | |
| Capital assets not being depreciated | | | | |
| Land and other | \$ 196,104,743 | \$ 9,409,490 | \$ - | \$ 205,514,233 |
| Construction in progress | 589,876 | 31,011 | (589,875) | 31,012 |
| Total capital assets not being depreciated | 196,694,619 | 9,440,501 | (589,875) | 205,545,245 |
| Capital assets being depreciated | | | | |
| Buildings and storage bins | 20,380,296 | 361,313 | 589,875 | 21,331,484 |
| Road equipment | 54,013,547 | 6,155,427 | (5,043,368) | 55,125,606 |
| Other equipment | 5,246,395 | 825,671 | (4,150) | 6,067,916 |
| Infrastructure | 995,784,054 | 52,865,557 | (19,135,993) | 1,029,513,618 |
| Brine wells and gravel pits | 2,489,608 | - | - | 2,489,608 |
| Total capital assets being depreciated | 1,077,913,900 | 60,207,968 | (23,593,636) | 1,114,528,232 |
| Less: Accumulated depreciation | | | | |
| Buildings and storage bins | 12,127,406 | 548,183 | - | 12,675,589 |
| Road equipment | 47,329,789 | 3,365,522 | (5,043,368) | 45,651,943 |
| Other equipment | 4,880,859 | 120,020 | (4,150) | 4,996,729 |
| Infrastructure | 412,493,406 | 42,090,454 | (19,135,993) | 435,447,867 |
| Brine wells and gravel pits | 1,410,924 | 112,538 | - | 1,523,462 |
| Total accumulated depreciation | 478,242,384 | 46,236,717 | (24,183,511) | 500,295,590 |
| Total capital assets being depreciated, net | 599,671,516 | 13,971,251 | 589,875 | 614,232,642 |
| Governmental activity capital assets, net | \$ 796,366,135 | \$ 23,411,752 | \$ - | \$ 819,777,887 |

County of Oakland
Notes to Basic Financial Statements
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8. Long-term Debt

The County issues bonds and notes authorized by various State acts. Each act provides specific covenants for specific purposes.

Primary Government

| | Interest rate | October 1, 2015 | Additions | Reductions | September 30, 2016 | Amounts due within one year | Amounts due thereafter | General obligation | With governmental commitment |
|---|---------------|-----------------------|----------------------|------------------------|-----------------------|-----------------------------|------------------------|-----------------------|------------------------------|
| Governmental activities | | | | | | | | | |
| Debt with limited taxing authority | | | | | | | | | |
| Building authority - Act 31 | 2.00%-4.75% | \$ 29,380,000 | \$ 15,450,000 | \$ (2,495,000) | \$ 42,335,000 | \$ 3,150,000 | \$ 39,185,000 | \$ 29,500,000 | \$ 12,835,000 |
| Building authority refunding | 2.00%-5.00% | 35,210,000 | - | (4,185,000) | 31,025,000 | 4,290,000 | 26,735,000 | 27,535,000 | 3,490,000 |
| Retirees Health Care Bonds | 3.62%-4.52% | 328,590,000 | - | (22,200,000) | 306,390,000 | 23,020,000 | 283,370,000 | 306,390,000 | - |
| Water supply - Act 342 | 2.00%-6.00% | 15,820,000 | - | (785,000) | 15,035,000 | 790,000 | 14,245,000 | - | 15,035,000 |
| Sewage disposal - Act 342 | 2.00%-3.75% | - | 3,700,000 | (150,000) | 3,550,000 | 150,000 | 3,400,000 | - | 3,550,000 |
| Water and sewer refunding bonds | 1.50%-2.75% | 1,415,000 | - | (210,000) | 1,205,000 | 205,000 | 1,000,000 | - | 1,205,000 |
| Sewage disposal refunding bonds | 2.25%-3.60% | 140,000 | - | (140,000) | - | - | - | - | - |
| Michigan Bond Authority - Sewage Disposal Bonds | 1.62%-2.50% | 6,533,202 | 21,325,488 | (645,000) | 27,213,690 | 2,100,000 | 25,113,690 | - | 27,213,690 |
| Total bonds - governmental activities | | <u>\$ 417,088,202</u> | <u>\$ 40,475,488</u> | <u>\$ (30,810,000)</u> | <u>\$ 426,753,690</u> | <u>\$ 33,705,000</u> | <u>\$ 393,048,690</u> | <u>\$ 363,425,000</u> | <u>\$ 63,328,690</u> |
| Business-type activities | | | | | | | | | |
| Business type activities | | | | | | | | | |
| BA - Act 31 - County Airport | 1.00%-5.90% | \$ 4,600,000 | \$ - | \$ (250,000) | \$ 4,350,000 | \$ 250,000 | \$ 4,100,000 | \$ 4,350,000 | \$ - |
| BA refunding - County Airport | 2.00%-2.25% | 3,560,000 | - | (360,000) | 3,200,000 | 365,000 | 2,835,000 | 3,200,000 | - |
| Sewage disposal - Act 342 | 1.75%-6.75% | 3,500,000 | - | (150,000) | 3,350,000 | 155,000 | 3,195,000 | 3,350,000 | - |
| Michigan Bond Authority - Water & Sewage Disposal Bonds | 2.50% | 9,600,612 | 7,026,942 | (720,200) | 15,907,354 | 1,005,600 | 14,901,754 | 15,907,354 | - |
| Total bonds - business type | | <u>21,260,612</u> | <u>7,026,942</u> | <u>(1,480,200)</u> | <u>26,807,354</u> | <u>1,775,600</u> | <u>25,031,754</u> | <u>26,807,354</u> | <u>-</u> |
| Total bonds - primary government | | <u>\$ 438,348,814</u> | <u>\$ 47,502,430</u> | <u>\$ (32,290,200)</u> | <u>\$ 453,561,044</u> | <u>\$ 35,480,600</u> | <u>\$ 418,080,444</u> | <u>\$ 390,232,354</u> | <u>\$ 63,328,690</u> |

County of Oakland
Notes to Basic Financial Statements
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Component Units

| Drainage Districts | Interest rate | October 1, 2015 | Additions | Reductions | September 30, 2016 | Amounts due within one year | Amounts due thereafter | General obligation | With governmental commitment |
|--|----------------------|------------------------|----------------------|------------------------|---------------------------|------------------------------------|-------------------------------|---------------------------|-------------------------------------|
| Debt with limited taxing authority | | | | | | | | | |
| Drain bonds - Act 40 | 1.15%-7.00% | \$ 74,545,000 | \$ - | \$ (3,665,000) | \$ 70,880,000 | \$ 3,660,000 | \$ 67,220,000 | \$ 52,818,220 | \$ 18,061,780 |
| Drain refunding bonds | 1.00%-4.75% | 14,415,000 | 7,450,000 | (10,660,000) | 11,205,000 | 1,830,000 | 9,375,000 | 1,816,368 | 9,388,632 |
| Michigan Bond Authority-Drain Bonds | 1.15%-4.15% | 175,606,474 | 19,169,814 | (12,074,800) | 182,701,488 | 12,234,400 | 170,467,088 | 20,136,540 | 162,561,948 |
| Total Drainage Districts | | 264,566,474 | \$ 26,619,814 | (26,399,800) | 264,786,488 | 17,724,400 | 247,062,088 | 74,771,128 | 190,015,360 |
| Total County Debt | | <u>\$ 702,915,288</u> | <u>\$ 74,122,244</u> | <u>\$ (58,690,000)</u> | <u>\$ 718,347,532</u> | <u>\$ 53,205,000</u> | <u>\$ 665,142,532</u> | <u>\$ 465,003,482</u> | <u>\$ 253,344,050</u> |
| Road Commission | | | | | | | | | |
| Compensated absences | -- | \$ 3,018,250 | \$ 60,650 | \$ - | \$ 3,078,900 | \$ - | \$ 3,078,900 | \$ - | \$ 3,078,900 |
| Self-insured losses | -- | 1,246,200 | 153,461 | (387,328) | 1,012,333 | 483,633 | 528,700 | - | 1,012,333 |
| Other postemployment benefits | -- | 23,527,919 | 4,673,532 | - | 28,201,451 | - | 28,201,451 | - | 28,201,451 |
| Net pension liability | -- | 26,527,162 | 16,420,359 | - | 42,947,521 | - | 42,947,521 | - | 42,947,521 |
| Michigan Transportation Fund revenue notes | 4.00% | 500,000 | - | (500,000) | - | - | - | - | - |
| Total Road Commission | | <u>\$ 54,819,531</u> | <u>\$ 21,308,002</u> | <u>\$ (887,328)</u> | <u>\$ 75,240,205</u> | <u>\$ 483,633</u> | <u>\$ 74,756,572</u> | <u>\$ -</u> | <u>\$ 75,240,205</u> |
| Total reporting entity | | <u>\$ 757,734,819</u> | <u>\$ 95,430,246</u> | <u>\$ (59,577,328)</u> | <u>\$ 793,587,737</u> | <u>\$ 53,688,633</u> | <u>\$ 739,899,104</u> | <u>\$ 465,003,482</u> | <u>\$ 328,584,255</u> |

County of Oakland
Notes to Basic Financial Statements
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2016 (excluding the liabilities for compensated absences, other postemployment benefits, pension liability and uninsured losses for the Road Commission component unit) were as follows:

| | Bonds with limited taxing authority | | Retirees Health Care Bonds limited taxing authority | | Business-type Bonds limited taxing authority | | Total primary government | |
|---------------|--|----------------------|--|----------------------|---|---------------------|---------------------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | \$ 10,685,000 | \$ 3,129,322 | \$ 23,020,000 | \$ 10,980,656 | \$ 1,775,600 | \$ 772,135 | \$ 35,480,600 | \$ 14,882,113 |
| 2018 | 10,930,000 | 2,808,750 | 23,870,000 | 10,131,947 | 1,841,000 | 733,955 | 36,641,000 | 13,674,652 |
| 2019 | 10,580,000 | 2,488,238 | 24,750,000 | 9,251,925 | 1,891,400 | 692,625 | 37,221,400 | 12,432,788 |
| 2020 | 10,790,000 | 2,165,556 | 25,660,000 | 8,339,504 | 1,796,170 | 648,965 | 38,246,170 | 11,154,025 |
| 2021 | 10,900,000 | 1,834,750 | 26,605,000 | 7,393,507 | 1,689,900 | 580,303 | 39,194,900 | 9,808,560 |
| 2022-2026 | 34,740,000 | 5,518,347 | 148,485,000 | 21,510,862 | 8,342,800 | 2,071,591 | 191,567,800 | 29,100,800 |
| 2027-2031 | 22,573,690 | 2,868,890 | 34,000,000 | 768,400 | 7,818,720 | 705,595 | 64,392,410 | 4,342,885 |
| 2032-2036 | 8,775,000 | 793,940 | - | - | 1,651,764 | 22,784 | 10,426,764 | 816,724 |
| 2037-2041 | 390,000 | 29,200 | - | - | - | - | 390,000 | 29,200 |
| Totals | \$ 120,363,690 | \$ 21,636,993 | \$ 306,390,000 | \$ 68,376,801 | \$ 26,807,354 | \$ 6,227,953 | \$ 453,561,044 | \$ 96,241,747 |

| | Drainage Districts | | Total reporting entity | |
|---------------|---------------------------|----------------------|-------------------------------|-----------------------|
| | Principal | Interest | Principal | Interest |
| 2017 | \$ 17,724,400 | \$ 6,751,002 | \$ 53,205,000 | \$ 21,633,115 |
| 2018 | 17,669,000 | 6,329,299 | 54,310,000 | 20,003,951 |
| 2019 | 17,908,600 | 5,910,956 | 55,130,000 | 18,343,744 |
| 2020 | 18,383,200 | 5,478,519 | 56,629,370 | 16,632,544 |
| 2021 | 18,850,100 | 5,027,874 | 58,045,000 | 14,836,434 |
| 2022-2026 | 79,684,022 | 18,433,423 | 271,251,822 | 47,534,223 |
| 2027-2031 | 63,344,811 | 9,262,831 | 127,737,221 | 13,605,716 |
| 2032-2036 | 31,222,355 | 1,625,024 | 41,649,119 | 2,441,748 |
| 2037-2041 | - | - | 390,000 | 29,200 |
| Totals | \$ 264,786,488 | \$ 58,818,928 | \$ 718,347,532 | \$ 155,060,675 |

County of Oakland
Notes to Basic Financial Statements
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The County has pledged its full faith and credit on debt totaling \$743,347,532, which includes \$25,000,000 of short-term notes for the delinquent taxes as described in Note 4. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2016, the debt limit was \$6,508,485,111. The County is obligated if payments received on assessments or contracts levied against benefiting municipalities are insufficient to meet principal and interest requirements of this debt when due, and is shown in the preceding table as debt "with governmental commitment."

The aforementioned bonds are to be repaid as summarized in the following paragraphs.

Building Authority – Act 31

Act 31, Michigan Public Acts of 1948, provides for an authority to issue bonds to build and equip various public buildings, which are then leased to the County. Proceeds from these leases are used to repay the bonds. The collection of lease payments and retirement of debt is reflected in the respective Debt Service fund. At September 30, 2016, there were five issues outstanding, totaling \$42,335,000, maturing in the years 2017-2040, which represents debt originally issued in the years 2010-2015 totaling \$52,895,000.

Retirees Health Care Bonds

In September 2013, the County issued refunding bonds in the amount of \$350,000,000, in order to refinance and redeem the 2007 Certificates of Participation debt. This enabled the County to fully fund the VEBA Trust Fund as of September 30, 2014. The County thereafter entered into a Superseding Contract with a new, Superseding Trust which was created by the County, under which contract, the County is now obligated to maintain the funding in the VEBA Trust in future years pursuant to the terms of that contract under a Superseding Plan which has superseded and supplanted the obligation of the County to maintain retiree health services by keeping the VEBA Trust at full funding. As of September 30, 2016, there were two issues outstanding totaling \$306,390,000 maturing in the years 2017-2027.

Sewage Disposal, Water and Sewer, and Water Supply Bonds – Act 342

Act 342, Michigan Public Acts of 1939 provides for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by revenue produced by utility or tax revenue. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred inflows in the Debt Service funds for each act. At September 30, 2016, there were six issues outstanding, totaling \$18,585,000, maturing in the years 2017-2035. This represents debt originally issued in the amount of \$21,800,000 issued in the years 1997-2015.

Refunding Bonds

Michigan Public Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The bonds will be repaid from assessments levied against the benefiting municipalities for water and sewer debt, or leases for Building Authority debt. At September 30, 2016, there were six issues outstanding, totaling \$32,230,000, maturing in the years 2017-2025. This represents debt originally issued in the years 2010-2014 totaling \$51,385,000.

County of Oakland
Notes to Basic Financial Statements
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Michigan Bond Authority Sewage Disposal Bonds

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2016 was \$1,135,000, which matures in the years 2017-2018.

In September 2007, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,000,000 for the Softwater Lake Capital Improvement Sewage Disposal System project. As of September 30, 2010, a final amount of \$1,935,727 was received from the State Revolving Loan fund. The amount outstanding at September 30, 2016 for this issue is \$1,095,727, which matures in the years 2017-2027.

In September 2014, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$36,855,000 for the Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel project. As of September 30, 2016, \$24,982,963 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2016 for this issue is \$24,982,963, which matures in the years 2017-2031.

Business Type

In December 2010, the County issued \$4,060,000 of sewage disposal bonds for the Evergreen-Farmington Sewage Disposal System (enterprise fund type). The bonds are federally taxable recovery zone economic development bonds, issued under the authority of Act 34, Public Acts of Michigan, 2001. The amount outstanding for this issue at September 30, 2016 was \$3,350,000, which matures in the years 2017-2031.

Two Building Authority bond issues for the County Airport fund consist of the Airport T-Hangar Refunding in the amount outstanding as of September 30, 2016 of \$3,200,000 maturing in the years 2017-2024 and the Airport Terminal Building in the amount outstanding as of September 30, 2016 of \$4,350,000 maturing in the years 2017-2030. These represent original debt issued in the amount of \$4,585,000 in 2012 for the Airport T-Hangar and \$5,800,000 in 2010 for the Airport Terminal Building.

In March 2012, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,415,000 for the Evergreen-Farmington Sewage Disposal System 8 Mile Pumping Station Septage Facility (enterprise fund type). The amount outstanding for this issue at September 30, 2016 was \$2,025,000, which matures in the years 2017-2032.

In August 2012, in conjunction with the transfer of operations of the City of Pontiac water and sewer system to the County, the County's Water and Sewer Trust fund assumed the debt obligations initiated by the City of Pontiac for four Clean Water/Water Quality projects. The total authorized loan amount is \$8,845,300; as of September 30, 2016, the amount outstanding was \$6,516,220. In addition, in October 2014 the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for City of Pontiac Water Supply System Improvements for up to \$6,890,000; as of September 30, 2016, \$6,666,764 was drawn. Further, in October 2015 the County authorized the issuance of two additional bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the City of Pontiac Water Supply System; one for up to \$6,850,000 with \$1,762,500 principal forgiveness, as of September 30, 2016,

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Notes to Basic Financial Statements
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\$969,370 was drawn and one for up to \$720,000 with no draws as of September 30, 2016. The debt obligation recorded as of September 30, 2016 amounted to \$13,882,354, maturing in the years 2017 through 2035.

Drain Bonds – Act 40 (Component Unit)

Act 40 provides for the creation of a Drain Board, which has the power to assess state, county, and local levels of government for principal and interest payments. Such assessments are to be funded from General Fund revenue of the respective municipality. The County portion of the assessment is identified as a general obligation. Further, the County is obligated if assessments levied against benefiting municipalities are insufficient to meet principal and interest requirements when due. Such obligations are shown as "with governmental commitment." At September 30, 2016, there were 12 issues outstanding, totaling \$70,880,000, maturing in the years 2017-2034. This represents original debt issued for \$85,480,000 in the years 1997-2014.

Drain Refunding Bonds (Component Unit)

Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The County initiates the refunding of various drain bonds issued under Act 40 on behalf of the drainage district's component unit. Bonds will be repaid from assessments levied against the benefiting municipalities. At September 30, 2016, there were four issues outstanding, totaling \$11,205,000, maturing in the years 2017-2025. This represents debt originally issued in the years 2005-2016 in the amount of \$15,340,000.

Michigan Bond Authority Drain Bonds (Component Unit)

The County authorized the issuance of bonds for up to \$17,880,000 in October 2000 from the Michigan Municipal Bond Authority Revolving Loan fund for the George W. Kuhn Drainage District. Further, in 2001, the County authorized an additional \$82,200,000 for the George W. Kuhn Drainage District Segment II, with successive authorizations in the years 2005 through 2008 amounting to \$14,240,000. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District with successive authorizations for Segments II, III and IV in the years 2012, 2013 and 2015, respectively, amounting to \$99,160,000. Through September 30, 2016, the drainage district received \$124,638,355 from the State Revolving Loan Fund for the Oakland-Macomb Interceptor Drain District Segments I, II, III and IV. In August 2012, in conjunction with the transfer of operations of the City of Pontiac waste water treatment system to the County, the County's Drainage District assumed the debt obligations initiated by the City of Pontiac for two Clean Water/Water Quality projects. The total authorized loan amount is \$13,689,700; as of September 30, 2016, the amount outstanding was \$10,937,310. In addition, in October 2014, the County authorized issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the Pontiac Waste Water Treatment Drain District for up to \$9,840,000 with \$1,000,000 principal forgiveness. At September 30, 2016, there were 13 issues outstanding, totaling \$182,701,488, maturing in the years 2017-2033.

Advance and Current Refunding of General Obligation Limited Tax Bonds

In February 2016, the County issued \$7,450,000 of refunding bonds for a current refunding of general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service obligations of the refunded debt. Accordingly, the trust account assets and liability for the

County of Oakland
Notes to Basic Financial Statements
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refunding bonds are not included in the Drainage District's component unit, or the County's financial statements. The debt refunded amounted to \$7,585,000 for the George W. Kuhn Drainage District, Series 2007 maturing in the years 2017 through 2024 inclusively. The refunding was undertaken to reduce the debt service payments over the next eight years by \$909,119 and obtain an economic (present value) gain to the benefiting municipalities of \$865,755.

Changes in Other Long-term Liabilities

Long-term liabilities activity, as reported in and liquidated through the Fringe Benefit Fund and Building Liability Insurance Fund, Internal Service funds, for the fiscal year ended September 30, 2016 was as follows:

| | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|---|----------------------|---------------------|------------------------|----------------------|------------------------|
| Governmental activities | | | | | |
| Accrued compensated absences | \$ 12,505,517 | \$ 1,494,400 | \$ (1,250,552) | \$ 12,749,365 | \$ 1,274,937 |
| Claims and judgments | | | | | |
| Accrued unreported health costs | 4,520,000 | 1,084,058 | (1,506,667) | 4,097,391 | 1,365,797 |
| Accrued workers' compensation | 10,000,000 | 44,881 | (2,818,466) | 7,226,415 | 1,765,084 |
| Building and liability insurance | 4,553,602 | 1,274,114 | (1,178,895) | 4,648,821 | 1,253,279 |
| Net pension liability | 12,718,628 | - | (7,273,842) | 5,444,786 | - |
| Governmental activity long-term liabilities | <u>\$ 44,297,747</u> | <u>\$ 3,897,453</u> | <u>\$ (14,028,422)</u> | <u>\$ 34,166,778</u> | <u>\$ 5,659,097</u> |

9. Interfund Balances

Interfund receivables and payables at September 30, 2016 were as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | |
|------------------------|-----------------------------|----------------------|
| General | Nonmajor governmental | <u>\$ 12,103,325</u> |
| Nonmajor governmental | General | 505,415 |
| | Nonmajor governmental | 812,690 |
| | S.O.C.S.D.S. | 1,898 |
| | Internal service | 980 |
| | Total | <u>1,320,983</u> |
| Internal service | General | 1,273 |
| | Nonmajor governmental | 62 |
| | Water and Sewer Trust | 7,055 |
| | Evergreen Farmington S.D.S. | 2,323 |
| | S.O.C.S.D.S. | 3,136 |
| | Clinton Oakland S.D.S. | 1,554 |
| | Nonmajor enterprise | 185 |
| | Internal service | 504 |
| | Total | <u>16,092</u> |
| | Total | <u>\$ 13,440,400</u> |

County of Oakland
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These balances result from the time difference between the dates that services are provided or transfers are authorized, transactions are recorded in the accounting system, and payments between funds are made.

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2016 were as follows:

| Primary Government | Component Unit | |
|------------------------------------|----------------------------------|-------------------|
| Due from Component Unit | Due to Primary Government | |
| General | Drainage Districts | \$ 1,132 |
| | Road Commission | 3,064 |
| | Total | <u>4,196</u> |
| Nonmajor governmental | Drainage Districts | 687,516 |
| | Road Commission | 40 |
| | Total | <u>687,556</u> |
| Evergreen Farmington SDS | Drainage Districts | <u>62,177</u> |
| Internal Service | Drainage Districts | 75 |
| | Road Commission | 40,956 |
| | Total | <u>41,031</u> |
| | Total | <u>\$ 794,960</u> |
| Component Unit | Primary Government | |
| Due from Primary Government | Due to Component Unit | |
| Drainage Districts | General Fund | <u>\$ 35,000</u> |

Advances to/from other funds (including current and long-term portions) at September 30, 2016 were as follows:

| | | |
|--------------------------|-----------------------|---------------------|
| Receivable Fund | Payable Fund | |
| Nonmajor governmental | Nonmajor governmental | <u>\$ 1,102,916</u> |
| Delinquent Tax Revolving | Internal Service | <u>64,415</u> |
| | Total | <u>\$ 1,167,331</u> |

Advances distinguish long-term internal borrowings from receivables and payables that arise in connection with routine borrowings and short-term loans (due to/due from other funds).

County of Oakland
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Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2016 were as follows:

| Transfers In | Transfers Out | Amount |
|---------------------------|------------------------------|----------------------|
| General | Nonmajor governmental | \$ 232,508 |
| | Delinquent Tax Revolving | 14,350,810 |
| | Total | <u>14,583,318</u> |
| Building Authority Act 31 | General | 9,275,625 |
| | Nonmajor governmental | 4,160 |
| | Total | <u>9,279,785</u> |
| Nonmajor governmental | General | 43,249,413 |
| | Nonmajor governmental | 2,081,676 |
| | Water and Sewer Debt Act 342 | 22,141 |
| | Delinquent Tax Revolving | 4,786,900 |
| | Evergreen Farmington S.D.S. | 1,439,727 |
| | Internal Service | 27,908 |
| | Total | <u>51,607,765</u> |
| Nonmajor enterprise | General | 3,103,891 |
| | Nonmajor enterprise | 200,000 |
| | Total | <u>3,303,891</u> |
| Internal Service | General | 4,370,946 |
| | Nonmajor governmental | 11,633 |
| | Parks and Recreation | 60,000 |
| | Nonmajor enterprise | 286,000 |
| | Internal service | 194,238 |
| | Total | <u>4,922,817</u> |
| | Total transfers | <u>\$ 83,697,576</u> |

The transfers to and from the various funds are made to account for budgetary authorizations and/or providing funding for operations as needed.

County of Oakland
Notes to Basic Financial Statements
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10. Fund Equities

At September 30, 2016, a deficit existed in the following funds:

Capital Projects Funds

| | |
|------------------------------|------------|
| Lake Levels Act 146 | \$ 142,093 |
| Drain Chapter 4 Construction | 813,978 |

In the Capital Projects funds, the negative unassigned fund balance in the Lake Levels Act 146 fund, primarily reflects costs that are related to the Bush Lake Level project in the amount of \$106,465 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$42,008. The Bush Lake Level is construction of a new lake level control structure which has been completed and a long-term special assessment for the project commenced in FY 2011. In 2010, the Oakland County Board of Commissioners authorized a loan in the amount of \$300,000 from the County's Long Term Revolving Fund to the Bush Lake Special Assessment District to be collected in 10 annual installments. The long-term receivable is now on the balance sheet to track the collection of the Long Term Special Assessment. Collection of the annual special assessment has reduced the deficit by \$20,405 from the FY 2015 deficit of \$126,870 to the FY 2016 deficit of \$106,465. The Upper Straits Lake Dam Replacement project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan and is currently in the design phase. When the design phase is completed, the estimated project cost will be determined. It is planned that the project will be financed with a loan from the Oakland County Board of Commissioner's Long Term Revolving Fund. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a proposed 10 year period. The Special Assessment District must be updated prior to requesting the loan. Updating the district requires Circuit Court action and therefore, the project schedule is directly affected by the Court schedule. There have been some delays on the project and related court proceedings due to critical infrastructure improvements needed for other systems under the responsibility of the Oakland County Water Resources Commissioner's office. Delays in receiving the court judgment on the district update will impact the timing of receiving loan money and approval of the special assessment.

In addition, the negative unassigned fund balance in the Drain Chapter 4 Construction Fund reflects costs that are related to the Lower Pettibone Lake Sanitary Chapter 4 Drain Construction project in the amount of \$813,978. A loan from the Long Term Revolving Fund was approved by the Oakland County Board of Commissioners via Miscellaneous Resolution #14136 adopted June 11, 2014 to provide up to \$1,200,000 in funding for this project. A 20-year assessment against each of the benefiting properties in the District has been approved to repay the loan with the first payment due December 2014. The construction of the sewer was completed and became operational as of January 2015 and the deficit for this specific project will be eliminated when the long-term assessment roll collection is completed.

County of Oakland
Notes to Basic Financial Statements
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Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2016 were as follows:

| | Nonspendable | Spendable | | | Unassigned |
|---|-------------------|--------------------|-------------|-----------------------|---------------------|
| | | Restricted | Committed | Assigned | |
| Primary Government | | | | | |
| General Fund | | | | | |
| Prepays | \$ 391,239 | \$ - | \$ - | \$ - | \$ - |
| Inventories | 143,527 | - | - | - | - |
| Property Tax Forfeiture | - | 5,884,980 | - | - | - |
| Future operating requirements 2016 and beyond | - | - | - | 117,483,320 | - |
| Property Tax Forfeiture Activities | - | - | - | 20,868,433 | - |
| Future Technology Replacement | - | - | - | 14,010,183 | - |
| Capital Reserve | - | - | - | 12,000,000 | - |
| Financial System Updates | - | - | - | 10,000,000 | - |
| Future Headlee Rollback | - | - | - | 10,000,000 | - |
| Catastrophic Claims | - | - | - | 10,000,000 | - |
| Unfunded Mandates | - | - | - | 10,000,000 | - |
| HR Comp/Workforce Planning | - | - | - | 5,600,000 | - |
| Emergency Salaries | - | - | - | 5,000,000 | - |
| Tri-Party Supplemental | - | - | - | 4,086,500 | - |
| Carry forwards | - | - | - | 3,672,683 | - |
| Operational Improvements | - | - | - | 3,000,000 | - |
| DB Pension Contribution | - | - | - | 3,000,000 | - |
| Data Privacy and Security | - | - | - | 3,000,000 | - |
| Homeland Security Enhancements | - | - | - | 2,724,139 | - |
| Pandemic Response | - | - | - | 2,041,000 | - |
| Local Road Improvement Match Program | - | - | - | 1,032,665 | - |
| Business Continuity | - | - | - | 1,000,000 | - |
| WRC Long-Term Revolving Fund | - | - | - | 1,000,000 | - |
| M1 SCAO Interpreter Costs | - | - | - | 750,000 | - |
| Federal Regulatory Changes | - | - | - | 750,000 | - |
| Senior Services | - | - | - | 600,000 | - |
| Building Security Cameras and Consoles | - | - | - | 567,766 | - |
| Board of Commissioners Projects | - | - | - | 560,000 | - |
| Sheriff Aviation | - | - | - | 527,055 | - |
| Tax Tribunal Appeals Consultants | - | - | - | 500,000 | - |
| New Grant Match Opportunities | - | - | - | 500,000 | - |
| Human Resources Legal | - | - | - | 500,000 | - |
| Quality of Life Initiatives | - | - | - | 480,000 | - |
| Community Partnerships | - | - | - | 238,654 | - |
| Buy Local | - | - | - | 150,000 | - |
| Jail Commissary | - | - | - | 123,539 | - |
| Department Operations | - | - | - | 79,562 | - |
| Rx Discount Card Program | - | - | - | 13,756 | - |
| Unassigned | - | - | - | - | 2,962,467 |
| Total | \$ 534,766 | \$5,884,980 | \$ - | \$ 245,859,255 | \$ 2,962,467 |

County of Oakland
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| | Nonspendable | Spendable | | | Unassigned |
|----------------------------------|--------------|---------------|---------------|----------|----------------|
| | | Restricted | Committed | Assigned | |
| Primary Government | | | | | |
| Special Revenue Funds | | | | | |
| Grants (Deficit) | \$ - | \$ - | \$ - | \$ - | \$ (2,054,558) |
| Specific programs | - | 17,930,076 | - | - | - |
| Total | \$ - | \$ 17,930,076 | \$ - | \$ - | \$ (2,054,558) |
| Debt Service Funds | | | | | |
| Debt service-general obligations | \$ - | \$ 7,791,059 | \$ - | \$ - | \$ - |
| Capital Projects Funds | | | | | |
| Long-term receivables | \$ 1,102,916 | \$ - | \$ - | \$ - | \$ - |
| Work projects | - | - | 51,423,615 | - | (956,071) |
| Total | \$ 1,102,916 | \$ - | \$ 51,423,615 | \$ - | \$ (956,071) |

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2016 for these benefits totaled the following: medical insurance, \$34,767,377; prescription coverage, \$10,601,546; dental insurance, \$3,126,268; optical insurance, \$273,295; disability, \$2,988,889; tuition reimbursement, \$349,967; Social Security, \$16,145,893; workers' compensation, \$1,106,738; and unemployment claims, \$326,603.

12. Defined Benefit Pension Plan

Plan Description

The Oakland County Public Employers' Retirement System (PERS) is a single-employer defined benefit pension plan, covering all eligible employees. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan is administered by the Oakland County Retirement and Deferred Compensation Board.

Management of PERS is vested with the Retirement and Deferred Compensation Board, which consists of nine voting members comprised of the following individuals:

- Oakland County Board of Commissioners chairperson or designee.
- BOC Finance Committee chairperson or designee.
- County Treasurer or designee.
- County Executive or designee.
- Three (3) elected employee members.
- One (1) elected retiree member.
- One (1) citizen member appointed by the Board and confirmed by the Oakland County Board of Commissioners.

County of Oakland
Notes to Basic Financial Statements
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Plan Membership

The County PERS covers the majority of full-time employees of the County hired prior to July 1, 1994. The plans' membership consists of the following at September 30, 2016, the date of the latest actuarial valuation:

| | |
|--|--------------|
| Retirees and beneficiaries receiving benefits | 1,988 |
| Terminated plan members entitled to, but not yet receiving benefits | 100 |
| Active plan members | <u>347</u> |
| Total | <u>2,435</u> |

The County established a defined contribution plan for County employees, and all new employees and eligible part-time employees hired on or after July 1, 1994 are covered by the defined contribution plan, as the County's PERS is no longer available to new employees.

Benefits

Members of both plans may retire at age 55 (except Sheriff's deputies, who may retire with 25 years of service regardless of age), with 25 years of service, or at age 60 with eight years of service. Members vest after eight years of service.

Eligible employees under the County plan are provided benefits based on 2%, 2.2% for years in excess of 14 years (Sheriff's deputies, 2.2% for the first 14 years of service, and 2.5% for thereafter, command officers 2.5%) of the final average compensation times the number of years of credited service. Maximum County retirement is 75% of final average compensation, defined as the average of the highest five consecutive years during the last 10 years.

Duty disability benefits provided by the County are computed as a regular retirement, with additional service credited until attainment of age 60, less an amount offset by workers' compensation payments, with a maximum payment of 75% of final average compensation. Non-duty disability benefits after 10 years of service are computed as a regular retirement. Death benefits are provided to beneficiaries after 10 years of service, based on years of service.

Funding Policy/Contributions

The County policy is to fund normal costs of the plan by contributions which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. For fiscal year 2016, there was no annual contribution required, which was determined through actuarial valuations performed at September 30, 2014.

Sheriff's deputies contribute at a rate of 3 percent of their annual pay for the first 14 years of service and 5 percent thereafter. Command officers contribute 5 percent. General County Option A members who have elected improved benefits contribute 1 percent of their pay after 14 years of service. Contributions received from these employees for the years ended September 30, 2016 and September 30, 2015 amounted to \$443,238 and \$473,247, respectively.

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions. All administrative costs of the plan are financed directly by Oakland County.

County of Oakland
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Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that is in compliance with Michigan Public Act 314 of 1965 and manages risks through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of July 1, 2012.

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|------------------------------|
| Cash Equivalents | 0.0% |
| U.S. Equity | 40.0% |
| Non U.S. Equity | 10.0% |
| Hedged Equity | 5.0% |
| Fixed Income | 40.0% |
| Real Estate | 5.0% |
| Total | 100.0% |

Rate of Return

For the year ended September 30, 2016, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2016 consists of the following reserves:

| | |
|-----------------------------|------------------------------|
| Annuity reserve | \$ 4,624,859 |
| Pension reserve | 202,587,365 |
| Pension accumulated reserve | <u>550,430,748</u> |
| Total fund balance | <u>\$ 757,642,972</u> |

Annuity reserve represents the cumulative contribution for retirees, disabled members, or surviving spouses who have elected monthly annuity benefits. Pension reserve represents the funded pension benefits available for retired lives and is funded by actuarially determined transfers from the pension accumulated reserve. Pension accumulated reserve represents the accumulated reserve for pension payable by the County.

County of Oakland
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Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2016:

Statement of Net Position

| | |
|----------------------|-----------------------|
| Cash and investments | \$ 756,148,868 |
| Other assets | 1,993,996 |
| Total assets | <u>758,142,864</u> |
| Liabilities | 499,892 |
| Net position | <u>\$ 757,642,972</u> |

Statement of Changes in Net Position

| | |
|---|-----------------------|
| Additions: | |
| Contributions | \$ 443,238 |
| Investment income | 67,944,603 |
| Other revenue | 25,142 |
| Total additions | <u>68,412,983</u> |
| Deductions: | |
| Benefit payments | 53,925,525 |
| Other expenses | 2,504,315 |
| Total deductions | <u>56,429,840</u> |
| Change in net position | 11,983,143 |
| Net position held in trust, beginning of year | 745,659,829 |
| Net position held in trust, end of year | <u>\$ 757,642,972</u> |

Basis of Accounting

The County's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at an estimated fair value or amortized cost.

County of Oakland
Notes to Basic Financial Statements
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Actuarial Methods and Assumptions

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2014, using the aggregate actuarial cost method. Significant actuarial assumptions used include (a) 7.25 investment rate of return, (b) projected salary increases of 4.5 to 10.5 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

The aggregate accrual cost method does not produce an actuarial accrued liability. The entry age actuarial cost method is used to develop the actuarial liability and the associated values shown above in compliance with GASB Statement No. 50. In addition, the aggregate method does not formally recognize an amortization period for the overfunded AAL.

Net Pension Liability

The County has chosen to use September 30, 2016 as its measurement date for the net pension liability. The September 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension plan net position as of September 30, 2016. The September 30, 2016 total pension liability was determined by an actuarial valuation performed as of September 30, 2015, which used updated procedures to roll forward the estimated liability to September 30, 2016.

The components of the net pension liability of the County at September 30, 2016 were as follows:

| | |
|---|----------------------|
| Total pension liability | \$ 763,087,758 |
| Plan fiduciary net position | <u>(757,642,972)</u> |
| Net Pension Liability (Asset) | <u>\$ 5,444,786</u> |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 99.29% |

The net pension liability of \$5,444,786 has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

County of Oakland
Notes to Basic Financial Statements
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Changes in the net pension liability during the measurement year were as follows:

| | Increase/(Decrease) | | |
|---|--------------------------------|--------------------------|------------------------------|
| | Total Pension Liability | Plan Net Position | Net Pension Liability |
| Balances at 9/30/2015 | \$ 758,378,456 | \$ 745,659,828 | \$ 12,718,628 |
| Changes for the year: | | | |
| Service cost | 2,864,098 | - | 2,864,098 |
| Interest | 53,131,461 | - | 53,131,461 |
| Difference between expected and actual experience | 2,639,268 | - | 2,639,268 |
| Assumption changes | - | - | - |
| Contributions - employer | - | - | - |
| Contributions - member | - | 443,238 | (443,238) |
| Net investment income | - | 65,710,783 | (65,710,783) |
| Benefit payments, including refunds of member contributions | (53,925,525) | (53,925,525) | - |
| Administrative expenses | - | (245,352) | 245,352 |
| Net changes | 4,709,302 | 11,983,144 | (7,273,842) |
| Balances at 9/30/2016 | \$ 763,087,758 | \$ 757,642,972 | \$ 5,444,786 |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the County recognized pension expense of \$13,666,033. At September 30, 2016, the County reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|--|---------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | <u>\$ 19,305,794</u> |
| Total | <u>\$ 19,305,794</u> |

County of Oakland
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Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending September 30 | Net Deferred Outflows of Resources |
|--|---|
| 2017 | \$ 7,341,803 |
| 2018 | 7,341,803 |
| 2019 | 7,341,803 |
| 2020 | (2,719,615) |
| Total | \$ 19,305,794 |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2015, which used update procedures to roll forward the estimated liability to September 30, 2016. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.75% |
| Salary increases | 3.25 – 9.25% average, including inflation and step increases |
| Investment rate of return | 7.25% net of pension investment expense, including inflation |

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table projected to 2021 using a static projection based on the 2-dimensional MP-2014 improvement scales.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s). For each major asset class that is

County of Oakland
Notes to Basic Financial Statements
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included in the pension plan's target asset allocation as of September 30, 2015, these best estimates are summarized in the following table.

| Asset Class | Long-Term Expected Real Rate of Return |
|----------------------|--|
| Domestic Equity | 7.50% |
| International Equity | 8.50% |
| Domestic Bonds | 2.50% |
| International Bonds | 3.50% |
| Real Estate | 4.50% |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the plan's net pension liability, calculated using a discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percent lower and one percent higher.

| | 1% Decrease 6.25% | Current Single Discount Rate 7.25% | 1% Increase 8.25% |
|-------------------------------|-------------------------|--|-------------------------|
| Net Pension Liability/(Asset) | \$ 81,786,179 | \$ 5,444,786 | \$ (59,660,291) |

The Road Commission for Oakland County Retirement System board of trustees administers the Road Commission for Oakland County Retirement System – a single-employer defined benefit pension plan that provides retirement, disability, and death benefits for all eligible general employees of the Retirement System. Benefit terms have been established by contractual agreements between the Retirement System and the various employee union representation or other actions of the Oakland County Board of Road Commissioners; amendments are subject to the same process. The Road Commission's net pension liability as of December 31, 2015 was \$42,947,521. The Road Commission has chosen to use December 31, 2015 as its measurement date for the net pension liability. The September 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date. For the year ended September 30, 2016, the Road Commission recognized pension expense of \$12,566,984. At September 30, 2016, the Road Commission reported total deferred outflows of resources of \$26,075,995.

13. Defined Contribution Plans

The County maintains a defined contribution plan, Oakland Performance Retirement System (OPRS), which qualifies under Internal Revenue Code Section 401(a). Employees in the County PERS were first afforded the opportunity to transfer to the OPRS through December 31, 1995, retroactive to January 1, 1995. Employees who elected to transfer to the OPRS had their individually actuarially determined earned retirement benefits in the County PERS, determined as of January 1, 1995, plus accrued interest at the rate of 7.5% from January 1, 1995 until the date of

County of Oakland
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election to transfer, transferred into the OPRS. Subsequent to 1995, the County reopened the opportunity for transfer several times, resulting in an additional 1,477 employees transferred from the County PERS to the OPRS.

The OPRS maintains a schedule of vesting, with the participants becoming fully vested upon completion of six years of continuous service. Employees transferring from the County PERS were allowed a permanent selection of employee contributions of 0% or 3% of their salary, with the employer matching the contribution respectively with 6% or 9% for general employees, or 7% or 10% for employees in certain bargaining units. For employees hired on or after July 1, 1994, the employer contributes 5% of the employee's salary. Effective December 1999, employees were offered an opportunity to increase their contribution with a County match of 2% for new hires and 1% for all others. In December 2000, the employee and County match were increased 1%. All employees are able to contribute up to 10% of their salary on a voluntary after-tax basis. All contributions are remitted to a third-party plan administrator.

Total membership in the OPRS as of September 30, 2016 was 3,119, which includes 371 employees who elected to transfer from the PERS in 1995 through 2000 and 2,748 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2016 was \$196,015,758, and the County's total payroll was \$230,943,945. The required contributions, which matched those actually made, were \$7,419,936 by employees and \$17,509,756 by the County, representing 3.8% and 8.9% of covered payroll, respectively.

In 2008, the County offered a voluntary defined contribution plan for part-time non-eligible employees. The plan qualifies under the Omnibus Budget Reconciliation Act of 1990 (OBRA) and IRS Section 3121 (b) (&) (F) which allows for a defined contribution plan in lieu of Social Security. With the implementation of this plan, the County contributes 1.3% and the employee contributes 6.2% of their earnings into a defined contribution plan. The employee would be immediately 100% vested in both the employer and employee contributions, but cannot access the money invested in the plan until they are separated from County employment. During fiscal year 2016, the County contributed \$206,939 to the plan.

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions.

14. Postemployment Benefits

Oakland County provides medical care benefit insurance coverage to retired employees or survivors of deceased employees who were hired on or before September 20, 1985 having eight or more years of service, or hired on or after September 21, 1985 and had 15 years of service (for family coverage) or 8 to 14 years of service (for retired members only). This single-employer defined benefit plan is administered by Oakland County through two funding vehicles: the Oakland County VEBA Trust (the Trust) and the Superseding Trust.

For employees whose employment ends prior to retirement, the Trust provides benefits to those with 15 to 19 years of service (for members only) or 20 years of service (for family coverage).

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In 2016, the County provided 2,742 retirees medical insurance and reimbursed 1,704 of them for Medicare premiums under the Trust. In 2016, the County disbursed \$31,635,863 for this purpose.

Postemployment benefits are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions. The plan covers the following classes of employees: General, Command Officers, and Deputies. The plan in all classes is now closed to new hires. The County has established a "Retirement Health Savings Plan" beginning January 1, 2007. General members hired on and after 1/1/95 (5/27/95 for Command Officers and Sheriff's deputies), the portion of healthcare costs paid by the Trust will be based on years of service at retirement. If a member has less than 15 years of service, there is no County paid retiree health coverage. If a member has 15 years of service at retirement, 60% of the healthcare premium will be paid by the Health Care Trust. The percent increases 4% per year of service over 15 with a 100% maximum coverage after 25 years of service. New employees are required to join the County's retiree health saving plan effective 1/1/06 for General Non-Union employees, 3/5/09 for Sheriff Command Officers, 1/1/10 for Sheriff Corrections Deputies, and 2/9/12 for Sheriff Road Patrol Deputies. Employees will receive a cash payment upon retirement from which they can purchase their own health insurance. At September 30, 2015, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,382 retirees and beneficiaries currently receiving benefits, 2,177 active employees, and 227 terminated employees entitled to benefits but not yet receiving them.

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB asset for the current and two preceding years were as follows:

| | Fiscal year ended September 30 | | |
|-------------------------------|--------------------------------|---------------|---------------|
| | 2016 | 2015 | 2014 |
| Annual OPEB cost (ARC) | \$ 5,766,783 | \$ 5,605,849 | \$ 29,545,126 |
| Percentage of ARC contributed | 0% | 0% | 0% |
| Net OPEB asset | \$157,325,849 | \$163,092,632 | \$168,698,481 |

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. In 2016, the annual required contribution (ARC) as determined by the actuary was \$800,184 and there were no County contributions, given the VEBA was fully funded.

County of Oakland
Notes to Basic Financial Statements
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The funding progress of the plan as of September 30, 2015, the most recent actuarial valuation report, is as follows:

| | |
|--|-------------------------|
| Retirees and beneficiaries | \$ 481,702,280 |
| Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries | 57,828,702 |
| Active employees and beneficiaries | <u>358,777,508</u> |
| Actuarial accrued liability | 898,308,490 |
| Actuarial value of assets | <u>1,118,327,367</u> |
| Unfunded AAL (Overfunded AAL) | <u>\$ (220,018,877)</u> |
| Funded ratio | 124.5% |
| Annual covered payroll | \$ 144,715,626 |
| Overfunded AAL as a percentage of payroll | 152.4% |
| Actuarial Required Contribution (ARC) | \$ 800,184 |
| Adjustment to the ARC | 9,648,684 |
| Interest on net OPEB asset | <u>(4,682,085)</u> |
| Annual OPEB cost | 5,766,783 |
| Contributions | - |
| Decrease in net OPEB asset | <u>5,766,783</u> |
| OPEB asset - Beginning of year | <u>163,092,632</u> |
| OPEB asset - End of year | <u>\$ 157,325,849</u> |

The County contributions are based on a 10-year open amortization of the unfunded actuarial accrued liabilities (UAL) for the over-funded divisions. In addition, the County reports an other post-employment benefits asset for the funding provided by the previous sale of certificates of participation. The remaining amortization period of this asset as of September 30, 2016 was 20 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about investment return, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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In the September 30, 2015 actuarial valuation, the date of the most recent actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 3.00 percent per year plus a long-term rate of inflation of 4.5 percent per year and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is equal to the reported market value of assets at the valuation date. The UAAL for the groups was amortized over a 10-year open level dollar method for the over-funded divisions. Active member payroll was assumed to increase 4.5 percent per year for the purpose of determining the level percent contributions.

The following are condensed financial statements as of and including September 30, 2016 (the OPEB Plan includes the VEBA and Superseding Trusts):

Statement of Net Position

| | |
|----------------------|-------------------------|
| Cash and investments | \$ 1,151,527,570 |
| Other assets | <u>2,734,610</u> |
| Total assets | <u>1,154,262,180</u> |
| Liabilities | <u>3,101,747</u> |
| Net position | <u>\$ 1,151,160,433</u> |

Statement of Changes in Net Position

| | |
|---|-------------------------|
| Additions: | |
| Contributions | \$ 146,723 |
| Investment income | 101,598,028 |
| Other revenue | <u>2,586,853</u> |
| Total additions | <u>104,331,604</u> |
| Deductions: | |
| Benefits | 31,635,863 |
| Other expenses | <u>3,216,203</u> |
| Total deductions | <u>34,852,066</u> |
| Change in net position | 69,479,538 |
| Net position held in trust, beginning of year | <u>1,081,680,895</u> |
| Net position held in trust, end of year | <u>\$ 1,151,160,433</u> |

The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2014, the date of the most recent actuarial valuation, membership consisted of 706 retirees and beneficiaries currently receiving benefits, 280 vested active employees, and 62 nonvested active employees. For the year ended September 30, 2016, the Road Commission's adjusted annual required contribution to the Trust was \$12,497,647 with interest of \$1,058,756 on the prior year net OPEB obligation. The Road Commission contributed \$1,824,591 to the Trust during the year and paid \$7,058,280 directly

County of Oakland
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toward insurance premiums and medical costs for retirees during fiscal year 2016, leaving a net OPEB obligation of \$28,201,451 at September 30, 2016.

15. Deferred Compensation Plan

In fiscal year 1998, both the County and the Road Commission adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. During fiscal year 1999, as required by the statement, the County and the Road Commission each placed all Deferred Compensation Plan assets with a trustee, relinquishing all fiduciary accountability for the assets. Accordingly, the related assets and liabilities of the plan are not reported in the County and Road Commission financial statements.

16. Risk Management

The County is exposed to various risks of loss related to property, employee injuries, general liability claims, and torts, as well as medical benefits provided to employees. The County has purchased a commercial property policy for its building and contents, electronic data processing equipment, boats and motors, ATV/snowmobiles, and automobile catastrophe physical damage coverage. The policy is subject to a maximum per occurrence catastrophic loss limit of \$350,000,000. Policy limits (subject to the maximum \$350,000,000 per occurrence catastrophic loss limit) are: building and contents in the amount of \$682,612,699, electronic data processing equipment in the amount of \$43,894,889, boats and motors in the amount of \$569,000, ATV/snowmobiles in the amount of \$66,000, automobile catastrophe physical damage in the amount of \$2,000,000, flood coverage in the amount of \$50,000,000 (subject to limitations in some flood zones), earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for helicopters' hull physical damage in the amount of \$3,139,792, and helicopters' additional equipment physical damage in the amount of \$1,354,800. Liability insurance has been purchased for: airport operations in the amount of \$50,000,000, helicopter operations in the amount of \$100,000,000, automobile fleet operations in the amount of \$5,000,000, fiduciary liability in the amount of \$25,000,000, employee dishonesty/faithful performance in the amount of \$3,000,000, travel accident in the amount of \$100,000 per person/\$500,000 aggregate, N.E.T. law enforcement liability in the amount of \$5,000,000, workers' compensation statutory coverage in excess of \$1,000,000 for each occurrence, and self-insured retention and employers' liability in the amount of \$1,000,000. In FY 2016, the County added Excess Liability with limits of \$10,000,000 over a \$3,000,000 SIR/deductible and Cyber Liability with limits of \$5,000,000. The County is uninsured for all other risks except as noted. The Road Commission has similar risks and is uninsured for these claims within certain limits.

The County and the Road Commission estimate the liability for all of the above-mentioned claims that have been incurred through September 30, 2016, including both those claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses. Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses.

County of Oakland
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The County records estimates in the Fringe Benefits and the Building and Liability Insurance funds, both Internal Service funds, and the Road Commission records these estimates in the governmental fund type. Changes in the estimated claims liabilities are as follows:

| | September 30 | |
|---|----------------------|----------------------|
| | 2016 | 2015 |
| Primary Government | | |
| Beginning-of-period liability | <u>\$ 19,073,602</u> | <u>\$ 20,910,061</u> |
| Estimated claims incurred, claim adjustment expenses and changes in estimates | | |
| Provisions for current-year events | 42,405,776 | 48,513,809 |
| (Decrease) increase in provisions for prior-year events | <u>(2,017,018)</u> | <u>831,066</u> |
| Total incurred claims, claim adjustment expenses and changes in estimates | 40,388,758 | 49,344,875 |
| Claim payments and claim adjustment expenses | | |
| Related to current-year events | (41,635,925) | (44,219,801) |
| Related to prior-year events | <u>(1,853,808)</u> | <u>(6,961,533)</u> |
| Total claim payments and claim adjustment expenses | <u>(43,489,733)</u> | <u>(51,181,334)</u> |
| End-of-period liability | <u>\$ 15,972,627</u> | <u>\$ 19,073,602</u> |
| Road Commission - Component Unit | | |
| Beginning-of-year liability | \$ 2,146,200 | \$ 2,854,800 |
| Estimated claims incurred and changes in estimates | 12,149,943 | 11,524,812 |
| Claim payments | <u>(12,383,810)</u> | <u>(12,233,412)</u> |
| End-of-year liability | <u>\$ 1,912,333</u> | <u>\$ 2,146,200</u> |

17. Leases

The County (primary government) leases certain office facilities and other equipment under non-cancelable operating leases. Total costs for such leases for the County for the year ended September 30, 2016 were \$1,002,994. The future minimum lease payments as of September 30, 2016 are as follows:

| Fiscal year | Primary government |
|--------------------|---------------------------|
| 2017 | \$ 991,107 |
| 2018 | 885,223 |
| 2019 | 838,892 |
| 2020 | 742,107 |
| 2021 | 608,908 |
| 2022-2026 | <u>1,855,114</u> |
| Total | <u>\$ 5,921,351</u> |

Additionally, the County leases portions of certain buildings to various governmental agencies. The amount received from these leases for the fiscal year ended September 30, 2016 totaled \$92,994 recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

County of Oakland
Notes to Basic Financial Statements
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The County has also “loaned” its AAA bond rating to assist local communities in the ability to finance local projects by pledging full faith and credit on the debt issued through the Oakland County Building Authority. Debt is to be paid from payments from the benefiting community over the life of the debt issues, with the structures being collateral. A contract, or lease, receivable with a corresponding deferred revenue is shown in the Debt Service Fund financial statements of the County. Debt and receivables are reported for a Sheriff’s Sub-station in the City of Rochester Hills for \$5.2 million in 2002 (refunded for \$2,260,000 in 2012), Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007 (refunded for \$2,875,000 in 2014), Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010, City of Oak Park in the amount of \$2,500,000 in 2012, and Community Mental Health Authority Project in the amount of \$14,500,000 in 2012. The future minimum lease payments to be received as of September 30, 2016 are as follows:

| Fiscal year | Primary government |
|--------------------|-------------------------------|
| 2017 | \$ 1,734,023 |
| 2018 | 1,744,772 |
| 2019 | 1,729,385 |
| 2020 | 1,613,310 |
| 2021 | 1,393,735 |
| 2022 - 2026 | 6,499,915 |
| 2027 - 2031 | 4,207,041 |
| 2032 - 2036 | 1,107,950 |
| 2037 - 2041 | 419,200 |
| Total | <u>\$ 20,449,331</u> |

18. Commitments and Contingencies

The County, the Drainage Districts, and the Road Commission are involved in legal actions in which plaintiffs seek damages of indeterminable amounts which may exceed insurance coverage where applicable. Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted. Accordingly, a reasonable range of liability to the County, the Drainage Districts, or Road Commission pertaining to these matters cannot be determined. Management has taken steps to protect the County and believes any liability resulting from cases in which it is involved will not materially affect its financial position.

The County, the Drainage Districts, and the Road Commission received funds from various federal and state units to finance specific activities. The final determination of revenues is subject to the acceptance of project costs by the granting agency, usually after a compliance audit. To the extent that costs are disallowed by the granting agency, the County, the Drainage Districts, and the Road Commission resources would be required to reimburse the grant funds. Management believes that disallowed costs, if any, would be immaterial.

The County has outstanding construction commitments (contracts) under the jurisdiction of the Water Resources Commissioner, and has contracts for Act 342 projects at September 30, 2016 as follows: Evergreen-Farmington S.D.S – Middlebelt Road Tunnel Project contract with a cost of \$28,123,063 with a remaining balance of \$7,990,806; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Stonycroft Relief Sewer contract with a cost of \$1,282,282 with a remaining balance of \$11,178; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Wattles Road

County of Oakland
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Linear Storage Project with a cost of \$4,125,882 and remaining balance of \$260,417, and the Pontiac Water System Water Main Replacement and Improvements contracts with a cost of \$5,758,298 with a remaining balance of \$969,404. Building Authority Projects have a contract with a cost of \$13,429,604 for construction of the Animal Control and Pet Adoption Center with a remaining balance of \$12,737,071. There is a contract under the direction of the Facilities Management Department for Security Enhancements for Jail CCTV, Control Consoles & Intercom Upgrades with a cost of \$3,170,596 with a remaining balance of \$218,419 as of September 30, 2016.

The Drainage Districts' component unit has construction contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$96,365,274, with a remaining balance of \$10,462,061 as of September 30, 2016.

19. Statement of Net Position – Reconciliation of Internal Balances

The internal balances amount on the Statement of Net Position is reconciled as follows:

Governmental Activities

Governmental Funds

| | |
|----------------------|---------------|
| Due from other funds | \$ 13,424,308 |
| Advances receivable | 1,102,916 |
| Due to other funds | (13,422,765) |
| Advances payable | (1,102,916) |

Internal Service Funds

| | |
|--|----------|
| Due from other funds | 16,092 |
| Due to other funds | (1,484) |
| Current and long-term advances payable | (64,415) |

Governmental activities, internal balances

\$ (48,264)

Business-Type Activities

Proprietary Funds

| | |
|---|-----------|
| Current and long-term advances receivable | \$ 64,415 |
| Due to other funds | (16,151) |

Business-type activities, internal balances

\$ 48,264

EXHIBIT C
CHARTER TOWNSHIP OF BLOOMFIELD
LOCATION AND DESCRIPTION

The Charter Township of Bloomfield encompasses approximately 25 square miles in the southeastern portion of Oakland County, approximately 14 miles northwest of downtown Detroit.

FORM OF GOVERNMENT

The Township is governed by a Board of Trustees which is composed of seven members who are elected for four year terms. The Board is composed of a Supervisor, a Clerk, a Treasurer and four 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

| | |
|------------------|--------|
| 2010 U.S. Census | 41,070 |
| 2000 U.S. Census | 43,023 |
| 1990 U.S. Census | 42,473 |

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, except as described below. 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 minus any losses, multiplied by the lesser of 1.05 or the inflation rate, 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. 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.

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.

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 this Official Statement. Property granted tax abatements under the Michigan Plant Rehabilitation and Industrial Development District Act, 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 this Official Statement except as noted.

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 several tax appeals pending before the Tax Tribunal (including personal property appeals, none of which are expected to have a significant impact on the Township's State Equalized Valuation, Taxable Value or the resulting taxes.

INDUSTRIAL FACILITIES TAX

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 does not currently have any outstanding IFT certificates.

HISTORY OF PROPERTY VALUATIONS

| <u>Year</u> | <u>State Equalized Valuation</u> | <u>Taxable Value</u> |
|-------------|----------------------------------|----------------------|
| 2017 | \$4,677,280,760 | \$3,577,725,090 |
| 2016 | 4,497,242,280 | 3,470,928,740 |
| 2015 | 4,144,531,220 | 3,364,207,610 |
| 2014 | 3,724,060,750 | 3,245,848,860 |
| 2013 | 3,399,266,390 | 3,167,371,380 |
| 2012 | 3,254,592,251 | 3,096,798,011 |
| 2011 | 3,226,628,090 | 3,155,385,640 |
| 2010 | 3,485,076,600 | 3,404,549,680 |
| 2009 | 4,115,224,310 | 3,878,712,490 |
| 2008 | 4,492,380,886 | 3,945,259,831 |

Source: Michigan Department of Treasury

MICHIGAN PROPERTY TAX REFORM

On March 28 and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 is exempt from ad valorem taxes beginning in 2014. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time

in industrial processing or direct integrated support becomes exempt beginning in 2016. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions take effect. Pursuant to voter approval in August 2014, the 2014 legislation also includes a formula to reimburse local governments for lost personal property tax revenue. To provide the reimbursement, the legislation reduces the state use tax and creates a Local Community Stabilization Authority which will levy a local use tax component and distribute that revenue to qualifying local units. The final impact of this legislation cannot be determined at this time.

The ultimate nature, extent and impact of any other future amendments to Michigan's property tax laws on the Township's finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the Township.

An analysis of State Equalized Valuation is as follows:

| BY CLASS | | | |
|-------------------|------------------------|------------------------|------------------------|
| | 2017 | 2016 | 2015 |
| Real Property | \$4,596,412,570 | \$4,415,066,190 | \$4,067,802,760 |
| Personal Property | 80,868,190 | 82,176,090 | 76,728,460 |
| TOTAL | \$4,677,280,760 | \$4,497,242,280 | \$4,144,531,220 |
| BY USE | | | |
| | 2017 | 2016 | 2015 |
| Residential | \$4,270,087,210 | \$4,110,658,760 | \$3,781,762,430 |
| Commercial | 323,880,140 | 302,019,840 | 283,685,400 |
| Industrial | 2,445,220 | 2,387,590 | 2,354,930 |
| Personal Property | 80,868,190 | 82,176,090 | 76,728,860 |
| TOTAL | \$4,677,280,760 | \$4,497,242,280 | \$4,144,531,220 |

An analysis of Taxable Value is as follows:

| BY CLASS | | | |
|-------------------|------------------------|------------------------|------------------------|
| | 2017 | 2016 | 2015 |
| Real Property | \$3,496,856,900 | \$3,388,752,650 | \$3,287,478,750 |
| Personal Property | 80,868,190 | 82,176,090 | 76,728,860 |
| TOTAL | \$3,577,725,090 | \$3,470,928,740 | \$3,364,207,610 |
| BY USE | | | |
| | 2017 | 2016 | 2015 |
| Residential | \$3,243,595,690 | \$3,139,476,690 | \$3,041,571,240 |
| Commercial | 251,227,540 | 247,260,390 | 243,897,910 |
| Industrial | 2,033,670 | 2,015,570 | 1,978,000 |
| Personal Property | 80,868,190 | 82,176,090 | 76,728,860 |
| TOTAL | \$3,577,725,090 | \$3,364,207,610 | \$3,245,848,860 |

Source: Michigan Department of Treasury

MAJOR TAXPAYERS

According to Township officials the 2017 Taxable Value of each of the Township's major taxpayers is as follows:

| Name of Taxpayer | 2017 Taxable Value | % of Total Taxable Value |
|--------------------------------|---------------------------|---------------------------------|
| DTE Electric Company | \$ 18,749,140 | 0.524% |
| Consumers Energy Company | 8,587,200 | 0.240% |
| Oakland Hills Country Club | 7,504,810 | 0.210% |
| New Bloomfield Plaza LLC | 7,197,520 | 0.201% |
| TEL-Square Realty LLC | 6,361,290 | 0.178% |
| Cole LA Bloomfield Hill MI LLC | 5,970,950 | 0.167% |
| Health Care REIT INC | 5,924,590 | 0.166% |
| LTF Lease Company LLC | 5,678,640 | 0.159% |
| Costco Wholesale Corporation | 5,347,450 | 0.149% |
| Bloomfield Place Apartments | 5,176,120 | 0.145% |

Source: Charter Township of Bloomfield

{This space has been left intentionally blank.}

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

| | 2017 | | 2016 | | 2015 | |
|---|---------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | Principal Residence | Non Principal Residence | Principal Residence | Non Principal Residence | Principal Residence | Non Principal Residence |
| Charter Township of Bloomfield | | | | | | |
| Operating | 0.9662 | 0.9662 | 0.9751 | 0.9751 | 0.9873 | 0.9873 |
| Voted ⁽¹⁾ | 1.2628 | 1.2628 | 1.2744 | 1.2744 | 1.2903 | 1.2903 |
| Roads ⁽²⁾ | 0.6963 | 0.6963 | 0.7027 | 0.7027 | 0.7115 | 0.7115 |
| Public Safety ⁽³⁾ | 6.0517 | 6.0517 | 6.1075 | 6.1075 | 6.1838 | 6.1838 |
| Safety Path ⁽⁴⁾ | 0.4703 | 0.4703 | 0.4747 | 0.4747 | 0.4807 | 0.4807 |
| Senior Services ⁽⁶⁾ | 0.2370 | 0.2370 | 0.2392 | 0.2392 | 0.2422 | 0.2422 |
| Library Operating | 1.4170 | 1.4170 | 1.4301 | 1.4301 | 1.4480 | 1.4480 |
| Library Operating (voted) ⁽⁷⁾ | 0.5258 | 0.5258 | 0.5307 | 0.5307 | 0.5374 | 0.5374 |
| Library Debt ⁽⁶⁾ | 0.4700 | 0.4700 | 0.4800 | 0.4800 | 0.5000 | 0.5000 |
| Drains | 0.1200 | 0.1200 | 0.3300 | 0.3300 | 0.3900 | 0.3900 |
| Capital Improvement Debt ⁽⁵⁾ | 0.5700 | 0.5700 | 0.4600 | 0.4600 | 0.4800 | 0.4800 |
| County of Oakland | 4.2768 | 4.2768 | 4.2792 | 4.2792 | 4.3310 | 4.3310 |
| Bloomfield Hills School District | | | | | | |
| Local | | 18.0000 | | 18.0000 | | 18.0000 |
| Supplemental | 7.7116 | | 7.8484 | | 7.7260 | |
| Sinking Fund | 0.7165 | 0.7165 | 0.7239 | 0.7239 | 0.7326 | 0.7326 |
| Debt | 0.9500 | 0.9500 | 0.9500 | 0.9500 | 0.9500 | 0.9500 |
| State Education Tax | 6.0000 | 6.0000 | 6.0000 | 6.0000 | 6.0000 | 6.0000 |
| Oakland County Intermediate School District | 3.3079 | 3.3079 | 3.3398 | 3.3398 | 3.3633 | 3.3633 |
| Oakland County Community College | 1.5555 | 1.5555 | 1.5707 | 1.5707 | 1.5819 | 1.5819 |
| Huron-Clinton Metro Authority | 0.2140 | 0.2140 | 0.2146 | 0.2146 | 0.2146 | 0.2146 |
| S M A R T | 0.9863 | 0.9863 | 0.9941 | 0.9941 | 0.9998 | 0.9998 |
| Art Institute Authority | 0.1961 | 0.1961 | 0.1981 | 0.1981 | 0.1996 | 0.1996 |
| Zoo Authority | 0.0980 | 0.0980 | 0.0990 | 0.0990 | 0.0998 | 0.0998 |
| Total All Jurisdictions | 38.7998 | 49.0882 | 39.2222 | 49.3738 | 39.4498 | 49.7238 |

⁽¹⁾ Voted millage expires 2019

⁽²⁾ Voted millage expires 2026

⁽³⁾ Includes voted millages expiring 2022, 2023 and 2025

⁽⁴⁾ Voted millage expires 2018

⁽⁵⁾ Voted millage expires 2032

⁽⁶⁾ Voted millage expires 2023

⁽⁷⁾ Voted millage expires 2023

* Principal residence includes qualified agricultural property, qualified forest property and industrial personal property, which is excluded from taxes levied for school operating purposes. Moreover, commercial personal property is exempt from a portion of taxes levied for school operating purposes. Non Principal Residence is property not included in the above definition.

Source: Charter Township of Bloomfield

TAX RATE LIMITATIONS ⁽¹⁾

The Township is authorized pursuant to Act 359, Public Acts of Michigan, 1947, as amended (the "Charter Township Act") to levy the following tax rates:

| <u>Purpose</u> | Maximum | Maximum | <u>Expiration</u> |
|-------------------|-------------------|------------------------------------|-------------------|
| | <u>Authorized</u> | <u>To Be Levied ⁽²⁾</u> | |
| General Operating | 1.4100 | 0.9751 | In Perpetuity |

⁽¹⁾ 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.

⁽²⁾ See "PROPERTY VALUATIONS" and "CONSTITUTIONAL MILLAGE ROLL-BACK" herein

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.
3. Payment of valid judgments levied in accordance with State law.

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 Fraction 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 the Following Year</u> | |
|-------------|-----------------|---|--------|
| | | <u>To be Collected</u> | |
| 2017 | \$ 48,000,000* | \$ | |
| 2016 | \$ 47,099,065 | \$ 45,317,158 | 96.22% |
| 2015 | \$ 46,460,678 | \$ 45,144,624 | 97.17% |
| 2014 | \$ 44,995,239 | \$ 43,610,066 | 96.92% |
| 2013 | \$ 42,329,811 | \$ 40,828,439 | 96.45% |
| 2012 | \$ 41,264,728 | \$ 39,754,293 | 96.34% |
| 2011 | \$ 41,694,060 | \$ 40,098,080 | 96.17% |
| 2010 | \$ 44,116,202 | \$ 42,167,507 | 95.58% |

Source: Charter Township of Bloomfield

*Estimate as of 1/1/2018

The Township's taxes are due and payable and a lien created upon the assessed property on July 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 revisions 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 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.

Oakland County has established a Delinquent Tax Revolving Fund which pays all real property taxes and special assessments 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 and special assessments levied against real property. If feasible, it is anticipated that the County will continue to reimburse the Township for any uncollected taxes and special assessments, 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 payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the Township can vary depending on the population of the Township and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On June 29, 2016, Governor Snyder signed into law the budget for fiscal year 2017. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$757.9 million. The budget continues the incentive-based revenue sharing program known as the City, Village, and Township Revenue Sharing (or "CVTRS") program begun in fiscal year 2015, similar to the Economic Vitality Incentive Program ("EVIP") that from fiscal year 2012 through fiscal year 2014 distributed revenue sharing to municipalities that complied with certain "best practices" such as increasing transparency. Under the fiscal year 2017 budget, approximately \$243 million, the same amount appropriated in fiscal year 2016, has been appropriated for revenue sharing to cities, villages and townships that meet requirements for accountability and transparency, including making a citizen's guide to its finances, a performance dashboard, a debt service report and a two-year budget projection available for public viewing. The fiscal year 2017 budget reinstates \$5.8 million, previously included in the fiscal year 2015 budget but eliminated in 2016, for distribution to cities, villages and townships as a one-time payment based on population. The fiscal year 2017 budget also maintains funding for the revenue sharing grant program for financially distressed communities at the fiscal year 2016 level of \$5 million. Any portion of the CVTRS payment that the Township would be eligible to receive would be subject to certain benchmarks that the Township would need to meet, and there can be no assurance of what amount, if any, the Township would receive under the CVTRS program. The Township received revenue sharing payments of \$3,217,480 * based on the State of Michigan fiscal year ended September 30, 2016, and anticipates meeting the requirements to receive \$3,165,624 * in revenue sharing payments for the State's fiscal year ending September 30, 2017 according to the Township's budget for fiscal year ending March 31, 2017.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the Township's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the Township from the State.

The following table sets forth the annual revenue sharing payments and other moneys received by the Township for the State of Michigan fiscal years ended September 30, 2015 through September 30, 2018.

| State Fiscal Year Ended September 30. | Constitutional Payments | Statutory Payments | EVIP/CVTRS Payments | Total |
|---|----------------------------|-----------------------|------------------------|--------------|
| 2018* | \$ 3,366,478 | \$ - | \$ 108,695 | \$ 3,475,173 |
| 2017 | \$ 3,306,431 | \$ - | \$ 108,695 | \$ 3,415,126 |
| 2016 | \$ 3,126,249 | \$ - | \$ 108,695 | \$ 3,234,944 |
| 2015 | \$ 3,129,255 | \$ - | \$ 108,695 | \$ 3,237,950 |

* Estimate

Source: <https://treas-secure.state.mi.us/apps/findrevshareinfo.asp>

LABOR AGREEMENTS

The Township has three employee bargaining units which have negotiated comprehensive salary, wage, fringe benefit and working conditions contracts with the Township. The duration of these agreements are as follows:

| Employee Group | Number of Employees | Expiration Date of Contract |
|--|---------------------|-----------------------------|
| Firefighters | 62 | March 31, 2020 |
| Police Employees (Commanding Officers) | 13 | March 31, 2020 |
| Police Employees (Patrolmen) | 51 | March 31, 2020 |

Source: Charter Township of Bloomfield Financial Statements and Supplementary Information for fiscal year ended March 31, 2017.

RETIREMENT PLAN

DEFINED BENEFIT PLAN *

The Township of Bloomfield Retirement Income Plan is a single-employer defined benefit plan. It is the responsibility of the Township pension employees' retirement system (PERS) to function as the investment and administrative agent for the Township with respect to the pension plan.

Based on state statutes, all full-time employees must be allowed to participate in the pension plan. However, as a defined contribution plan was created and effective April 1, 2005, new hires are no longer allowed to participate in the defined benefit plan. Under the provision of the Township's pension plan, pension benefits vest after eight years of full-time employment, except for the Township's police officers who vest after ten years of service. The plan pays upon retirement a benefit (depending on department) of 2.1 to 3.0% of final yearly earnings multiplied by years of credited service. Maximum benefits vary by department and tenure and range from 80% to 90% of final earnings. Retirement ages also vary by department and range from age 50 to age 62. Employees are also eligible for early retirement at reduced benefits. Retirement plan benefits for some departments are negotiated as part of collective bargaining agreements and may vary pursuant to these agreements.

Membership in the Plan consisted of the following at January 1, 2017, the latest actuarial valuation:

| | |
|---|------------|
| Active plan members | 163 |
| Retirees and beneficiaries receiving benefits | 274 |
| Terminated and inactive plan members entitled to but not yet receiving benefits | <u>15</u> |
| Total plan members | <u>452</u> |

The obligation to contribute to and maintain the Plan for the Township's employees was established by Board resolution.

Under provisions of the Plan, Library and Bloomfield Village Police Department employees contribute 5% of their gross earnings to the Plan. All other employees contribute between 1% and 3.5% of their gross earnings to the Plan. In addition, the Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by the Plan.

Total contributions to the Plan for the plan year beginning January 1, 2016, amounted to \$317,049 of which 100% were made by the Township employees on covered payroll of \$11,627,527 for the 2016 calendar year.

The Township's employer contributions for its fiscal year ending March 31, 2016, were \$0 due to the plan being fully funded. The pension contributions represent funding for normal cost and an additional contribution.

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|--------------------------|---------------------------|-----------------------------------|---------------------|--------------|-----------------|--------------------------------|
| 1/1/2012 | \$ 123,455,000 | \$ 152,669,000 | \$ 29,214,000 | 81% | \$ 15,339,979 | 190.5% |
| 1/1/2013 | 127,620,304 | 157,732,226 | 30,111,922 | 81% | 14,862,788 | 202.6% |
| 1/1/2014 | 218,093,625 | 215,164,942 | (2,928,683) | 101% | 14,159,863 | -20.7% |
| 1/1/2015 | 223,169,053 | 203,271,702 | (19,897,351) | 110% | 13,711,213 | -145.1% |
| 1/1/2016 | 205,807,266 | 208,236,229 | 2,425,963 | 99% | 13,118,137 | 18.5% |
| 1/1/2017 | 209,875,152 | 215,308,703 | 5,433,551 | 97% | 11,627,527 | 46.7% |

* See Note 9 contained in the Township's Audited Financial Statements, fiscal year ended March 31, 2017 for further information.

DEFINED CONTRIBUTION PLAN **

The Charter Township of Bloomfield 401(a) Plan is a defined contribution pension plan established by the Township to provide benefits at retirement for eligible employees. The plan was effective April 1, 2005 for new Township hires and effective on or after April 2, 2011 for Bloomfield Township Library eligible employees. At March 31, 2017 there were 105 plan members. A stand-alone financial report of the plan has not been issued.

The Township may make discretionary contributions of not more than 10% of the total compensation for all active participants for all plan members except bargained employees. Township contributions for bargained employees will be made in accordance with the collective bargaining agreement. Contributions are made bi-weekly. For the year ended March 31, 2017, contributions in the amount of \$718,720 were made to the plan by the Township. In addition, discretionary contributions in the amount of \$138,009 were made to the plan by Township employees.

** See Note 10 contained in the Township's Audited Financial Statements, fiscal year ended March 31, 2017 for further information.

OTHER POST EMPLOYMENT BENEFITS ***

In addition to the pension benefits described above the Township provides contributory and noncontributory medical, dental, vision and basic life insurance coverage for eligible retirees and their spouses. The benefits are paid to four groups of employees who are eligible for different retiree benefits based on their date of hire. Additionally, benefits for bargaining employees are specified by union contract while the Board of Trustees establishes those for non-bargaining employees. Bargaining and non-bargaining employees who retire at or after age 50 with at least 15 years of service are eligible for medical, dental and vision coverage. Bargaining and non-bargaining employees who retire at the appropriate attained age with at least 15 years of service are eligible for life insurance coverage in the amount of \$6,000-\$8,000 depending on their bargaining/non-bargaining status.

For this plan, contribution requirements of the plan members and the Township are established and may be amended by union contract for bargaining employees and for non-bargaining employees by the Board of Trustees. The Township's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding

that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Township's annual OPEB cost for the year ended March 31, 2017 and the related information for the plan are as follows:

| Contribution rates: | Primary Government | Component Unit |
|--|--------------------|----------------|
| Township – Actuarially determined | 0.0% | 0.0% |
| Plan Members | N/A | N/A |
| Annual required contribution (recommended) | \$13,238,120 | \$531,108 |
| Interest on net OPEB obligation | \$1,620,275 | \$486,228 |
| Adjustment to annual required contribution | \$(2,477,659) | \$(129,711) |
| Annual OPEB cost | \$12,380,736 | \$486,228 |
| Contributions made | \$(4,613,559) | \$(183,653) |
| Increase in net OPEB obligation | \$7,767,177 | \$302,575 |
| Net OPEB obligation, Beginning of year | \$40,511,273 | \$2,120,776 |
| Net OPEB obligation, End of the year | \$48,278,450 | \$2,423,351 |

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation, for the plan is as follows:

| Year End | Annual OPEB Cost | Percentage of OPEB Cost to Obligation | Net OPEB Obligation |
|--------------------|------------------|---------------------------------------|---------------------|
| 3/31/2017 | \$12,866,964 | 25.4% | \$50,701,801 |
| Primary Government | \$12,380,736 | 25.6% | \$48,278,450 |
| Component unit | \$486,228 | 20.1% | \$2,423,351 |

| | Year End | Annual OPEB Cost | Actual Employer Contribution | Percentage Contributed | Net Obligation |
|--------------------|-----------|------------------|------------------------------|------------------------|----------------|
| Primary Government | 3/31/2015 | \$11,801,608 | \$3,815,071 | 32.3% | \$37,842,447 |
| Primary Government | 3/31/2016 | \$12,579,469 | \$9,910,643 | 78.8% | \$40,511,273 |
| Primary Government | 3/31/2017 | \$12,380,736 | \$4,613,559 | 37.3% | \$48,278,450 |

| | Year End | Annual OPEB Cost | Actual Employer Contribution | Percentage Contributed | Net Obligation |
|----------------|-----------|------------------|------------------------------|------------------------|----------------|
| Component Unit | 3/31/2015 | \$517,090 | \$152,436 | 29.5% | \$1,791,887 |
| Component Unit | 3/31/2016 | \$499,266 | \$170,377 | 34.1% | \$2,120,776 |
| Component Unit | 3/31/2017 | \$486,228 | \$183,653 | 37.8% | \$2,423,351 |

The funded status of the plan as of July 1, 2015, was as follows:

| | |
|--------------------------------------|------------------------|
| Actuarial accrued liability | \$157,390,635 |
| Actuarial value of plan assets | <u>5,437,023</u> |
| Unfunded actuarial accrued liability | <u>(\$151,953,612)</u> |
| Township | <u>\$146,695,932</u> |
| Component Unit | <u>\$5,257,680</u> |
| Funded ratio | 3.45% |
| Covered payroll | \$15,279,000 |
| Unfunded actuarial accrued liability | 994.5% |

*** See Note 12 contained in the Township's Audited Financial Statements, fiscal year ended March 31, 2017 for further information.

Source: Charter Township of Bloomfield Financial Statements and Supplementary Information for fiscal year ended March 31, 2017.

GENERAL FUND-FUND BALANCE

The Township's General Fund, fund balance, for the last five fiscal years is as follows:

| <u>Fiscal Year Ended</u> <u>March 31,</u> | <u>Fund Balance</u> |
|--|---------------------|
| 2017 | \$12,778,850 |
| 2016 | 12,504,251 |
| 2015 | 11,838,362 |
| 2014 | 11,640,178 |
| 2013 | 11,498,694 |

Source: *Charter Township of Bloomfield Financial Statements and Supplementary Information*

{This space has been left intentionally blank.}

MAJOR EMPLOYERS

Major employers in the Township are as follows:

| <u>Employers</u> | <u>Product/Services</u> | <u>Approximate Number of Employees</u> |
|---|---|--|
| Bloomfield Hills Schools | Administration/Schools/Maint. | 1,190 |
| Bloomfield Township | Administration/Police/Fire/Library/Senior | 410 |
| Oakland Hills Country Club | Private Golf Club | 250 |
| Costco Warehouse | Misc General Merchandise | 249 |
| Kroger | Grocery Store | 202 |
| Birmingham Country Club | Private Golf Club | 200 |
| Hubbell, Roth & Clark | Civil Engineers (2 buildings) | 200 |
| | Automotive /Retail/High Performance | |
| Penske Automotive Group | Racing & Dealership (Honda) | 195 |
| Target | Retail Store | 175 |
| Lifetime Fitness | Fitness Center | 165 |
| Hearthland Health Care Center-Georgian Bloomfield | Assisted Living | 160 |
| Sunrise Senior Living | Assisted Living (2 locations) | 160 |
| Macquarie Equipment Finance LLC | Technology Equipment Leasing Co. | 145 |
| Golling Chrysler | Automotive Dealership | 136 |
| Research Data Analysis Inc. | Marketing Research (2 buildings) | 125 |
| Detroit Edison | Utility | 123 |
| Wabeek Country Club | Private Golf Club | 120 |
| Bloomfield Post Office | Mail Service (2 buildings) | 116 |
| Lowe's Home Improvement Store | Home Improvement Store Warehouse | 110 |
| Trader Joe's | Grocery Store | 75 |
| At Home Store | Retail Warehouse Store | 33 |

Source: Charter Township of Bloomfield

{ This space has been left intentionally blank. }

LABOR CHARACTERISTICS

The U.S. Census 2010 -2014 American Community Survey 5-Year Estimates lists the labor force characteristics for the Township, for employed persons 16 years and over, as follows:

| <u>By Occupation</u> | <u>Number of Employees</u> |
|--|----------------------------|
| Management, business, science, and arts occupations | 12,049 |
| Service occupations | 1,772 |
| Sales and office occupations | 4,259 |
| Natural resources, construction, and maintenance occupations | 446 |
| Production, transportation, and material moving occupations | 677 |
| Total | <u>19,203</u> |

| <u>By Industry</u> | |
|--|---------------|
| Agriculture, forestry, fishing and hunting, and mining | 43 |
| Construction | 537 |
| Manufacturing | 2,788 |
| Wholesale trade | 639 |
| Retail trade | 1,574 |
| Transportation and warehousing, and utilities information | 211 |
| Information | 340 |
| Finance, insurance, real estate, and rental and leasing | 1,955 |
| Professional, scientific, management, administrative, and waste management service | 3,478 |
| Educational, health and social services | 5,512 |
| Arts, entertainment, recreation, accommodation and food services | 1,175 |
| Other services (except professional administration) | 564 |
| Public administration | 387 |
| Total | <u>19,203</u> |

UNEMPLOYMENT DATA

According to the Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information, the unemployment statistics for the State of Michigan and the Township during the current year and the last three calendar years are as follows:

Charter Township of Bloomfield

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-----------|-------------|-------------|-------------|-------------|
| January | 3.3% | 2.9% | 3.9% | 4.9% |
| February | 3.0% | 2.8% | 3.4% | 5.0% |
| March | 2.7% | 3.0% | 3.4% | 5.0% |
| April | 2.1% | 2.5% | 2.9% | 4.1% |
| May | 2.0% | 2.6% | 3.6% | 4.7% |
| June | 2.0% | 3.2% | 3.7% | 5.0% |
| July | 2.3% | 3.4% | 4.0% | 5.4% |
| August | 2.4% | 3.3% | 3.4% | 4.8% |
| September | 2.4% | 3.1% | 3.0% | 4.3% |
| October | 2.3% | 3.1% | 3.1% | 4.2% |
| November | 2.0% | 2.6% | 2.6% | 3.6% |
| December | 2.2% | 2.5% | 2.6% | 3.3% |

State of Michigan

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-----------|-------------|-------------|-------------|-------------|
| January | 5.70% | 5.10% | 6.60% | 8.40% |
| February | 5.70% | 5.10% | 6.10% | 8.50% |
| March | 4.80% | 5.30% | 5.90% | 8.30% |
| April | 3.70% | 4.50% | 5.10% | 7.00% |
| May | 3.70% | 4.50% | 5.80% | 7.50% |
| June | 4.00% | 5.20% | 5.90% | 7.60% |
| July | 4.90% | 5.80% | 6.30% | 8.40% |
| August | 4.60% | 5.20% | 5.20% | 7.30% |
| September | 4.50% | 4.80% | 4.60% | 6.50% |
| October | 4.20% | 4.80% | 4.70% | 6.30% |
| November | 4.00% | 4.20% | 4.30% | 5.80% |
| December | 4.40% | 4.50% | 4.40% | 5.60% |

Source: <http://milmi.org/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE>

BUILDING PERMITS

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

| | <u>2017</u> | | <u>2016</u> | | <u>2015</u> | |
|-----------------------------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| | Number of Permits | Estimated Value | Number of Permits | Estimated Value | Number of Permits | Estimated Value |
| Residential | 983 | \$84,430,872 | 935 | \$77,354,850 | 845 | \$76,176,600 |
| Commercial/ Industrial/Demolition | 73 | 8,426,403 | 104 | 25,447,347 | 86 | 26,634,308 |
| Total | 1,056 | \$92,857,275 | 1,039 | \$102,802,197 | 931 | \$102,810,197 |

Source: Charter Township of Bloomfield.

RESIDENTIAL CHARACTERISTICS

There are 17,799 housing units located within the Township according to the US Census 2010 Profile of General Population and Housing Characteristics, of which 87.3% are owner-occupied. A breakdown of the dwelling units according to the U.S. Census 2010-2014 American Community Survey 5-Year Estimates is as follows:

| | |
|---------------|-------|
| Single Family | 85.9% |
| Multi Family | 14.1% |
| Mobile Home | 0.0% |

According to the U.S. Census 2010 - 2014 American Community Survey 5-Year Estimates, the median value of an owner-occupied residence in the Township is \$338,300.

INCOME CHARACTERISTICS

There were 16,446 households in the Township, according to the U.S. Census 2010 - 2014 American Community Survey 5-Year Estimates of economic characteristics, which had a median household income of \$108,235. A breakdown of the income for the Township's households is as follows:

| <u>Income of Household</u> | <u>Number of Households</u> |
|----------------------------|-----------------------------|
| Less than \$10,000 | 499 |
| \$10,000 to \$14,999 | 326 |
| \$15,000 to \$24,999 | 722 |
| \$25,000 to \$34,999 | 943 |
| \$35,000 to \$49,999 | 1,259 |
| \$50,000 to \$74,999 | 2,006 |
| \$75,000 to \$99,999 | 1,701 |
| \$100,000 to \$149,999 | 3,041 |
| \$150,000 or more | 5,949 |

The per capita income for the Township according to the U.S. Census 2010 - 2014 American Community Survey 5-Year Estimates was \$63,030.

AGE STATISTICS

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

| | <u>1990 US Census Percentage</u> | <u>2000 US Census Percentage</u> | <u>2010 US Census Percentage</u> |
|----------------|--|--|--|
| Under 5 Years | 5% | 5% | 4% |
| 5 to 19 Years | 17% | 21% | 20% |
| 20 to 24 Years | 7% | 3% | 3% |
| 25 to 44 Years | 27% | 22% | 17% |
| 45 to 65 Years | 31% | 32% | 34% |
| Over 65 Years | 13% | 18% | 22% |

EDUCATIONAL CHARACTERISTICS

The primary and secondary educational needs of the residents of the Township are adequately handled by the Avondale, Birmingham, Bloomfield Hills and Pontiac public school districts which serve the Township. Higher educational opportunities are available at the following institutions, which are located within driving distance of the Township's residents:

College for Creative Studies
Eastern Michigan University
Lawrence Technological University
Madonna University
Oakland Community College
Oakland University
University of Michigan - Dearborn
University of Detroit/Mercy
Walsh College
Wayne State University

According to the U.S. Census 2010 -2014 American Community Survey 5-Year Estimates, the educational characteristics for the Township are as follows:

| <u>Years of School Completed</u> | <u>Persons 25 and Over</u> |
|----------------------------------|--------------------------------|
| Less than 9th grade | 1.1% |
| 9th to 12th grade no diploma | 1.6% |
| High School graduate | 9.5% |
| Some college, no degree | 13.2% |
| Associate degree | 5.1% |
| Bachelor degree | 34.8% |
| Graduate or professional degree | 34.7% |

UTILITIES

The Township operates its own water distribution system and purchases water from the City of Detroit. The Township also operates its own sewage collection and transmission system and purchases sewage treatment through the County of Oakland pursuant to a contract with the City of Detroit. Consumers Energy provides natural gas and DTE Energy provides electricity for the Township.

TRANSPORTATION

The Township is traversed in the north-south direction by Woodward Avenue, which connects with U.S. 24 and I-75 in the northern Township limits.

BANKING

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

Bank of America
Bank of Birmingham
Comerica Bank
Fidelity Bank
JPMorgan Chase Bank, N.A.

Source: Charter Township of Bloomfield.

CHARTER TOWNSHIP OF BLOOMFIELD
DEBT STATEMENT - AS OF JANUARY 12, 2018
(Not Including this Offering)

DIRECT DEBT:

General Obligation

| | | | | |
|------------|--|----|------------|-----------------------|
| 11/1/2007 | Capital Improvements, UT | \$ | 700,000 | |
| 3/1/2008 | Capital Improvements, Water Series 2008A, LT | | 280,000 | |
| 3/1/2008 | Capital Improvements, Sewer Series 2008B, LT | | 200,000 | |
| 4/27/2011 | Capital Improvements, Water/Sewer, LT | | 2,450,000 | |
| 8/9/2012 | Library, UT Refunding | | 10,940,000 | |
| 4/23/2013 | Capital Improvements, Water, LT | | 2,850,000 | |
| 9/4/2013 | Street Improvements (SA), LT | | 515,000 | |
| 11/7/2013 | Pension Obligation (LT) | | 66,080,000 | |
| 8/14/2014 | Street Improvements (SA), LT, 2014 | | 2,980,000 | |
| 12/18/2014 | Refunding Bonds, Series 2014 (LT) | | 2,555,000 | |
| 9/15/2015 | Street Improvements (SA), LT, 2015 | | 1,130,000 | |
| 8/17/2016 | Street Improvements (SA), LT, 2016 | | 580,000 | |
| 12/28/2016 | Refunding Bonds, Series 2016, UT | | 18,340,000 | |
| 1/3/2017 | Refunding Bonds, Series 2017A, LT | | 3,110,000 | |
| 1/3/2017 | Refunding Bonds, Series 2017B, LT | | 2,710,000 | |
| | | | | \$ 115,420,000 |
| | Share of County Issued Bonds | | | \$ 11,925,105 |
| | Drain, Water and Sewer | | | |
| | NET DIRECT DEBT | | | \$ 127,345,105 |

OVERLAPPING DEBT

School District

| | | | | | |
|--------|------------------|----|-------------|----|------------|
| 6.64% | Avondale | \$ | 84,003,194 | \$ | 5,577,812 |
| 21.05% | Birmingham | | 204,575,000 | | 43,063,038 |
| 63.15% | Bloomfield Hills | | 53,570,000 | | 33,829,455 |
| 10.18% | Pontiac | | 33,485,830 | | 3,408,857 |

County

| | | | | | |
|-------|---------|--|-------------|--|------------|
| 6.53% | Oakland | | 364,189,225 | | 23,781,556 |
|-------|---------|--|-------------|--|------------|

Intermediate School District

| | | | | | |
|-------|---------------|--|------------|--|-----------|
| 6.56% | Oakland I/S/D | | 45,495,000 | | 2,984,472 |
|-------|---------------|--|------------|--|-----------|

Community College

| | | | | | |
|-------|---------------------------|--|---------|--|--------|
| 6.58% | Oakland Community College | | 820,000 | | 53,956 |
|-------|---------------------------|--|---------|--|--------|

| | | | | |
|-------------------------------|--|--|--|-----------------------|
| TOTAL OVERLAPPING DEBT | | | | \$ 112,699,146 |
|-------------------------------|--|--|--|-----------------------|

| | | | | |
|--|--|--|--|-----------------------|
| NET DIRECT AND OVERLAPPING DEBT | | | | \$ 240,044,251 |
|--|--|--|--|-----------------------|

DEBT RATIOS

| | | |
|--|----|------------|
| Per Capita 2017 State Equalized Valuation | \$ | 113,885.58 |
| Per Capita 2017 True Cash Value | \$ | 227,771.16 |
| Per Capita Net Direct Debt | \$ | 3,100.68 |
| Per Capita Net Direct and Overlapping Debt | \$ | 5,844.76 |
| Percent of Net Direct Debt of 2017 State Equalized Valuation | | 2.72% |
| Percent of Net Direct and Overlapping Debt of 2016 State Equalized Valuation | | 5.13% |
| Percent of Net Direct Debt of 2017 True Cash Value | | 1.36% |
| Percent of Net Direct and Overlapping Debt of 2017 True Cash Value | | 2.57% |

SB 1/12/18

Municipal Advisory Council of Michigan

las.exl.BLOOM-TDEBT

CHARTER TOWNSHIP OF BLOOMFIELD
SCHEDULE OF BOND MATURITIES
(as of January 12, 2018)
(Not Including this Offering)

| Year | General Obligation Bonds | Share of County Issued Bonds | Total |
|-------|--------------------------------|------------------------------------|----------------|
| 2018 | 7,160,000 | 611,166 | 7,771,166 |
| 2019 | 7,480,000 | 621,915 | 8,101,915 |
| 2020 | 7,690,000 | 642,664 | 8,332,664 |
| 2021 | 7,710,000 | 663,413 | 8,373,413 |
| 2022 | 7,885,000 | 682,998 | 8,567,998 |
| 2023 | 8,195,000 | 700,973 | 8,895,973 |
| 2024 | 8,545,000 | 724,697 | 9,269,697 |
| 2025 | 7,265,000 | 750,446 | 8,015,446 |
| 2026 | 7,625,000 | 700,697 | 8,325,697 |
| 2027 | 7,740,000 | 722,508 | 8,462,508 |
| 2028 | 7,145,000 | 578,440 | 7,723,440 |
| 2029 | 7,605,000 | 601,112 | 8,206,112 |
| 2030 | 7,725,000 | 623,784 | 8,348,784 |
| 2031 | 7,655,000 | 650,292 | 8,305,292 |
| 2032 | 7,995,000 | 480,000 | 8,475,000 |
| 2033 | | 500,000 | 500,000 |
| 2034 | | 515,000 | 515,000 |
| 2035 | | 535,000 | 535,000 |
| 2036 | | 305,000 | 305,000 |
| 2037 | | 315,000 | 315,000 |
| Total | \$ 115,420,000 | \$ 11,925,105 | \$ 127,345,105 |

SB 1/12/18
las.exl.BLOOM-TCCP

DEBT HISTORY: There is no record of default.

CHARTER TOWNSHIP OF BLOOMFIELD
STATEMENT OF LEGAL DEBT MARGIN- AS OF JANUARY 12, 2018
(Not Including this Offering)

2017 State Equalized Valuation \$ 4,677,280,760

Debt Limited 10% of State Equalized Valuation (1) 467,728,076

| | | |
|--|----------------|-------------|
| Amount of Outstanding Debt | \$127,345,105 | |
| Less: (2-a) Special Assessment Bonds | 5,205,000 | |
| Less: (2-d) Share of County Issued Bonds | 11,925,105 | 110,215,000 |
| LEGAL DEBT MARGIN | \$ 357,513,076 | 357,513,076 |

(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.

CHARTER TOWNSHIP OF BLOOMFIELD

FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED MARCH 31, 2017

[WILL BE PROVIDED UPON REQUEST]

UIIY, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in the report. UIIY, LLP also has not performed any procedures relating to this official statement.

FINANCIAL INFORMATION

The following financial information has been compiled from information provided in the Charter Township of Bloomfield audited Financial Statements for the fiscal years ended March 31, 2017, 2016 and 2015. These audited annual 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 Financial Statements in the Nearly Final Official Statement nor the final Official Statement and have not conducted any subsequent review of such audited Financial Statements or of the information presented in this Appendix.

Beginning July 1, 2009, municipal bond issuers, obligors or their designated agents must provide continuing disclosure documents and related information to the MSRB for posting on the EMMA website. These continuing disclosure documents, which include annual financial statements and events notices, will be posted on the EMMA website generally within an hour of receipt.

By Mail:MSRB
1900 Duke St., Suite 600
Alexandria, VA 22313
www.msrb.org

| | |
|--|----------------|
| By Phone: | (703) 797-6600 |
| By Fax: | (703) 797-6700 |
| Professional Qualifications: | (703) 797-6702 |
| Accounting: | (703) 797-6703 |
| Municipal Securities Information Library: | (703) 797-6704 |
| Transaction Report: | (703) 797-6703 |
| www.emma.msrb.org | |

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

| <u>ASSETS</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 270,009 | \$ 135,200 | \$ 172,652 |
| Marketable Securities | 8,708,118 | 9,124,816 | 8,572,394 |
| Receivables (net) | | | |
| Delinquent Taxes | 1,836,003 | 1,415,726 | 1,435,470 |
| Component Unit | 264,025 | 274,110 | 244,506 |
| Other | 1,429,502 | 1,524,034 | 1,293,008 |
| Prepaid Items | 218,402 | 154,262 | 163,630 |
| Inventories | 292,467 | 270,138 | 259,515 |
| TOTAL ASSETS | <u><u>\$ 13,018,526</u></u> | <u><u>\$ 12,898,286</u></u> | <u><u>\$ 12,141,175</u></u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | |
| Liabilities | | | |
| Payables and accrued expenses | \$ 239,676 | \$ 394,035 | \$ 302,813 |
| Deferred Revenue | - | - | - |
| TOTAL LIABILITIES | <u>239,676</u> | <u>394,035</u> | <u>302,813</u> |
| Fund Balances | | | |
| Nonspendable: | | | |
| Inventory and prepaid items | \$ 510,869 | \$ 424,400 | \$ 423,145 |
| Long-term advances receivable | 91,250 | 96,250 | 101,250 |
| Reserved for Inventory | | - | - |
| Unassigned | 12,176,731 | 11,983,601 | 11,313,967 |
| TOTAL FUND BALANCES | <u>12,778,850</u> | <u>12,504,251</u> | <u>11,838,362</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 13,018,526</u></u> | <u><u>\$ 12,898,286</u></u> | <u><u>\$ 12,141,175</u></u> |

The notes included in the Financial Statements and Supplementary Information are an integral part of these financial statements.
Source: Charter Township of Bloomfield Financial Statements and Supplementary Information.

**CHARTER TOWNSHIP OF BLOOMFIELD
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
FOR YEARS ENDED MARCH 31**

| REVENUES | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|
| Taxes and assessments | \$ 7,829,276 | \$ 7,741,008 | \$ 7,470,245 |
| Grants | 52,310 | - | - |
| State shared revenues | 3,274,737 | 3,194,699 | 3,195,366 |
| Charges for services | 700,199 | 665,823 | 585,186 |
| Licenses, permits and fees | 1,012,798 | 1,038,179 | 992,224 |
| Investment | 353,901 | 33,190 | 254,112 |
| Fines and forfeitures | 1,770,270 | 1,914,885 | 1,757,956 |
| Rent | 1,191,424 | 1,163,983 | 1,156,579 |
| Miscellaneous | 398,236 | 510,783 | 365,154 |
| Reimbursements | 171,297 | 146,427 | 143,326 |
| Total Revenues | 16,754,448 | 16,408,977 | 15,920,148 |
| EXPENDITURES | | | |
| Operating | | | |
| Legislative | 24,852 | 22,255 | 20,553 |
| Judicial | 2,097,906 | 2,012,970 | 1,864,078 |
| General government | 6,271,103 | 5,933,052 | 5,742,904 |
| Public Safety | 238,429 | 228,620 | 210,542 |
| Community enrichment | | | |
| and development | 328,493 | 307,473 | 295,830 |
| Other | 327,791 | 197,202 | 157,682 |
| Capital outlay | 57,011 | 307,618 | 48,977 |
| TOTAL EXPENDITURES | 9,345,585 | 9,009,190 | 8,340,546 |
| REVENUES OVER (UNDER) EXPENDITURES | 7,408,863 | 7,399,787 | 7,579,602 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 41,145 | - |
| Transfers out | (7,134,264) | (6,775,043) | (7,381,418) |
| TOTAL OTHER FINANCING SOURCES (USES) | (7,134,264) | (6,733,898) | (7,381,418) |
| NET CHANGE IN FUND BALANCES | 274,599 | 665,889 | 198,184 |
| FUND BALANCES - Begin- ning of Year | 12,504,251 | 11,838,362 | 11,640,178 |
| FUND BALANCES - End of Year | \$ 12,778,850 | \$ 12,504,251 | \$ 11,838,362 |

The notes included in the Financial Statements and Supplementary Information are an integral part of these financial statements.

Source: Charter Township of Bloomfield Financial Statements and Supplementary Information.

Exhibit D



500 WOODWARD AVENUE, SUITE 4000
DETROIT, MI 48226-3425
TELEPHONE: (313) 223-3500
FACSIMILE: (844) 670-6009
<http://www.dickinsonwright.com>

_____, 2018

Drainage Board for the
Bloomfield Township CSO Drain
Oakland County, Michigan

We have acted as bond counsel to the Bloomfield Township CSO Drainage District, Oakland County, Michigan (the "Drainage District") in connection with the issuance by the Drainage District of \$ _____ Drain Refunding Bonds, Series 2018, dated as of February 1, 2018 (the "Bonds"). We have examined the law and such certified copies of the proceedings and other papers as we deem necessary to render this opinion.

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

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and legally binding obligations of the Drainage District payable from the collection of the several installments of special assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain (an intra-county drain).

2. The full faith and credit of the Drainage District and the County have been pledged for the payment of the principal of and interest on the Bonds when due.

3. The tax levying officials of the public corporations assessed are obligated to levy sufficient taxes to pay assessment installments and interest as the same become due, unless there have been set aside moneys sufficient therefor. In addition, by reason of its pledge of full faith and credit as recited in the Bonds, the County is authorized and obligated to levy ad valorem taxes upon all taxable property within its limits in amounts sufficient to provide funds to advance to the Drainage District in the event the Township or the County shall fail or neglect to pay any special assessment installment and interest when due. Taxes levied by the Township are subject to constitutional, statutory and charter tax limitations and taxes levied by the County are subject to constitutional and statutory tax limitations.

4. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition of the Bonds.

Drainage Board for the
Bloomfield Township CSO Drain
_____, 2018

Page 2

5. The interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth in this paragraph is subject to the condition that the Drainage District comply with all requirements of the Internal Revenue Code of 1986, as amended, 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 certain of 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 Drainage District has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Troy 9007-431 2006187v1

ARIZONA

FLORIDA

KENTUCKY

MICHIGAN

NEVADA

OHIO

TENNESSEE

TEXAS

TORONTO

WASHINGTON DC

Exhibit E

OFFICIAL NOTICE OF SALE

\$2,315,000*

*(Subject to adjustment as described below)

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
COUNTY OF OAKLAND, STATE OF MICHIGAN
DRAIN REFUNDING BONDS, SERIES 2018

SEALED BIDS for the purchase of the above bonds will be received on behalf of the Bloomfield Township CSO Drainage District (the "District") at the offices of the Municipal Advisory Council of Michigan (the "MAC"), Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan 48226, on Wednesday, the 14th day of February, 2018, at 2:30 p.m., Eastern Standard Time, at which time and place said bids will be publicly opened and read. Signed bids may be submitted by fax to the MAC at fax number (313) 963-0943, but no bid will be received after the time for receiving bids specified above, and the bidder bears all risks of transmission failure.

IN THE ALTERNATIVE: Bids may be submitted electronically via PARITY pursuant to this Notice on the same date and until the same time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact Municipal Financial Consultants Incorporated at (313) 782-3011 or PARITY at (212) 849-5021.

BOND DETAILS: The bonds will be fully registered bonds of the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof, dated as of February 1, 2018, and will bear interest from their date payable on October 1, 2018, and semiannually thereafter.

The bonds will mature on the first day of April as follows:

| <u>YEAR</u> | <u>AMOUNT</u> | <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------|-------------|---------------|
| 2019 | \$145,000 | 2026 | \$180,000 |
| 2020 | 145,000 | 2027 | 185,000 |
| 2021 | 150,000 | 2028 | 200,000 |
| 2022 | 160,000 | 2029 | 205,000 |
| 2023 | 160,000 | 2030 | 215,000 |
| 2024 | 170,000 | 2031 | 230,000 |
| 2025 | 170,000 | | |

TERM BOND OPTION: Bidders shall have the option of designating bonds maturing in the year 2024 and thereafter as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown above for the years 2024 through final maturity represents a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond designated. In any event, the above principal amount scheduled for the years 2024 through final maturity shall be represented by either serial bond maturities or

mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

PRIOR REDEMPTION:

A. **MANDATORY REDEMPTION.** Bonds designated as term bonds shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities hereinbefore set forth. The bonds or portions of bonds to be redeemed shall be selected by lot.

B. **OPTIONAL REDEMPTION.** Bonds maturing prior to April 1, 2026, are not subject to optional redemption prior to maturity. Bonds maturing on and after April 1, 2026, are subject to redemption prior to maturity, at the option of the District, in such order as determined by the District, in whole or in part, on any date, on or after April 1, 2025, in integral multiples of \$5,000 and by lot within a maturity, at the par value of the bond or portion of the bond called to be redeemed, plus accrued interest to the redemption date.

C. **NOTICE OF REDEMPTION.** Not less than thirty nor more than sixty days' notice of redemption shall be given by first class mail to the registered owner at the registered address. Failure to receive notice of redemption shall not affect the validity of the proceedings for redemption. Bonds or portions of bonds called for redemption shall not bear interest after the redemption date; provided, funds are on hand with the bond registrar and paying agent to redeem the bonds called for redemption.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one bond shall be at one rate only, and all bonds maturing in any one year must carry the same interest rate. The interest rate borne by bonds maturing in any one year shall not be less than the interest rate borne by bonds maturing in the preceding year. No proposal for the purchase of less than all of the bonds or at a price less than 99% nor more than 101% of their par value will be considered.

BOOK-ENTRY-ONLY: The bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased. The book-entry-only system is described further in the Preliminary Official Statement for the bonds.

BOND REGISTRAR AND PAYING AGENT: The bonds shall be payable as to principal in lawful money of the United States upon surrender thereof at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent. Interest shall be paid to the registered owner of each bond as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address. As long as

DTC, or its nominee Cede & Co., is the registered owner of the bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the bonds is the responsibility of DTC participants and indirect participants as described in the preliminary official statement for the bonds. The District from time to time as required may designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The bonds are to be issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), to provide moneys, together with other available funds, to refund the District's Drain Bonds, Series 2010, dated December 1, 2010 (the "Prior Bonds"), maturing in the years 2025 and 2031 (the "Prior Bonds To Be Refunded"). The Prior Bonds were issued pursuant to the provisions of Act 34 and Act 40, Public Acts of Michigan, 1956, as amended, for the purpose of defraying part of the cost of acquiring and constructing the Bloomfield Township CSO Drain Rehabilitation Project. The bonds are to be issued in anticipation of, and are primarily payable from, the collection of the several installments of special assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain. The special assessment installments and interest thereon are sufficient to pay the principal of and interest on the bonds when due. The tax levying officials of the Township and the County shall levy sufficient taxes to pay assessment installments and interest as the same become due unless there have been set aside moneys sufficient therefor. In addition, by reason of its pledge of full faith and credit as recited in the bonds, the County is authorized and obligated to levy ad valorem taxes upon all taxable property within its limits in amounts sufficient to provide funds to advance to the District in the event the Township or the County shall fail or neglect to pay any special assessment installment and interest when due. Taxes levied by the Township are subject to constitutional, statutory and charter tax limitations and taxes levied by the County are subject to constitutional and statutory tax limitations.

ADJUSTMENT IN PRINCIPAL AMOUNT: The aggregate principal amount of the bonds has been determined as the amount necessary to refund the Prior Bonds To Be Refunded and pay the costs of issuing the bonds, assuming certain conditions exist at the date of sale. Following receipt of bids and prior to final award, the District reserves the right to increase or decrease the principal amount of the bonds by any amount. Such adjustment, if necessary, will be made in increments of \$5,000 per maturity and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the increase or decrease in the principal amount of the bonds, but the interest rates specified by the successful bidder will not change. The successful bidder may not withdraw its bid as a result of any changes made within the foregoing limits.

GOOD FAITH: A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$46,300 payable to the order of the County Treasurer will be required of the winning bidder. The winning bidder is required to submit its good faith deposit to the District not later than Noon, Eastern Standard Time, on the next business day following the sale. The good faith deposit will be applied to the purchase price of the bonds, and payment for the balance of the purchase price of the bonds shall be made at the closing. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the District. No interest shall be allowed on the good faith deposit.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost to the District. True interest cost shall be computed by determining the annual interest rate (compounded semiannually) necessary to discount the debt service payments on the bonds from the payment dates thereof to February 28, 2018, and to the price bid.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, the original of which will be furnished without expense to the purchaser at the delivery of the bonds. The fees of Dickinson Wright PLLC for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the above bonds, Dickinson Wright PLLC has made no inquiry as to any financial information, statements or material contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds and, accordingly, will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

TAX MATTERS: The approving opinion will include an opinion to the effect that under existing law as enacted and construed on the date of the initial delivery of the bonds, the interest on the bonds is excluded from gross income for federal income tax purposes. Interest on the bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above will be subject to the condition that the District 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 certain of 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 District has covenanted to comply with all such requirements. The opinion will express no opinion regarding other federal tax consequences arising with respect to the bonds.

The District has not designated the bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

If the winning bidder will obtain a municipal bond insurance policy or other credit enhancement for the bonds in connection with their original issuance, the winning bidder will be required, as a condition of delivery of the bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

In addition, the approving opinion will include an opinion to the effect that under existing law as enacted and construed on the date of the initial delivery of the bonds, the bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

ISSUE PRICE: The winning bidder shall assist the District in establishing the issue price of the bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the bonds, together with the supporting pricing wires or equivalent communications, substantially in the form provided by Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the bonds may be taken on behalf of the District by the District’s municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District’s municipal advisor.

The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the bonds) will apply to the initial sale of the bonds (the “competitive sale requirements”) because:

- (1) the District is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the bonds to the bidder who submits a firm offer to purchase the bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the bonds, as specified in the bid.

In the event that competitive sale requirements are satisfied, the winning bidder shall be expected to certify as to the reasonably expected initially offering price of the bonds to the public.

In the event that the competitive sale requirements are not satisfied, the District shall so advise the winning bidder. The District shall treat (i) the first price at which 10% of a maturity of the bonds (the “10% test”) is sold to the public as of the sale date as the issue price of that maturity and (ii) the initial offering price to the public as of the sale date of any maturity of the bonds not satisfying the 10% test as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The

winning bidder shall advise the District if any maturity of the bonds satisfies the 10% test as of the date and time of the award of the bonds. Any maturity of the bonds (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) that does not satisfy the 10% test as of the date and time of the award of the bonds shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that any maturity of the bonds is subject to the hold-the-offering-price rule. Bidders should prepare their bids on the assumption that some or all of the maturities of the bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the bonds.

By submitting a bid, each bidder confirms that, except as otherwise provided in its bid, it has an established industry reputation for underwriting new issuances of municipal bonds, and, further, the winning bidder shall (i) confirm that the underwriters have offered or will offer the bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the bonds, that the underwriters will neither offer nor sell unsold bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the District when the underwriters have sold 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the bonds to the public),
- (iii) a purchaser of any of the bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the bonds are awarded by the District to the winning bidder.

OFFICIAL STATEMENT: A copy of the District’s official statement relating to the bonds may be obtained by contacting Municipal Financial Consultants Incorporated at the address referred to below. The official statement is in a form deemed final by the District for purposes of

paragraph (b)(1) of SEC Rule 15c2-12 (the “Rule”), but is subject to revision, amendment and completion in a final official statement.

After the award of the bonds, the District will provide on a timely basis copies of a final official statement, as that term is defined in paragraph (e)(3) of the Rule, at the District’s expense in sufficient quantity to enable the successful bidder or bidders to comply with paragraphs (b)(3) and (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board. Requests for such additional copies of the final official statement shall be made to Municipal Financial Consultants Incorporated at the address set forth below within 24 hours of the award of the bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with paragraph (b)(5) of the Rule, the District will undertake, pursuant to a resolution adopted by its governing body and a continuing disclosure certificate, to provide annual reports and notices of certain events. A description of these undertakings is set forth in the preliminary official statement and will also be set forth in the final official statement.

CUSIP: CUSIP numbers will be imprinted on all bonds of this issue at the District’s expense. An improperly printed number will not constitute basis for the purchaser to refuse to accept delivery. The purchaser shall be responsible for requesting assignment of numbers and for payment of any charges for the assignment of numbers.

BIDDER CERTIFICATION: NOT “IRAN-LINKED BUSINESS”. By submitting a bid, the bidder shall be deemed to have certified that it is not an “Iran-Linked Business” as defined in Act No. 517, Public Acts of Michigan, 2012; MCL 129.311 et seq.

DELIVERY OF BONDS: The District will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York. The usual closing documents, including a continuing disclosure certificate and a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of the delivery of the bonds. If the bonds are not tendered for delivery by twelve o’clock noon, Eastern Standard Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the winning bidder on that day, or any time thereafter until delivery of the bonds, may withdraw its proposal by serving notice of cancellation, in writing, on the undersigned, in which event the District shall return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked “Proposal for Bonds.”

FURTHER INFORMATION: Further information regarding the bonds may be obtained from Municipal Financial Consultants Incorporated, 400 North Main Street, #304, Milford, MI 48381, Telephone (313) 884-1550 or (313) 782-3011, Financial Consultant to the District.

Jim Nash, Oakland County Water Resources
Commissioner

Appendix A

CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF OAKLAND

§ _____

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Oakland, Michigan (the "County") in connection with the issuance by the Bloomfield Township CSO Drainage District (the "Issuer") of its Drain Refunding Bonds, Series 2018 (the "Bonds"). The County covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the County for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the County and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report of the County provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"Bondholder" shall mean the registered owner of any Bonds.

"Dissemination Agent" shall mean the County or any successor Dissemination Agent appointed in writing by the County and which has filed with the County a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 797-6700

"Official Statement" shall mean the final Official Statement for the Bonds dated _____, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

Section 3. Provision of Annual Reports.

(a) Each year, the County shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven months after the end of the County's fiscal year, commencing with the County's Annual Report for its fiscal year ending September 30, 2017, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). Currently, the County's fiscal year commences on October 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the County are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the County shall be included in the Annual Report.

(b) If the County is unable to provide to the MSRB an Annual Report of the County by the date required in subsection (a), the County shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the County's fiscal year changes, the County shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the County, the Dissemination Agent shall file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the County) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

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

(a) The audited financial statements of the County for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the County of the same nature as that contained in the following sections and tables in Exhibit A to the Official Statement: "County Tax Rates," "County Operating Tax Collection Record," "Collection Record of County Wide Tax Levy, 2007-2016," "Largest Taxpayers," "County Labor Contracts," "Revenue Sharing from the State of Michigan," "Pensions," "Other Post-Employment Benefits (OPEB)," "History of State Equalized Valuation (SEV)," "History of County Wide Tax Delinquencies," "Short Term Financing," "Oakland County Net Direct Debt – Unaudited," "Oakland County Schedule of Bond Maturities - County Credit and Limited Tax," "Oakland County Schedule of Drain Bond Maturities – County Credit and Limited Tax," "Oakland County Schedule of Bond Maturities with Limited County Pledge - Taxable," "Oakland County Schedule of Principal and Interest Requirements," and "Oakland County Statement of Legal Debt Margin."

The County's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The County shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The County covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the County shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The County covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the County determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the County shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the County shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the County), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The County acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the County is liable.

(f) The County acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the County does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

Section 7. Termination of Reporting Obligation.

(a) The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the County's obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the County, and the County shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the County (i) receives an opinion of Securities Counsel, addressed to the County, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

Section 8. Dissemination Agent. The County, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a

successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the County) shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County, or type of business conducted by the County;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the County shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include 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 shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the County or the Dissemination Agent (if other than the County) at the written direction of the County with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County 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 Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include

any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County 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 Listed Event.

Section 11. Failure to Comply. In the event of a failure of the County or the Dissemination Agent (if other than the County) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the County or the Dissemination Agent (if other than the County) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the County to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the County shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the County or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the County or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 15. Additional Disclosure Obligations. The County acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the County, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

Section 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

COUNTY OF OAKLAND, MICHIGAN

By: _____
ANDREW E. MEISNER
Its: Treasurer

Dated: _____, 2018

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: County of Oakland, Michigan

Name of Bond Issue: Drain Refunding Bonds, Series 2018

Date of Bonds: _____, 2018

NOTICE IS HEREBY GIVEN that the County of Oakland has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. County of Oakland anticipates that the Annual Report will be filed by _____.

COUNTY OF OAKLAND, MICHIGAN

By: _____

Its _____

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN COUNTY'S FISCAL YEAR

Name of Obligated Person: County of Oakland, Michigan

Name of Bond Issue: Drain Refunding Bonds, Series 2018

Date of Bonds: _____, 2018

NOTICE IS HEREBY GIVEN that the County of Oakland's fiscal year has changed. Previously, the County of Oakland's fiscal year ended on _____. It now ends on _____.

COUNTY OF OAKLAND, MICHIGAN

By: _____

Its _____

Dated: _____

EXHIBIT C
ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: _____

Number of pages of the attached Annual Report or portion thereof: _____

Name of Bond Issue to which the attached Annual Report relates: _____

Date of such Bonds: _____

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____

Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

EXHIBIT D

EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: _____

Number of pages of the attached Event Notice: _____

Description of the attached Event Notice (Check One):

- | | | |
|-----|-------|--|
| 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TIEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security |
| 7. | _____ | Modifications to rights of securities holders |
| 8. | _____ | Bond calls |
| 9. | _____ | Defeasances |
| 10. | _____ | Release, substitution, or sale of property securing repayment of the securities |
| 11. | _____ | Rating changes |
| 12. | _____ | Tender offers |
| 13. | _____ | Bankruptcy, insolvency, receivership or similar event of an obligated person |
| 14. | _____ | The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms |
| 15. | _____ | Appointment of a successor or additional trustee, or the change of name of a trustee |
| 16. | _____ | Failure to provide annual financial information as required |
| 17. | _____ | Other material event notice (specify) _____ |

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.

Troy 9007-431 2006246v1

Appendix B

CONTINUING DISCLOSURE CERTIFICATE

CHARTER TOWNSHIP OF BLOOMFIELD

§ _____

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Charter Township of Bloomfield, Michigan (the "Township") in connection with the issuance by the Bloomfield Township CSO Drainage District (the "Issuer") of its Drain Refunding Bonds, Series 2018 (the "Bonds"). The Township covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Township for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Township and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Township shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report of the Township provided by the Township pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"Bondholder" shall mean the registered owner of any Bonds.

"Dissemination Agent" shall mean the Township or any successor Dissemination Agent appointed in writing by the Township and which has filed with the Township a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 797-6700

"Official Statement" shall mean the final Official Statement for the Bonds dated _____, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

Section 3. Provision of Annual Reports.

(a) Each year, the Township shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven months after the end of the Township's fiscal year, commencing with the Township's Annual Report for its fiscal year ending March 31, 2018, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Township shall provide the Annual Report to the Dissemination Agent (if other than the Township). Currently, the Township's fiscal year commences on April 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Township are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Township shall be included in the Annual Report.

(b) If the Township is unable to provide to the MSRB an Annual Report of the Township by the date required in subsection (a), the Township shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Township's fiscal year changes, the Township shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the Township, the Dissemination Agent shall file a report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Township) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

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

(a) The audited financial statements of the Township for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Issuer of the same nature as that contained in the following tables in Exhibit C to the Official Statement: Population; History of Property Valuations; Analysis of Taxable Value by Class and Use; Major Taxpayers; Tax Rates (Per \$1,000 of Taxable Value); Tax Rate Limitations; Tax Levies and Collections; Revenues from the State of Michigan; Labor Agreements; Retirement Plan; Other Post Employment Benefits; General Fund – Fund Balance; Debt Statement; Schedule of Bond Maturities and Statement of Legal Debt Margin.

The Township's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Township shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Township covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;

- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Township obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the Township shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Township covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Township determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the Township shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially

the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Township shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Township), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Township acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Township is liable.

(f) The Township acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Township does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

Section 7. Termination of Reporting Obligation.

(a) The Township's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the Township's obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Township, and the Township shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Township (i) receives an opinion of Securities Counsel, addressed to the Township, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

Section 8. Dissemination Agent. The Township, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Township) shall not be responsible in any manner for the content of any notice or report prepared by the Township pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Township, or type of business conducted by the Township;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Township shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include 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 shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Township or the Dissemination Agent (if other than the Township) at the written direction of the Township with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Township 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 Listed Event, in addition to that which is required by this Disclosure Certificate. If the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Township 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 Listed Event.

Section 11. Failure to Comply. In the event of a failure of the Township or the Dissemination Agent (if other than the Township) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Township or the Dissemination Agent (if other than the Township) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the Township to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Township shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Township, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Township or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Township or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 15. Additional Disclosure Obligations. The Township acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Township, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Township under such laws.

Section 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

CHARTER TOWNSHIP OF BLOOMFIELD

By: _____
LEO C. SAVOIE
Its: Supervisor

And: _____
JANET M. RONCELLI
Its: Clerk

Dated: _____, 2018

EXHIBIT A
NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: Charter Township of Bloomfield, Michigan

Name of Bond Issue: Drain Refunding Bonds, Series 2018

Date of Bonds: _____, 2018

NOTICE IS HEREBY GIVEN that the Charter Township of Bloomfield has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Charter Township of Bloomfield anticipates that the Annual Report will be filed by _____.

CHARTER TOWNSHIP OF BLOOMFIELD

By: _____

Its _____

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN TOWNSHIP'S FISCAL YEAR

Name of Obligated Person: Charter Township of Bloomfield, Michigan

Name of Bond Issue: Drain Refunding Bonds, Series 2018

Date of Bonds: _____, 2018

NOTICE IS HEREBY GIVEN that the Charter Township of Bloomfield's fiscal year has changed. Previously, the Charter Township of Bloomfield's fiscal year ended on _____. It now ends on _____.

CHARTER TOWNSHIP OF BLOOMFIELD

By: _____

Its _____

Dated: _____

EXHIBIT C
ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: _____

Number of pages of the attached Annual Report or portion thereof: _____

Name of Bond Issue to which the attached Annual Report relates: _____

Date of such Bonds: _____

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____

Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

COUNTY OF OAKLAND

COUNTY OFFICIALS

L. BROOKS PATTERSON, *County Executive*
ANDREW E. MEISNER, *County Treasurer*
LISA BROWN, *Clerk and Register of Deeds*
JESSICA COOPER, *Prosecuting Attorney*
MICHAEL J. BOUCHARD, *Sheriff*
JIM NASH, *Water Resources Commissioner*
KEITH LERMINIAUX, *Corporation Counsel*

BOARD OF COMMISSIONERS

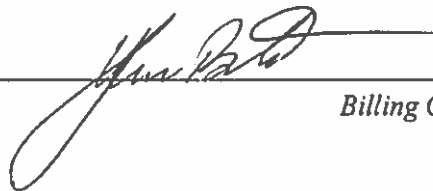
MICHAEL J. GINGELL, *Chairperson*

| | |
|----------------------|----------------------|
| TOM J. BERMAN | CHRISTINE LONG |
| DAVID BOWMAN | GARY MCGILLIVRAY |
| HUGH D. CRAWFORD | THOMAS F. MIDDLETON |
| WILLIAM DWYER | NANCY QUARLES |
| WADE FLEMING | MICHAEL SPISZ |
| MARCIA GERSHENSON | SHELLEY GOODMAN TAUB |
| ROBERT HOFFMAN | DOUG TIETZ |
| JANET JACKSON | PHILIP WEIPERT |
| ADAM L. KOCHENDERFER | DAVID WOODWARD |
| EILEEN T. KOWALL | HELAINÉ ZACK |

**Copy
Of
Advertisement
Of**

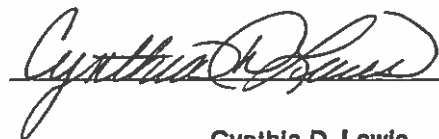
City and County of New York, ss.: -

Yohanna Beato being duly sworn, says that she is the Billing Coordinator of the BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said BOND BUYER on February 7th, 2018.


Billing Coordinator

Subscribed and sworn to before me this

February 7th, 2018



Cynthia D. Lewis
Notary Public, State of New York
No. 01LE6202296
Qualified in New York County
Commission Expires March 9, 2021

Competitive Sales Notices

Wednesday, February 7, 2018

The Bond Buyer

OFFICIAL NOTICE OF SALE

\$2,315,000*

*(Subject to adjustment as described below)

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT COUNTY OF OAKLAND, STATE OF MICHIGAN DRAIN REFUNDING BONDS, SERIES 2018

SEALED BIDS for the purchase of the above bonds will be received on behalf of the Bloomfield Township CSO Drainage District (the "District") at the offices of the Municipal Advisory Council of Michigan (the "MAC"), Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan 48226, on Wednesday, the 14th day of February, 2018, at 2:30 p.m., Eastern Standard Time, at which time and place said bids will be publicly opened and read. Signed bids may be submitted by fax to the MAC at fax number (313) 963-0943, but no bid will be received after the time for receiving bids specified above, and the bidder bears all risks of transmission failure.

IN THE ALTERNATIVE: Bids may be submitted electronically via PARITY pursuant to this Notice on the same date and until the same time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact Municipal Financial Consultants Incorporated at (313) 782-3011 or PARITY at (212) 849-3021.

BOND DETAILS: The bonds will be fully registered bonds of the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof, dated as of February 1, 2018, and will bear interest from their date payable on October 1, 2018, and semiannually thereafter.

The bonds will mature on the first day of April as follows:

| YEAR | AMOUNT | YEAR | AMOUNT |
|------|-----------|------|-----------|
| 2019 | \$145,000 | 2026 | \$180,000 |
| 2020 | 145,000 | 2027 | 185,000 |
| 2021 | 150,000 | 2028 | 200,000 |
| 2022 | 160,000 | 2029 | 205,000 |
| 2023 | 160,000 | 2030 | 215,000 |
| 2024 | 170,000 | 2031 | 230,000 |
| 2025 | 170,000 | | |

TERM BOND OPTION: Bidders shall have the option of designating bonds maturing in the year 2024 and thereafter as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown above for the years 2024 through final maturity represents a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond designated. In any event, the above principal amount scheduled for the years 2024 through final maturity shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

PRIOR REDEMPTION:

A. MANDATORY REDEMPTION: Bonds designated as term bonds shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities hereinbefore set forth. The bonds or portions of bonds to be redeemed shall be selected by lot.

B. OPTIONAL REDEMPTION: Bonds maturing prior to April 1, 2026, are not subject to optional redemption prior to maturity. Bonds maturing on and after April 1, 2026, are subject to redemption prior to maturity, at the option of the District, in such order as determined by the District, in whole or in part, on any date, on or after April 1, 2025, in integral multiples of \$5,000 and by lot within a maturity, at the par value of the bond or portion of the bond called to be redeemed, plus accrued interest to the redemption date.

C. NOTICE OF REDEMPTION: Not less than thirty nor more than sixty days' notice of redemption shall be given by first class mail to the registered owner at the registered address. Failure to receive notice of redemption shall not affect the validity of the proceedings for redemption. Bonds or portions of bonds called for redemption shall not bear interest after the redemption date; provided, funds are on hand with the bond registrar and paying agent to redeem the bonds called for redemption.

INTEREST RATE AND DIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids thereof, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one bond shall be at one rate only, and all bonds maturing in any one year must carry the same interest rate. The interest rate borne by bonds maturing in any one year shall not be less than the interest rate borne by bonds maturing in the preceding year. No proposal for the purchase of less than all of the bonds or at a price less than 99% nor more than 101% of their par value will be considered.

BOOK-ENTRY-ONLY: The bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased. The book-entry-only system is described further in the Preliminary Official Statement for the bonds.

BOND REGISTRAR AND PAYING AGENT: The bonds shall be payable as to principal in lawful money of the United States upon surrender thereof at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent. Interest shall be paid to the registered owner of each bond as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address. As long as DTC, or its nominee Cede & Co., is the registered owner of the bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the bonds is the responsibility of DTC participants and indirect participants as described in the preliminary official statement for the bonds. The District from

time to time as required may designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The bonds are to be issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), to provide moneys, together with other available funds, to refund the District's Drain Bonds, Series 2010, dated December 1, 2010 (the "Prior Bonds"), maturing in the years 2025 and 2031 (the "Prior Bonds To Be Refunded"). The Prior Bonds were issued pursuant to the provisions of Act 34 and Act 40, Public Acts of Michigan, 1956, as amended, for the purpose of defraying part of the cost of acquiring and constructing the Bloomfield Township CSO Drain Rehabilitation Project. The bonds are to be issued in anticipation of, and are primarily payable from, the collection of the several installments of special assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain. The special assessment installments and interest thereon are sufficient to pay the principal of and interest on the bonds when due. The tax levying officials of the Township and the County shall levy sufficient taxes to pay assessment installments and interest as the same become due unless there have been set aside moneys sufficient therefor. In addition, by reason of its pledge of full faith and credit as recited in the bonds, the County is authorized and obligated to levy ad valorem taxes upon all taxable property within its limits in amounts sufficient to provide funds to advance to the District in the event the Township or the County shall fail or neglect to pay any special assessment installment and interest when due. Taxes levied by the Township are subject to constitutional, statutory and charter tax limitations and taxes levied by the County are subject to constitutional and statutory tax limitations.

ADJUSTMENT IN PRINCIPAL AMOUNT: The aggregate principal amount of the bonds has been determined as the amount necessary to refund the Prior Bonds To Be Refunded and pay the costs of issuing the bonds, assuming certain conditions exist at the date of sale. Following receipt of bids and prior to final award, the District reserves the right to increase or decrease the principal amount of the bonds by any amount. Such adjustment, if necessary, will be made in increments of \$5,000 per maturity and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the increase or decrease in the principal amount of the bonds, but the interest rates specified by the successful bidder will not change. The successful bidder may not withdraw its bid as a result of any changes made within the foregoing limits.

GOOD FAITH: A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$46,300 payable to the order of the County Treasurer will be required of the winning bidder. The winning bidder is required to submit its good faith deposit to the District not later than Noon, Eastern Standard Time, on the next business day following the sale. The good faith deposit will be applied to the purchase price of the bonds, and payment for the balance of the purchase price of the bonds shall be made at the closing. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the District. No interest shall be allowed on the good faith deposit.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost to the District. True interest cost shall be computed by determining the annual interest rate (compounded semiannually) necessary to discount the debt service payments on the bonds from the payment dates thereof to February 28, 2018, and to the price bid.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, the original of which will be furnished without expense to the purchaser at the delivery of the bonds. The fees of Dickinson Wright PLLC for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the above bonds, Dickinson Wright PLLC has made no inquiry as to any financial information, statements or material contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds and, accordingly, will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

TAX MATTERS: The approving opinion will include an opinion to the effect that under existing law as enacted and construed on the date of the initial delivery of the bonds, the interest on the bonds is excluded from gross income for federal income tax purposes. Interest on the bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above will be subject to the condition that the District 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 certain of 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 District has covenanted to comply with all such requirements. The opinion will express no opinion regarding other federal tax consequences arising with respect to the bonds.

The District has not designated the bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

If the winning bidder will obtain a municipal bond insurance policy or other credit enhancement for the bonds in connection with their original issuance, the winning bidder will be required, as a condition of delivery of the bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

In addition, the approving opinion will include an opinion to the effect that under existing law as enacted and construed on the date of the initial delivery of the bonds, the bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

ISSUE PRICE: The winning bidder shall assist the District in establishing the issue price of the bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the bonds, together with the supporting pricing wires or equivalent communications, substantially in the form provided by Bond Counsel, with such modifications as may be appropriate or necessary.

continued on next page

Competitive Sales Notices

Wednesday, February 7, 2018
www.bondbuyer.com

9

continued from previous page

in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the bonds) will apply to the initial sale of the bonds (the "competitive sale requirements") because:

- (1) the District is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the bonds to the bidder who submits a firm offer to purchase the bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the bonds, as specified in the bid.

In the event that competitive sale requirements are satisfied, the winning bidder shall be expected to certify as to the reasonably expected initial offering price of the bonds to the public.

In the event that the competitive sale requirements are not satisfied, the District shall so advise the winning bidder. The District shall treat (i) the first price at which 10% of a maturity of the bonds (the "10% test") is sold to the public as of the sale date as the issue price of that maturity and (ii) the initial offering price to the public as of the sale date of any maturity of the bonds not satisfying the 10% test as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). In each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District if any maturity of the bonds satisfies the 10% test as of the date and time of the award of the bonds. Any maturity of the bonds (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) that does not satisfy the 10% test as of the date and time of the award of the bonds shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that any maturity of the bonds is subject to the hold-the-offering-price rule. Bidders should prepare their bids on the assumption that some or all of the maturities of the bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the bonds.

By submitting a bid, each bidder confirms that, except as otherwise provided in its bid, it has an established industry reputation for underwriting new issuances of municipal bonds, and, further, the winning bidder shall (i) confirm that the underwriters have offered or will offer the bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the bonds, that the underwriters will neither offer nor sell unsold bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the District when the underwriters have sold 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party;
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the bonds to the public);
- (iii) a purchaser of any of the bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power

or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profits interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the bonds are awarded by the District to the winning bidder.

OFFICIAL STATEMENT: A copy of the District's official statement relating to the bonds may be obtained by contacting Municipal Financial Consultants Incorporated at the address referred to below. The official statement is in a form deemed final by the District for purposes of paragraph (b)(1) of SEC Rule 15c2-12 (the "Rule"), but is subject to revision, amendment and completion in a final official statement.

After the award of the bonds, the District will provide on a timely basis copies of a final official statement, as that term is defined in paragraph (c)(3) of the Rule, at the District's expense in sufficient quantity to enable the successful bidder or bidders to comply with paragraphs (b)(3) and (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board. Requests for such additional copies of the final official statement shall be made to Municipal Financial Consultants Incorporated at the address set forth below within 24 hours of the award of the bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with paragraph (b)(5) of the Rule, the District will undertake, pursuant to a resolution adopted by its governing body and a continuing disclosure certificate, to provide annual reports and notices of certain events. A description of these undertakings is set forth in the preliminary official statement and will also be set forth in the final official statement.

CUSIP: CUSIP numbers will be imprinted on all bonds of this issue at the District's expense. An improperly printed number will not constitute basis for the purchaser to refuse to accept delivery. The purchaser shall be responsible for requesting assignment of numbers and for payment of any charges for the assignment of numbers.

BIDDER CERTIFICATION: NOT "IRAN-LINKED BUSINESS": By submitting a bid, the bidder shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act No. 517, Public Acts of Michigan, 2012; MCL 129.311 et seq.

DELIVERY OF BONDS: The District will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York. The usual closing documents, including a continuing disclosure certificate and a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of the delivery of the bonds. If the bonds are not tendered for delivery by twelve o'clock noon, Eastern Standard Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the winning bidder on that day, or any time thereafter until delivery of the bonds, may withdraw its proposal by serving notice of cancellation, in writing, on the undersigned, in which event the District shall return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for Bonds."

FURTHER INFORMATION: Further information regarding the bonds may be obtained from Municipal Financial Consultants Incorporated, 400 North Main Street, #304, Milford, MI 48381. Telephone (313) 884-1550 or (313) 782-3011. Financial Consultant to the District.

Jim Nash, Oakland County Water Resources
Commissioner

**It's more than a bond deal—
You're creating a cleaner, safer environment.**



Price matters — get the best yield.

Advertise your Competitive Sale in *The Bond Buyer*

For more information, contact Kerry Ann C. Parkes
at 1.212.803.8136 or kac@sourcemedia.com.

ORDER OF CHAIRPERSON

WHEREAS, by resolution adopted on January 23, 2018 (the "Bond Resolution") the Drainage Board (the "Drainage Board") for the Bloomfield Township CSO Drainage District (the "Drainage District") authorized the issuance of the Drainage District's Drain Refunding Bonds, Series 2018 (the "Bonds") in the principal sum of not to exceed \$2,435,000 for the purpose of refunding all or a portion of the Drainage District's outstanding Bloomfield Township CSO Drain Bonds, Series 2010, dated as of December 1, 2010 (the "Prior Bonds") (the Prior Bonds to be refunded by the Bonds are referred to as the "Prior Bonds To Be Refunded"); and

WHEREAS, the Bond Resolution provides that the Prior Bonds To Be Refunded and the principal maturity dates, amounts and interest rates of the Bonds shall be determined by order of the Chairperson of the Drainage Board at the time of sale, and authorizes and directs an escrow fund (the "Escrow Fund") to be established for the Prior Bonds To Be Refunded pursuant to an escrow agreement (the "Escrow Agreement") with an escrow agent (the "Escrow Agent") to be selected by the Chairperson of the Drainage Board; and

WHEREAS, the Michigan Department of Treasury has issued its determination granting the Drainage District qualified status within the meaning of Act 34, Public Acts of Michigan, 2001, as amended; and

WHEREAS, the notice of sale for the purchase of the Bonds was published in *The Bond Buyer* on February 7, 2018; and

WHEREAS, attached hereto are the proposals for the purchase of the Bonds that had been received on or before 2:30 p.m., Eastern Standard Time, on the date hereof.

THEREFORE, IT IS HEREBY ORDERED that:

1. The Prior Bonds To Be Refunded shall consist of the Prior Bonds maturing in the years 2025 and 2031.
2. The Bonds shall be issued in the principal amount of \$2,260,000, shall be dated as of February 1, 2018, shall mature on April 1 of each year as set forth in the next paragraph and shall bear interest, payable on October 1, 2018, and semiannually thereafter.
3. The proposal of Robert W. Baird & Co., Inc. to purchase the Bonds to be issued by the Drainage District at par plus accrued interest to the date of delivery plus a premium of \$21,586.71 and bearing interest per annum as follows:

| <u>Maturity Date</u> | <u>Principal Maturity</u> | <u>Interest Rate</u> |
|----------------------|---------------------------|----------------------|
| 04/01/19 | \$145,000 | 2.00% |
| 04/01/20 | 145,000 | 2.00% |
| 04/01/21 | 150,000 | 2.00% |
| 04/01/22 | 160,000 | 3.00% |
| 04/01/23 | 160,000 | 3.00% |
| 04/01/24 | 170,000 | 3.00% |
| 04/01/25 | 170,000 | 3.00% |
| 04/01/26 | 180,000 | 3.00% |
| 04/01/27 | 180,000 | 3.00% |
| 04/01/28 | 200,000 | 3.00% |
| 04/01/30 | 400,000 | 3.00% |
| 04/01/31 | 200,000 | 3.00% |

4. The Bonds maturing prior to April 1, 2026, are not subject to optional redemption prior to maturity. Bonds maturing on and after April 1, 2026, are subject to redemption prior to maturity, at the option of the Drainage District in such order as determined by the Drainage District, on any date on or after April 1, 2025, in integral multiples of \$5,000 and by lot within a maturity, at the par value of the Bond or portion of the Bond called to be redeemed, plus accrued interest to the redemption date.

5. The Bonds maturing on April 1, 2030 are term bonds subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at a redemption price equal to the principal amount thereof, without premium, together with interest thereon to the redemption date.

Term Bonds due April 1, 2030

| <u>Redemption Dates</u> | <u>Principal Amounts</u> |
|-------------------------|--------------------------|
| April 1, 2029 | \$200,000 |
| April 1, 2030* | \$200,000 |


*final maturity

6. Notice of redemption of any Bond shall be given not less than thirty days and not more than sixty days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books of the bond registrar and paying agent for the Bonds.

7. The Huntington National Bank, Grand Rapids, Michigan, is designated as (i) the bond registrar and paying agent for the Bonds and (ii) the Escrow Agent pursuant to the Escrow Agreement which will provide for redemption of the Prior Bonds To Be Refunded on April 1, 2018.

8. Upon delivery of the Bonds, the accrued interest in the amount of \$4,755.00 shall be deposited in the Principal and Interest Fund. The balance shall be used as follows: \$49,249.78 shall be used to pay the costs of issuing the Bonds, and \$2,232,336.93 shall be paid to the Escrow Agent and used by the Escrow Agent, along with a cash contribution by the Drainage District in the amount of \$68,850.00, in accordance with the provisions of the Escrow Agreement for the payment of the principal of and interest on the Prior Bonds To Be Refunded at redemption on April 1, 2018. Any moneys remaining after payment of the costs of issuing the Bonds and the payment to the Escrow Agent shall be deposited in the Principal and Interest Fund for the Bonds.

9. The form of the notice of sale attached hereto is hereby approved and ratified.
10. The Nearly Final Official Statement relating to the Bonds dated February 5, 2018, is authorized, approved and confirmed.
11. It is determined that the net present value of the principal and interest on the Bonds, including the cost of issuance, is less than the net present value of the principal and interest on the Prior Bonds.


JIM NASH
Chairperson, Bloomfield Township CSO
Drainage District

Dated: February 14, 2018

| | | | |
|-------------------|----------|--------|-------|
| Upcoming Calendar | Overview | Result | Excel |
|-------------------|----------|--------|-------|

Robert W. Baird & Co., Inc. - Milwaukee, WI's Bid



**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

For the aggregate principal amount of \$2,315,000.00, we will pay you \$2,335,855.75, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2019 | 145M | 2.0000 |
| 04/01/2020 | 145M | 2.0000 |
| 04/01/2021 | 150M | 2.0000 |
| 04/01/2022 | 160M | 3.0000 |
| 04/01/2023 | 160M | 3.0000 |
| 04/01/2024 | 170M | 3.0000 |
| 04/01/2025 | 170M | 3.0000 |
| 04/01/2026 | 180M | 3.0000 |
| 04/01/2027 | 185M | 3.0000 |
| 04/01/2028 | 200M | 3.0000 |
| 04/01/2029 | | |
| 04/01/2030 | 420M | 3.0000 |
| 04/01/2031 | 230M | 3.0000 |

Total Interest Cost: \$525,941.67
 Premium: \$20,855.75
 Net Interest Cost: \$505,085.92
 TIC 2.806615
 Time Last Bid Received On 02/14/2018 2:22:44 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Milwaukee, WI
 Contact: Peter Anderson
 Title
 Telephone: 414-765-7331
 Fax:

Issuer Name: Bloomfield Township CSO Drainage District Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

| | | | |
|-------------------|----------|--------|-------|
| Upcoming Calendar | Overview | Result | Excel |
|-------------------|----------|--------|-------|

Fifth Third Securities, Inc. - Cincinnati, OH's Bid



**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

For the aggregate principal amount of \$2,315,000.00, we will pay you \$2,335,129.55, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2019 | 145M | 2.0000 |
| 04/01/2020 | 145M | 2.0000 |
| 04/01/2021 | 150M | 2.0000 |
| 04/01/2022 | 160M | 3.0000 |
| 04/01/2023 | 160M | 3.0000 |
| 04/01/2024 | 170M | 3.0000 |
| 04/01/2025 | 170M | 3.0000 |
| 04/01/2026 | 180M | 3.0000 |
| 04/01/2027 | 185M | 3.0000 |
| 04/01/2028 | 200M | 3.0000 |
| 04/01/2029 | 205M | 3.0000 |
| 04/01/2030 | 215M | 3.0000 |
| 04/01/2031 | 230M | 3.0000 |

| | |
|----------------------------|------------------------|
| Total Interest Cost | \$525,941.67 |
| Premium: | \$20,129.55 |
| Net Interest Cost | \$505,812.12 |
| TIC | 2.811279 |
| Time Last Bid Received On: | 02/14/2018 2:17:30 EST |

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Fifth Third Securities, Inc., Cincinnati, OH
 Contact: Geoff Kobayashi
 Title:
 Telephone: 513-534-5535
 Fax:

Issuer Name: Bloomfield Township CSO Drainage District

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____

| | | | |
|-------------------|----------|--------|-------|
| Upcoming Calendar | Overview | Result | Excel |
|-------------------|----------|--------|-------|

Bernardi Securities, Inc. - Chicago , IL's Bid



**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

For the aggregate principal amount of \$2,315,000.00, we will pay you \$2,336,965.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2019 | 145M | 2.0000 |
| 04/01/2020 | 145M | 2.0000 |
| 04/01/2021 | 150M | 2.5000 |
| 04/01/2022 | 160M | 3.0000 |
| 04/01/2023 | 160M | 3.0000 |
| 04/01/2024 | 170M | 3.0000 |
| 04/01/2025 | 170M | 3.0000 |
| 04/01/2026 | 180M | 3.0000 |
| 04/01/2027 | 185M | 3.0000 |
| 04/01/2028 | 200M | 3.0000 |
| 04/01/2029 | 205M | 3.0000 |
| 04/01/2030 | 215M | 3.0000 |
| 04/01/2031 | 230M | 3.0000 |

Total Interest Cost: \$528,316.67
 Premium: \$21,965.00
 Net Interest Cost: \$506,351.67
 TIC: 2.813649
 Time Last Bid Received On: 02/14/2018 2:26:05 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Bernardi Securities, Inc., Chicago , IL
 Contact: Lou Lamberti
 Title: Sr. VP
 Telephone: 312-281-2022
 Fax: 312-281-2039

Issuer Name: Bloomfield Township CSO Drainage District Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

| | | | |
|-------------------|----------|--------|-------|
| Upcoming Calendar | Overview | Result | Excel |
|-------------------|----------|--------|-------|

Raymond James & Associates, Inc. - St. Petersburg , FL's Bid



**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

For the aggregate principal amount of \$2,315,000.00, we will pay you \$2,322,837.50, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2019 | 145M | 2.5000 |
| 04/01/2020 | 145M | 2.5000 |
| 04/01/2021 | 150M | 2.5000 |
| 04/01/2022 | 160M | 2.5000 |
| 04/01/2023 | 160M | 3.0000 |
| 04/01/2024 | 170M | 3.0000 |
| 04/01/2025 | 170M | 3.0000 |
| 04/01/2026 | 180M | 3.0000 |
| 04/01/2027 | 185M | 3.0000 |
| 04/01/2028 | 200M | 3.0000 |
| 04/01/2029 | 205M | 3.0000 |
| 04/01/2030 | 215M | 3.0000 |
| 04/01/2031 | 230M | 3.0000 |

Total Interest Cost \$527,400.00
 Premium: \$7,837.50
 Net Interest Cost: \$519,562.50
 TIC: 2.899376
 Time Last Bid Received On: 02/14/2018 2:25:14 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Raymond James & Associates, Inc., St. Petersburg , FL
 Contact: Robbie Specter
 Title: Managing Director
 Telephone: 727-567-1293
 Fax:

| | | | |
|--------------|---|---------------|-------|
| Issuer Name: | Bloomfield Township CSO Drainage District | Company Name: | _____ |
| Accepted By: | _____ | Accepted By: | _____ |
| Date: | _____ | Date: | _____ |

This Nearly Final Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Nearly Final Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Nearly Final Official Statement has been deemed "final" by the County for the purposes of SEC Rule 15c2-12(b)(1), except for the omission of certain information by SEC Rule 15c2-12(b)(1).

NEARLY FINAL OFFICIAL STATEMENT DATED FEBRUARY 5, 2018

NEW ISSUE

Ratings: Standard & Poor's: AAA
Moody's: Aaa

In the opinion of Dickinson Wright PLLC, Bond Counsel, subject to compliance with certain covenants, under existing law, (1) the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes except as described under "TAX MATTERS" herein, and interest on the Refunding Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax; however, interest paid to certain corporate holders of the Refunding Bonds may be subject to the alternative minimum tax under certain circumstances described under "TAX MATTERS" herein, and (2) the Refunding Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

\$2,315,000*

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Oakland County, Michigan

DRAIN REFUNDING BONDS, SERIES 2018

DATED: FEBRUARY 1, 2018
NOT QUALIFIED TAX -
EXEMPT OBLIGATIONS

GENERAL OBLIGATION LIMITED TAX BONDS
MAXIMUM DISCOUNT: 1.00%
MAXIMUM PREMIUM: 1.00%
MAXIMUM INTEREST: 6.00%

REGISTRATION: Book entry only system

INTEREST: Paid from February 1, 2018 - 1st Paid October 1, 2018 - Semi-Annually Thereafter

BOND REGISTRAR and PAYING AGENT: Huntington National Bank, Grand Rapids, Michigan

DENOMINATIONS: \$5,000 or a Multiple of \$5,000, Numbered From 1 Upwards

AUTHORITY: Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended, and Act No. 34, Public Acts of Michigan, 2001, as amended

REDEMPTION PROVISIONS: Maturities on April 1, 2025 or Prior - Non-Callable

Maturities on April 1, 2026 or After - Callable as Follows:

Bonds Called for Redemption on or After April 1, 2025 shall be redeemed at Par.

PURPOSE AND SECURITY: See "Security for the Refunding Bonds" and "Description of the Refunding Bonds" herein
BOOK ENTRY CUSTODIAL DEPOSITORY: The Depository Trust Company, New York, N.Y.

* SUBJECT TO ADJUSTMENT: See "Adjustment in Principal Amount" herein

THE ABILITY OF THE CHARTER TOWNSHIP OF BLOOMFIELD AND THE COUNTY OF OAKLAND TO RAISE FUNDS TO PAY THEIR RESPECTIVE OBLIGATIONS TO THE DRAINAGE DISTRICT AND OF THE COUNTY TO FULFILL ITS FULL FAITH AND CREDIT PLEDGE IS SUBJECT TO CONSTITUTIONAL, STATUTORY AND CHARTER LIMITATIONS ON THE TAXING POWERS OF THE TOWNSHIP AND THE COUNTY.

PROPOSAL DUE DATE: FEBRUARY 14, 2018
2:30 P.M., EASTERN STANDARD TIME

MATURITY SCHEDULE

| Due Apr. 1 | Amount | Rate | Yield | Due Apr. 1 | Amount | Rate | Yield | Due Apr. 1 | Amount | Rate | Yield |
|---------------|-----------|------|-------|---------------|-----------|------|-------|---------------|-----------|------|-------|
| 2019 | \$145,000 | | | 2024 | \$170,000 | | | 2029** | \$205,000 | | |
| 2020 | 145,000 | | | 2025 | 170,000 | | | 2030** | 215,000 | | |
| 2021 | 150,000 | | | 2026** | 180,000 | | | 2031** | 230,000 | | |
| 2022 | 160,000 | | | 2027** | 185,000 | | | | | | |
| 2023 | 160,000 | | | 2028** | 200,000 | | | | | | |

**Callable-See "Description of the Bonds-Prior Redemption" herein.

The Refunding Bonds will be Delivered on or About February 28, 2018.

Information prepared in cooperation with:

ANDREW E. MEISNER
County Treasurer

JIM NASH

Water Resources Commissioner and
Chairperson of Bloomfield Township CSO Drainage
Board

Bond Counsel:
DICKINSON WRIGHT PLLC
Detroit, Michigan

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

MUNICIPAL FINANCIAL CONSULTANTS INCORPORATED

400 North Main Street, Suite 304
Millford, Michigan 48381
Phone: (313) 782-3011

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NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OF OAKLAND, THE BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT OR THE CHARTER TOWNSHIP OF BLOOMFIELD TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY, THE DISTRICT OR THE TOWNSHIP.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN PREPARED FROM SOURCES WHICH ARE DEEMED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS.

THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT NOR ANY SALE MADE UNDER IT SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY, THE DISTRICT OR THE TOWNSHIP SINCE THE DATE OF THIS OFFICIAL STATEMENT.

OPTIONAL BID FORM

\$2,315,000*
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
Oakland County, Michigan
DRAIN REFUNDING BONDS, SERIES 2018

*Subject to adjustment.

Mr. Jim Nash
Oakland County Water Resources Commissioner
Municipal Advisory Council of Michigan
Buhl Building
535 Griswold, Suite 1850
Detroit, Michigan 48226

February 14, 2018

Dear Mr. Nash:

With respect to the Official Notice of Sale (the "NOS") for the above-described refunding bonds (the "Refunding Bonds"), please be advised as follows:

1. As described in the NOS, we will pay you par, plus accrued interest from date of issue to date of delivery to us, plus a premium of \$_____, or less a discount of \$_____, for the Refunding Bonds maturing as follows:

| | | |
|-----------------------|-----------------------|-----------------------|
| April 1, 2019 _____ % | April 1, 2024 _____ % | April 1, 2029 _____ % |
| April 1, 2020 _____ % | April 1, 2025 _____ % | April 1, 2030 _____ % |
| April 1, 2021 _____ % | April 1, 2026 _____ % | April 1, 2031 _____ % |
| April 1, 2022 _____ % | April 1, 2027 _____ % | |
| April 1, 2023 _____ % | April 1, 2028 _____ % | |

Note: Refunding Bonds maturing in any year shall bear interest at a rate that is not less than the rate borne by the bonds maturing in any preceding year.)

2. This proposal is for all of the Refunding Bonds.

3. This proposal is subject to the opinion of Dickinson Wright PLLC as to the legality of the Refunding Bonds.

If this proposal is accepted a (Cashier's) or (Certified) Check No. _____, drawn on the _____ in the amount of \$46,300 can be cashed, or a wire transfer of the same amount will be sent, as required by the terms set forth in the NOS.

Respectfully submitted,

(List other account member, if any)

Signature: _____
Authorized Representative

Name (Print): _____

ACCEPTANCE CLAUSE

Subject to the terms and conditions set forth in the NOS, the foregoing proposal is hereby accepted by the Oakland County Water Resources Commissioner this 14th day of February, 2018.

Oakland County

By: _____
Jim Nash, Water Resources Commissioner

The following is a computation of the interest cost on the above proposal. This computation is not to be considered as a part of the proposal and is subject to verification.

Gross Interest Cost \$ _____

(-) Premium (+) Discount \$ _____

Interest Cost \$ _____

True Interest Rate _____ %

Return of the deposit check is hereby acknowledged
on this 14th day of February, 2018.

By: _____

INFORMATION FOR BIDDERS ON DETAILS OF SALE
\$2,315,000*
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018

DATE PROPOSALS DUE: February 14, 2018
TIME PROPOSALS DUE: 2:30 p.m. Eastern Standard Time

LOCATION OF SALE:

Municipal Advisory Council of Michigan
Buhl Building, 535 Griswold, Suite 1850
Detroit, MI 48226

Bids also accepted electronically via PARITY

BOND DETAILS:

Principal Amount: \$2,315,000*

Dated: February 1, 2018

Interest Payment Dates: April 1
& October 1, commencing
October 1, 2018

Rating: Standard & Poor's &
Moody's - Applied For

Maximum Interest Rate: 6.00%

Good Faith Deposit: \$46,300

Maximum Discount: \$23,150

Maximum Premium: \$23,150

Denominations: \$5,000 or a
multiple of \$5,000

MATURITIES: The Refunding Bonds shall mature on April 1 as follows:

| <u>Year</u> | <u>Principal</u> | <u>Year</u> | <u>Principal</u> | <u>Year</u> | <u>Principal</u> |
|-------------|------------------|-------------|------------------|-------------|------------------|
| 2019 | \$145,000 | 2024 | \$170,000 | 2029** | 205,000 |
| 2020 | 145,000 | 2025 | 170,000 | 2030** | 215,000 |
| 2021 | 150,000 | 2026** | 180,000 | 2031** | 230,000 |
| 2022 | 160,000 | 2027** | 185,000 | | |
| 2023 | 160,000 | 2028** | 200,000 | | |

*See "Adjustment in Principal Amount" herein

**Callable – See "Description of the Refunding Bonds – Prior Redemption herein".

THE REFUNDING BONDS WILL BE DELIVERED ON OR
ABOUT FEBRUARY 28, 2018.

RESTRICTIONS: The Refunding Bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one Refunding Bond shall be at one rate only and all Refunding Bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY REFUNDING BONDS MATURING IN ANY YEAR SHALL NOT BE AT A RATE LOWER THAN THE RATE BORNE BY REFUNDING BONDS MATURING IN ANY PRECEDING YEAR. No proposal for the purchase of less than all of the Refunding Bonds or at a price that is less than 99% or more than 101% of their par value will be considered.

OFFICIAL STATEMENT
\$2,315,000*
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
OAKLAND COUNTY, MICHIGAN
DRAIN REFUNDING BONDS, SERIES 2018

The purpose of this Official Statement is to set forth information concerning the County of Oakland (the "County") and the Charter Township of Bloomfield (the "Township") in connection with the sale by the Bloomfield Township CSO Drainage District, Oakland County, Michigan (the "District") of its Drain Refunding Bonds, Series 2018 (the "Refunding Bonds"). This Official Statement has been prepared in connection with the sale of the Refunding Bonds and for the information of those who initially become holders of the Refunding Bonds. Information summarized on the cover page is part of this Official Statement.

INTRODUCTION

The District, by adoption by its Drainage Board of a refunding bond resolution (the "Resolution"), has authorized the refunding of the callable portion of its outstanding bonds as follows:

Prior Bonds

Bloomfield Township CSO Drain Bonds
dated December 1, 2010 in the Original
Amount of \$3,000,000

Prior Bonds Being Refunded

\$2,235,000 of Term Bonds maturing in the
years 2025 and 2031 at a 0% call premium
(the "Refunded Bonds")

DESCRIPTION OF THE REFUNDING BONDS

The Refunding Bonds, aggregating the principal sum of \$2,315,000*, shall be known as Bloomfield Township CSO Drainage District "Drain Refunding Bonds, Series 2018" and shall be dated February 1, 2018. The Refunding Bonds shall be fully registered bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000 numbered from 1 upwards. The Refunding Bonds shall mature on April 1, 2019 and each April 1 thereafter as provided on the cover page of this Official Statement.

***Subject to adjustment.**

Term Bond Option

Refunding Bonds maturing in the years 2024-2031, inclusive, are eligible for designation by the original purchaser at the time of sale as serial Refunding Bonds or term Refunding Bonds, or both. There may be more than one term Refunding Bond maturity. However, principal maturities designated as term Refunding Bonds shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on April 1st of the year in which the Refunding Bonds are presently scheduled to mature. Each maturity of term Refunding Bonds and Serial Refunding Bonds must carry the same interest rate. Any such designation must be made at the time the proposals are submitted.

Adjustment In Principal Amount

The aggregate principal amount of this issue has been determined as the amount necessary to retire the Refunded Bonds and pay a portion or all of the costs of issuance of the Refunding

Bonds, assuming certain conditions and events exist on the date of sale. Following receipt of proposals and prior to final award, the District reserves the right to increase or decrease the aggregate principal amount of the issue by any amount. The increase or decrease will be in increments of \$5,000 and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the increase or decrease in issue size, but the interest rates specified by the successful proposer for all maturities will not change. In the case of a proposal with a premium, the aggregate amount of the Refunding Bonds will generally be reduced by at least the amount of the premium offered. The successful proposer may not withdraw the proposal as a result of any changes made within these limits.

If no proposal results in present value debt service savings acceptable to the District when the proceeds are used to provide for the refunding of the Refunded Bonds, the District may reject all proposals and negotiate with one or more of the proposers for the sale of the Refunding Bonds on terms which will enable the District to achieve present value debt service savings acceptable to the District.

Qualification Under Section 265(b)(3) of the Internal Revenue Code of 1986

The Refunding Bonds have not been designated by the District as "Qualified Tax-Exempt Obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Interest Payment and Interest Rate

The Refunding Bonds shall bear interest payable October 1, 2018 and semi-annually thereafter on each April 1 and October 1, until maturity, with interest rates as set forth on the cover of this Official Statement. Interest shall be paid by check or draft mailed to the registered owner of each Refunding Bond as of the applicable date of record.

Paying Agent and Bond Registrar

The Huntington National Bank, Grand Rapids, Michigan has been selected as bond registrar and paying agent (the "Paying Agent") for the Refunding Bonds. The Paying Agent will keep records of the registered holders of the Refunding Bonds, serve as transfer agent for the Refunding Bonds, authenticate the original and any re-issued Refunding Bonds and will pay principal and interest to the registered holders of the Refunding Bonds as shown on the registration books of the District maintained by the Paying Agent on the applicable date of record. The principal of each Refunding Bond will be paid when due upon presentation and surrender thereof to the Paying Agent. The date of record shall be the 15th day of the month before such payment is due.

Book-Entry-Only

DTC will act as securities depository for the Refunding Bonds. The Refunding 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 Refunding Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, 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 17 A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding 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. Beneficial Owners are, however, 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 Refunding 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 interests in Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding 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 Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding 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 Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Refunding Bonds may wish to ascertain that the nominee holding the Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish

to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Refunding 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 any other DTC nominee) will consent or vote with respect to Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. 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 Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Refunding 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 the 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 (nor its nominee), Paying Agent, or County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or 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 depository with respect to the Refunding Bonds at any time by giving reasonable notice to the County or Paying Agent. Under such circumstances, in the event that a successor 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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 NEITHER THE COUNTY, BOND COUNSEL, FINANCIAL ADVISOR NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE COUNTY AND THE COUNTY'S BOND COUNSEL OR FINANCIAL ADVISOR, THE UNDERWRITERS AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE REFUNDING BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE REFUNDING BONDS (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN REFUNDING BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE REFUNDING BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE

WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE COUNTY, THE UNDERWRITERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY OTHER PERSON WITH RESPECT TO: (1) THE REFUNDING BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE REFUNDING BONDS; (4) THE DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE REFUNDING BONDS; (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Discontinuation of Book-Entry-Only System

DTC may determine to discontinue providing its service with respect to the Refunding Bonds at any time by giving notice to the District and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the Paying Agent shall attempt to have established a securities depository/book-entry system relationship with another qualified depository. If the Paying Agent does not or is unable to do so, the book-entry-only system shall be discontinued.

Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the following provisions would apply to the Refunding Bonds. The Paying Agent shall keep the registration books for the Refunding Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Refunding Bonds may be transferred or exchanged for one or more Refunding Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Refunding 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 Refunding Bond which has been selected for such redemption, except the Refunding Bonds properly surrendered for partial redemption may be exchanged for new Refunding Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the District and Paying Agent shall be entitled to treat the registered owners of the Refunding Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Refunding 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.

Plan of Refunding

The proceeds of the Refunding Bonds will be used to pay the principal of, premium, if any, and interest on the Refunded Bonds maturing in the years 2025 and 2031 on April 1, 2018 (the "Redemption Date"), and to pay the costs of issuance of the Refunding Bonds.

Simultaneously with the issuance and delivery of the Refunding Bonds, sufficient amounts of the proceeds of the Refunding Bonds will be deposited in an escrow fund (the "Escrow Fund") held by The Huntington National Bank, Grand Rapids, Michigan as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement between the District and the Escrow Agent (the "Escrow Agreement"), and used as a cash balance or to purchase obligations of the United States of America pledging the full faith and credit of the United States of America ("Government Obligations"). The proceeds of any such Government Obligations, together with the earnings thereon and cash, if any, in the Escrow Fund shall be used to pay principal of, redemption premiums, and interest on the Refunded Bonds as stated above.

Prior Redemption

Bonds maturing prior to April 1, 2026, shall not be subject to redemption prior to maturity. Bonds maturing on or after April 1, 2026 shall be subject to redemption prior to maturity at the option of the District, in any order, in whole or in part on any date on or after April 1, 2025. Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a Bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion and the amount not being redeemed each constitutes an authorized denomination. In the event that less than the entire principal amount of a Bond is called for redemption, upon surrender of the Bond to the Paying Agent, the Paying Agent shall authenticate and deliver to the registered owner of the Bond a new Bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each Bond being redeemed by first class mail at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the Resolution. Any defect in such notice shall not affect the validity of the redemption proceedings. Bonds so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Paying Agent to redeem the same.

Transfer or Exchange of Refunding Bonds

Any Refunding Bond shall be transferable on the bond register maintained by the Paying Agent with respect to the Refunding Bonds upon the surrender of the Refunding Bond to the Paying Agent together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Paying Agent. Upon receipt of a properly assigned Refunding Bond the Paying Agent shall authenticate and deliver a new Refunding Bond or Refunding Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

Refunding Bonds may likewise be exchanged for one or more other Refunding Bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the Refunding Bond or Refunding Bonds being exchanged. Such exchange shall be effected by surrender of the Refunding Bond to be exchanged to the Paying Agent with written instructions signed by the registered owner of the Refunding Bond or his or her attorney in form satisfactory to the Paying Agent. Upon receipt of a Refunding Bond with proper written

instructions the Paying Agent shall authenticate and deliver a new Refunding Bond or Refunding Bonds to the registered owner of the Refunding Bond or his or her properly designated transferee or transferees or attorney.

The Paying Agent is not required to honor any transfer or exchange of Refunding Bonds or portions thereof that have been called for redemption. Any service charge made by the Paying Agent for any such registration, transfer or exchange shall be paid for by the District, unless otherwise agreed by the District and the Paying Agent. The Paying Agent may, however, require payment by a bondholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

CUSIP Numbers

CUSIP numbers will be imprinted on all Refunding Bonds of this issue at the District's expense. Neither the failure to print numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery. The purchaser shall be responsible for requesting assignment of numbers and for the payment of any charges for the assignment of numbers.

SECURITY FOR THE REFUNDING BONDS

Authorization

The Refunding Bonds are being issued pursuant to Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended ("Act 40"), and Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") and the Resolution.

Primary Security

The Refunding Bonds shall be issued in anticipation of the collection of special assessments against the Charter Township of Bloomfield and the County of Oakland on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain. The full faith and credit of the Drainage District are pledged hereby for the prompt payment of the principal of and interest on the Refunding Bonds as the same shall become due. The Drainage District has no power to levy ad valorem taxes.

| <u>Public Corporation</u> | <u>Special Assessment Roll Percentage</u> |
|--------------------------------|---|
| Charter Township of Bloomfield | 76.718% |
| County of Oakland | 23.282% |

The special assessment installments and interest thereon are sufficient to pay the principal of and interest on the Refunding Bonds when due. Each of the Charter Township of Bloomfield and the County of Oakland shall levy sufficient taxes or make other appropriations to pay each annual assessment installment and interest as the same become due unless there have been set aside moneys sufficient therefor. Taxes imposed by the Charter Township of Bloomfield are subject to constitutional, statutory, and charter tax limitations and taxes imposed by County of Oakland are subject to constitutional and statutory tax limitations.

Full Faith and Credit of County

Pursuant to a resolution adopted by its Board of Commissioners, the County of Oakland has pledged its full faith and credit as additional security for the payment of the principal and interest on the Refunding Bonds. Taxes imposed by the County are subject to constitutional and statutory tax limitations.

CONTINUING DISCLOSURE

The County and the Township (individually an "Obligated Person" and collectively, "Obligated Persons") have each covenanted and will covenant for the benefit of the Bondholders and the Beneficial Owners (as hereinafter defined) pursuant to a resolution and a related Continuing Disclosure Certificate to be delivered on the date of issuance of the Refunding Bonds to the purchaser thereof (individually a "Disclosure Certificate" and collectively, the "Disclosure Certificates"), to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the respective Obligated Person for its preceding fiscal year (the "Annual Report") by not later than the date seven months after the first day of its fiscal year, commencing with the Annual Report for the fiscal year ending September 30, 2017 for the County and March 31, 2018 for the Township; provided, however, that if the audited financial statements of any Obligated Person are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for such Obligated Person will be included in the Annual Report; and (ii) timely notices of the occurrence of certain enumerated events related to the respective Obligated Person, if material. Currently, the fiscal year of the County commences on October 1 and the fiscal year of the Township commences on April 1. "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Refunding Bonds (including any person holding Refunding Bonds through nominees, depositories or other intermediaries).

Each Annual Report will be filed with the Municipal Securities Rulemaking Board ("MSRB") electronically through MSRB's Electronic Municipal Market Access system ("EMMA"). If any Obligated Person is unable to provide the MSRB its Annual Report by the date required, such Obligated Person shall send, in a timely manner, to the MSRB through EMMA, a notice of the failure to file the Annual Report by such date. The notices of material events will be filed by each Obligated Person with the MSRB through EMMA. These covenants have been made by each Obligated Person in order to assist the purchaser of the Refunding Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection of (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"). The information to be contained in each Annual Report, the enumerated events, the occurrence of which will require a notice, and the other terms of each Disclosure Certificate are set forth in Appendices A and B "CONTINUING DISCLOSURE CERTIFICATES".

The County and the Township have had certain instances of late or incomplete filings as referenced below. A failure by the County or the Township to comply with its Disclosure Certificate will not constitute an event of default on the Refunding Bonds (although beneficial owners 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 Refunding Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Refunding Bonds and their market price.

Except for the fiscal year ended September 30, 2011 for which the County filed its continuing disclosure by May 22, 2012 and for the fiscal year ended September 30, 2012 for the which the County filed its continuing disclosure on June 30, 2013 in the past five years, the County has not failed to comply with any of its previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule.

The County has taken several measures to avoid any late filings in the future and will continue to comply in future years, in all material respects with all written contracts or agreements that it will enter into pursuant to subsection (b)(5) of the Rule.

The Township has not failed to comply in the last five years, in any material respect, with any previous undertakings pursuant to the Rule. The Annual Reports filed for the Township's fiscal years ending March 31, 2009, 2010, 2011 and 2012 omitted certain data relating to the Township's major taxpayers, which data was required under Township's prior undertakings. Upon discovering these instances of noncompliance, the Township filed the missing information. Additionally, the Township has put in place procedures to prevent similar future noncompliance.

BOND RATINGS

Standard & Poor's

The District has applied for a municipal bond rating from Standard & Poor's Ratings Services. The District furnished to such rating agency certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions made by the rating agencies. There is no assurance that such rating, when assigned, will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Refunding Bonds.

The definitions of a rating furnished by Standard & Poor's Ratings Services are as follows:

| | |
|----------------------------------|---|
| AAA | An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong. |
| AA | An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong. |
| A | An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. |
| BBB | An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. |
| BB; B; CCC; CC; and C | Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of |

speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.

B An obligation rated 'B' is more vulnerable to nonpayment than obligations rated BB', but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.

CCC An obligation rated 'CCC' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitments on the obligation.

CC An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

C An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared with obligations that are rated higher.

D An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

NR This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that S&P Global Ratings does not rate a particular obligation as a matter of policy.

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody's

The District has applied for a municipal bond rating from Moody's Investors Service, Incorporated (hereafter "Moody's"). The rating will be the sole view of the rating agency. There is no assurance that such rating, when assigned, will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Refunding Bonds.

A brief definition of the ratings furnished by Moody's are as follows:

Aaa Bonds which are rated "Aaa" are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa Bonds which are rated "Aa" are judged to be of a high quality by all standards. Together with the "Aaa" group, they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in "Aaa" securities or fluctuation of protective elements may be of great amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in the "Aaa" securities.

A Bonds which are rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Baa Bonds which are rated "Baa" are considered as medium grade obligations; i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Moody's Investors Service appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

TAX MATTERS

General

In the opinion of Dickinson Wright PLLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Refunding Bonds, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes. Interest on the Refunding Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was

repealed by Public Law No. 115-97 (the “Tax Cuts and Jobs Act”) enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Refunding Bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the Refunding Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above is subject to the condition that the District 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 Refunding 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 Refunding Bonds to be included in gross income retroactive to the date of issuance of the Refunding Bonds. The District has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds and the interest thereon.

In the opinion of Dickinson Wright PLLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Refunding Bonds, the Refunding Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Prospective purchasers of the Refunding Bonds should be aware that (i) interest on the Refunding 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 Refunding Bonds may be subject to a tax on excess net passive income of certain S Corporations imposed by Section 1375 of the Code, (iii) interest on the Refunding 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 Refunding 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 Refunding Bonds, (vi) registered owners acquiring the Refunding Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income, (vii) the receipt or accrual of interest on the Refunding Bonds may cause disallowance of the earned income credit under Section 32 of the Code, (viii) interest on the Refunding Bonds is subject to backup withholding under Section 3406 of the Code in the case of registered owners that have not reported a taxpayer identification number and are not otherwise exempt from backup withholding, and (ix) registered owners of the Refunding Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Refunding Bonds, and financial institutions may not deduct that portion of their interest expense allocated to interest on the Refunding Bonds.

Tax Treatment of Accruals on Original Issue Discount Refunding Bonds

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Refunding Bonds initially sold at a discount as shown on the cover page hereof (the “**OID Bonds**”) is sold and the amount payable at the stated redemption price at maturity thereof constitutes “original issue discount.” Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

Amortizable Bond Premium

For federal income tax purposes, the difference between an original registered owner’s cost basis of the Refunding Bonds initially sold at a premium as shown on the cover page hereof (the “**Original Premium Bonds**”) and the amounts payable on the Original Premium Bonds other than stated interest constitutes an amortizable bond premium. The same applies with respect to any Refunding Bond, if a registered owner’s cost basis exceeds the amounts payable thereon other than stated interest (collectively with the Original Premium Bonds held by the original registered owners, “**Premium Bonds**”). Such amortizable bond premium is not deductible from gross income, but is taken into account by certain corporations in determining adjusted current earnings for the purpose of computing the alternative minimum tax, which may also affect liability for the branch profits tax imposed by Section 884 of the Code. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the registered owner’s yield to maturity determined by using the registered owner’s basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the registered owner’s adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

Future Developments

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE REFUNDING BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET

PRICE OR MARKETABILITY OF THE REFUNDING BONDS, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURE LEGISLATION, OR ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE REFUNDING BONDS FOR AUDIT EXAMINATION, OR THE AUDIT PROCESS OR RESULT OF ANY EXAMINATION OF THE REFUNDING BONDS OR OTHER REFUNDING BONDS THAT PRESENT SIMILAR TAX ISSUES, WILL NOT ADVERSELY AFFECT THE MARKET PRICE OF THE REFUNDING BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE REFUNDING BONDS AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

BOND HOLDERS' RISKS

The Federal Bankruptcy Code affects the rights and obligations of municipalities and their creditors. Although State legislative authority is a condition to the filing by municipalities of cases for relief under the Bankruptcy Code, recently-enacted legislation empowers local governments, such as the County, the District or the Township, to become a debtor under the Bankruptcy Code. This authorization would be invoked if fiscal circumstances become such that an emergency financial manager were appointed for the County, the District or the Township. No assurance can be given that future circumstances or legislation will not result in the County, the District or the Township filing for relief under the Bankruptcy Code. Should the County, the District or the Township file a petition for relief under the Bankruptcy Code, the bankruptcy court could reduce the amount of or extend the time of the County's, District's or the Township' legal obligation to pay its outstanding debts.

LITIGATION

To the knowledge of the County, the District and the Township, there is no controversy of any nature threatening or pending against the County, the District or the Township, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds or in any way contesting or affecting the validity of the Refunding Bonds or any proceedings of the County, the District or the Township, respectively, taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Refunding Bonds.

APPROVAL OF LEGALITY

The approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, will be furnished without expense to the purchaser of the Refunding Bonds at the delivery thereof.

FINANCIAL ADVISOR

Municipal Financial Consultants Incorporated of Milford, Michigan has served as financial advisor to the District in connection with the sale of the Refunding Bonds. The financial advisor makes no representation as to the completeness or the accuracy of the information set forth in this Official Statement.

RESPONSIBILITIES OF BOND COUNSEL

Bond Counsel has reviewed the statements made in this Official Statement under the captions "DESCRIPTION OF THE REFUNDING BONDS" (except under the subcaption "Book-Entry-Only"), "SECURITY FOR THE REFUNDING BONDS", "CONTINUING DISCLOSURE" (first two paragraphs only), "TAX MATTERS", "APPROVAL OF LEGALITY" AND "RESPONSIBILITIES OF BOND COUNSEL", 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 District 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 Refunding Bonds and the exemption of the Refunding 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 Refunding Bonds and, therefore, will not express an opinion with respect to the accuracy or completeness of any such documents, statements or other materials.

The fees of Bond Counsel for services rendered in connection with its approving opinion are expected to be paid from bond proceeds or other funds available to the District.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

COUNTY OF OAKLAND, MICHIGAN

By /s/ ANDREW MEISNER
COUNTY TREASURER

By /s/ JIM NASH
WATER RESOURCES COMMISSIONER

BloomfieldTownshipCSO-POS.docx

EXHIBIT A
GENERAL AND ECONOMIC
INFORMATION REGARDING THE COUNTY

Introduction

Oakland County continues to be a great place to live, work, shop and establish your business. The County is a special place to live where families enjoy a quality of life that is second to none and where business grows and prospers. The County's taxable value for real and personal property has begun to rebound along with the overall economy and has grown 2.16% since 2011. With only 3.9% of taxable valuation coming from the ten largest taxpayers, the County continues to have a well-diversified tax base.

Residential developments in the County include some of the finest in the State. The median sales price of a single-family home was \$246,000 in 2017. 76% of the county's residential development since the start of 2009 has been single-family units, compared to 63% for the entire Southeast Michigan region. More than 30% of new residential construction in the region has been in Oakland County since 2009.

The unemployment rate for Oakland County averaged 3.5% in 2017. Oakland County did experience some job loss due to manufacturing reorganization in 2006 and the national recession that followed but has experienced consistent job growth since the middle of 2010. The University of Michigan's economic forecast for Oakland County projects strong job growth through 2019 due to our skilled and educated workers and a best in class economic diversification strategy, including Automation Alley, Emerging Sectors, and Medical Main Street featuring the new William Beaumont/Oakland University Medical School.

Oakland County has been recognized as one of the most prosperous counties in the nation. In comparing Oakland County with 39 other prosperous counties of similar population throughout the nation, economists rank Oakland County tenth overall based on selected indicators of prosperity. Our goal is to ensure Oakland County and its work force continues to thrive today and tomorrow as a premier technology hub and Oakland County maintains the coveted AAA bond rating thanks to sound fiscal stewardship and a 3-year budget balanced through 2020.

Oakland County has the highest level of personal income per capita of the major labor markets in Michigan. The estimated per capita income of Oakland County residents in 2016 was \$65,759.

Source: Oakland County Department of Planning and Economic Development

The County

The County is a public corporation created under the Constitution and Statutes of the State of Michigan, and has general governmental powers and authority. Under Act 206, the Treasurer of the County is the officer responsible for the collection of delinquent real property taxes returned to the County as uncollected on March 1 of any year. In addition, the County Treasurer is responsible for the application of the borrowing proceeds and the preservation of the security related to these funds. The County uses a modified accrual basis for accounting purposes.

Form of Government

The 21 member Board of Commissioners is the governing and legislative body of the County and is elected from districts for two (2) year terms. The County Executive is the chief administrative officer of the County and is elected for a four (4) year term.

The County Executive is responsible for the overall supervision of all County departments, except those headed by other elected officials. The County Executive also has veto powers over any ordinance or resolution adopted by the Board of Commissioners including appropriating ordinances, which may be over ridden by a 2/3 vote of all members elected and serving on the County Board of Commissioners.

County Budget Process

Conservative Budget Practices. The County's budgetary practices encourage favorable variances against actual operations. The County conservatively budgets for all authorized positions at full funding, regardless of whether they are filled or not. In doing so, vacancies arising from turnover, transfers or separation from County employment provide departments latitude in operating flexibility. Favorable variances are created as a financial management strategy and are relied upon to ensure that the General Fund equity (and other equities throughout the County) is maintained.

Multiple-Year Budgeting. After years of preparing and managing an operating budget for two-year periods of time, in 2009, the County expanded its budget practices to a triennial budget. The current County Executive Recommended Triennial Budget is balanced through FY 2020. On September 28, 2017, the Oakland County Board of Commissioners adopted the current FY-2018 to FY-2020 budget. The County maintains the triennial budget with periodic amendments. Each new program or action is considered for the current year and the subsequent two years on a line-item basis.

Dynamic Budgeting. The County continually monitors budget and supplementary data, including real estate trends, foreclosure data and other information which impacts County Revenue. This data is continually evaluated to determine long-term budget trends and to adjust current budgets.

Operating and Other Reserves. The General Fund balance is projected to be above the minimum operating reserve through FY2020 based on the County's Operating Budget. The County also has a formally expressed policy of maintaining a target amount of at least \$200,000,000 in its delinquent tax revolving fund.

Additional information on the County's budget is available at:

<https://www.oakgov.com/mgtbud/budgets-reports/Pages/budget.aspx>

County Location, Transportation and Character

The County of Oakland is located in the southeast portion of Michigan's Lower Peninsula. The County covers an area of 910 square miles, which includes 30 cities, 10 villages and 21 townships. Within the county there are more than 5 rivers, 1,400 lakes, 900 miles of shoreline, and numerous small streams. There are approximately 82 private and public golf courses, including Groveland Oaks, the first park in Michigan to be environmentally certified by the Michigan Turfgrass Environmental Stewardship Program, which attracts many businesses and residents to Oakland County.

Oakland (County) International Airport is capable of accommodating jets as large as a 727 and is home base for over 800 corporate and general aviation aircraft. It is the world's sixth busiest general aviation airport and is the second busiest airport in Michigan with approximately 333,000 aircraft flying in and out each year. In 1996 the airport opened a full time U.S. customs office and expanded the airport to international commerce, tripling the amount of international flights to over 1,200 flights per year. The airport contributes over \$150 million to the County's economy each year.

Detroit Metropolitan Airport (DTW), located 18 miles south of the County, offers direct and connecting flights daily to nearly everywhere in the world. With more than 31 million passengers each year, Detroit Metropolitan Airport is one of the busiest airports in the United States. As the second-largest hub and primary Asian gateway for Delta, the world's largest airline, DTW serves as the SkyTeam Alliance's major Midwestern hub. With two new passenger terminals, 145 gates, six jet runways and two modern Federal Inspection Services facilities for international arrivals it is one of the newest, most operationally-capable and efficient airports in North America.



The Port of Detroit, located south of the County (in Wayne County), serves as Southeast Michigan's link to the Great Lakes, the St. Lawrence Seaway and the world. An international port of entry with full U.S. Customs Service and a Free Trade Zone, enhancing the area's attractiveness to foreign manufacturers. Detroit is ranked third in exports (based on dollar value) after Los Angeles and New York.

Roads and Highways - Major investments in widening and in upgrades to many Interchanges along the 87 miles of interstate freeways serving Oakland County continue to be made. Interstate 75 and I-275 link the area with the states of Ohio, Kentucky, Tennessee, Georgia and Florida; and I-94, I-96 and I-696, Major east/west freeways in the state, link east to Canada and west through Chicago.

Oakland County and the surrounding area is free of toll roads.

Rail Service – CSX offers class-one industrial/commercial freight shipping from Wixom, Michigan to Detroit or Chicago. Canadian National Railway operates class-one industrial/commercial freight shipping from Birmingham, Michigan to Detroit or Windsor, Ontario. Amtrak Passenger Rail Service has stations in the Michigan cities of Birmingham, Pontiac, and Royal Oak for trains traveling to Chicago Union Station and points in between.

Residential – With nearly 19,000 new construction permits since the start of 2009, the highest total in the seven-county Southeast Michigan region, Oakland County continues to post strong numbers in residential development. The estimated median housing value of a single-family home in Oakland County was \$224,400 in 2016, a 35% increase since 2010.

Commercial – Oakland County compiled 6.2 million square feet of development in 2016; industrial/research/hi-tech floorspace was the top contributor in the county at 26% of the new non-residential development. The “Tri-County Commerce Center” warehouse building in Hazel Park was the largest project under construction in 2016 at 575,000 square feet.

Agriculture - Agriculture has been declining steadily due to farm property being converted into residential, commercial and industrial sites, but remains an important part of the county's economic diversification strategy.

Retail Activity – The County is home to an extensive collection of malls and shopping centers ranging from small village malls and popular local downtown shopping districts, to multi-floor regional malls found in most major cities. From luxury retailers at Somerset Collection to value-oriented stores at Great Lake Crossing Outlets, Oakland County offers shopping to meet the needs of residents and visitors alike.

Corporate - More than 60 percent of Fortune 500 companies do business in Oakland County, increasing 14 percent in two years. Of the Fortune Global 500 companies, 57 percent have business locations in Oakland County.

Oakland County continues to lead all Michigan counties in the number of business incorporating and forming in the state. Of the total new incorporations that took place in Michigan, Oakland County had 26 percent. Oakland County also has the state's largest number of business proprietorships and partnerships.

Hotels-Motels - Oakland County has 98 hotels and motels with 20 or more rooms, including the Townsend of Birmingham and the Royal Park Hotel in Rochester. Several new hotel/motel properties are under construction and should be available in the very near future.

Source: Oakland County Department of Planning and Economic Development

Office Buildings – More than eight million square feet of floor space has been completed in Oakland County since the start of 2007, accounting for nearly 25% of Southeast Michigan's total nonresidential development. According to CoStar, office lease and vacancy rates in Oakland County submarkets remain competitive with the rest of metro Detroit. The Auburn Hills 4.4%, Birmingham (7.1%), and Bloomfield (4.2%) submarkets have some of the lowest vacancy rates in the region.

Industrial & Research Parks - Oakland Technology Park, located in Auburn Hills, is one of the top five research parks in the nation in size. Fiat Chrysler (FCA) US, LLC's \$1 billion R & D headquarters and \$1.4 billion corporate world headquarters is located on 500 acres just outside the Tech park. Electronic Data Systems, Comerica Bank, World Computer, ITT Automotive and other major firms are located in this Tech Park. Oakland County leads all Michigan counties with more than 240 business parks totaling more than 10,000 acres.

Source: SEMCOG, CoStar

All of southern Oakland County buys water from the Great Lakes Water Authority. When projects now underway are completed, the Great Lakes Water Authority will treat all of southern Oakland County's sewage (other than that of the City of Pontiac). Major drainage systems have been and are being built in the County. Following is a list of the Utility Suppliers for Oakland County:

Electricity:

| | |
|-----------------|------------------------|
| Supplier | Detroit Edison |
| Supplier | Consumers Power |

Natural Gas:

| | |
|-----------------|-------------------------|
| Supplier | Consumers Energy |
| Supplier | MichCon |
| Supplier | Semco Energy |

Water:

| | |
|-----------------|------------------------------------|
| Supplier | Great Lakes Water Authority |
| Source | Lake Huron |
| | Ground Water from Wells |

Sewer:

| | |
|---------------------|---|
| Supplier | Great Lakes Water Authority |
| | Community Water Treatment Facilities and Septic Fields |
| System Types | Separate Storm and Sanitary Community Treatment Facilities |

Population

Oakland County's 2016 population was estimated to be over 1,240,000. Out of 83 counties in Michigan, it has the second largest population. Oakland County is also projected to have the second largest actual population gain in the metro Detroit area by 2040 with nearly 45,000 new residents.

Table 1 – Population Trends, 1960 – 2016

| <u>Year</u> | <u>Population</u> | <u>Year</u> | <u>Population</u> |
|-------------|-------------------|-------------|-------------------|
| 1960 | 650,259 | 2011 | 1,211,103 |
| 1970 | 907,871 | 2012 | 1,221,138 |
| 1980 | 1,011,793 | 2013 | 1,231,947 |
| 1990 | 1,083,592 | 2014 | 1,238,718 |
| 2000 | 1,194,156 | 2015 | 1,240,301 |
| 2010 | 1,202,362 | 2016 | 1,243,970 |

Sources: U.S. Department of Commerce, Bureau of the Census Bureau

Education

There are 28 school districts in Oakland County, all offering preschool programs and all but one providing childcare or latchkey services. *Newsweek* rated the International Academy in Bloomfield Hills number 8 in the nation's top 100 U.S. high schools. Also listed as being in the top 6% of high schools in the country are 9 other public high schools from 8 different school districts.

In the fall of 2006 Oakland County launched a Mandarin Chinese language program in four school districts. Today, all school districts in Oakland County and 3 consortium schools offer this language program.

Thirty institutions of higher learning with a total enrollment of over 100,000 are located in the County. The largest public degree-granting institutions headquartered in Oakland County are Oakland University, Oakland Community College, M-Tech and Lawrence Technological University. Over 75% of Michigan's schools offer dual-enrollment programs which give high school students the opportunity to earn college credits. The national average of schools offering dual-enrollment is only 65%.

Oakland University - The Schools of Management and Engineering work with industrial firms in developing personnel versed in manufacturing technologies and technology development processes, and management. The university's faculty consults with many industrial firms and facilitates on the transfer of technology between the University and the business community. The new William Beaumont/Oakland University School of Medicine is a game changing development for Oakland University, Oakland County, and the practice of medicine.

Oakland Community College - Nearly 38,000 students attend this multi-campus college specializing in technical and vocational education. To lead a consortium of educational institutions in Oakland County and Southeastern Michigan to support the Emerging Sectors initiative Oakland Community College was given \$285,000 in federal appropriations.

Lawrence Technological University - One of the Midwest's leading technical schools, Lawrence's engineering, architecture, business and industrial management and associate studies graduate 1,000 students yearly.

Other Educational Institutions - Central Michigan University and Michigan State University have graduate studies and programs in the County. Walsh College concentrates on business and accounting education as does Baker College.

The main campuses of the University of Michigan, Wayne State University and Michigan State University are approximately 20 to 90 miles from the County. These are major centers of research. Each university has institutes established for the purpose of providing technology research, development and transfer to the business sector for economic development. The Polymer Institute is located at the University of Detroit, less than two miles from the southern border of the County.

Source: Oakland County Department of Planning and Economic Development

Job Growth

Oakland County suffered substantial job losses each year from 2006 to 2009, registering a record loss of nearly 60,000 jobs in 2009. That year's performance reflected the national Great Recession and bankruptcy proceedings for both General Motors and Chrysler. Oakland County turned the corner to resume job growth in early 2010. The county gained nearly 25,000 jobs in both 2011 and 2012, before downshifting to just over 18,000 job additions in 2013. The average job gains from 2011 to 2013 were the most in any three-year period since the mid-1990s. Job growth in the county averaged just under 14,000 jobs annually in 2014 and 2015 while growth accelerated to 16,500 jobs for 2016. Four in nine of the new jobs created in the county from 2010 to 2016 were in high-wage industries.

The county's economic base continues to diversify since Oakland County's Emerging Sectors Initiative was put into place. Since the inception of Emerging Sectors in 2004, more than 380 Emerging Sector companies have generated more than \$4.5 billion in investment while creating or retaining more than 81,000 jobs. The vast majority of those jobs are in the high-wage category. It is clear that Oakland County is succeeding at attracting companies from emerging sectors from around the country, and in some instances, from around the globe.

Source: Oakland County Department of Planning and Economic Development

Industrial and High Technology

Companies believe that if you are a part of the automotive industry, you must have a presence in southeast Michigan, and preferably Oakland County. Certainly research and development organizations continue to select Oakland County as one-third of all Michigan's R & D facilities are located in Oakland County. Automation Alley, founded in Oakland County and headquartered in Troy, is Southeast Michigan's leading technology business association. The organization fosters growth and economic development and is home to more than 311,000 technology workers and 7,800 technology businesses from a variety of industries, and to help communities make the transition from a manufacturing economy to a knowledge economy, Oakland County has developed the Technology Planning Toolkit. This relates global economic trends with local actionable items.

Source: Oakland County Department of Planning and Economic Development

Foreign Investment

Over 1,000 businesses representing 38 foreign parent companies doing business in Michigan are located in Oakland County. Sixty-seven percent of all foreign owned firms in southeastern Michigan are in Oakland County.

County Tax Rates

In August 1978, the voters of Oakland County approved, as part of County wide fixed millage, a maximum millage of \$5.26 per \$1,000, subject to Headlee Amendment reductions. The maximum authorized operating millage for 2017, after the Headlee reduction, is 4.1457 mills. See "Tax Rate Limitation" section.

Table 2 - County Tax Rates (in mills) \$1.00/\$1,000 of Taxable Valuation

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Operating | 4.0400 | 4.0400 | 4.0900 | 4.1900 | 4.1900 | 4.1900 | 4.1900 | 4.1900 |
| Parks & Recreation | 0.2368 | 0.2392 | 0.2410 | 0.2415 | 0.2415 | 0.2415 | 0.2415 | 0.2415 |
| Huron Clinton Authority | 0.2140 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 |
| Zoo Authority | 0.0980 | 0.0990 | 0.0998 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 |
| Arts Authority | 0.1961 | 0.1981 | 0.1996 | 0.2000 | 0.2000 | 0.2000 | 0.0000 | 0.0000 |
| Total | 4.7849 | 4.7909 | 4.8450 | 4.9461 | 4.9461 | 4.7461 | 4.7461 | 4.6461 |

Source: Oakland County Treasurer

Tax Rate Limitation

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 millage of the local units involved shall then be permanently fixed within that greater millage limitation.

Act 62, Public Acts of Michigan, 1933, as amended, defines local units as counties, townships, villages, cities, school districts, community college districts, intermediate school districts, districts and other organizations or districts which

may be established with the power to levy taxes, except villages and cities for which there are provisions in their charters or general law fixing maximum limits on the power to levy taxes against property.

The County voted in 1978 to fix millage rates pursuant to Section 6 of the 1963 Michigan Constitution and eliminate the Tax Allocation Board. The fixed rates are as follows (per \$1,000 of equalized valuation):

| <u>Unit of Government</u> | <u>Millage Rate</u> |
|---|---------------------|
| Any School District | 9.54 |
| County of Oakland | 5.26 |
| Any Township | 1.41 |
| Oakland County Intermediate School District | <u>0.25</u> |
| Total Millage Rate | 16.46 |

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

1. All debt service on tax supported notes 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 such increased millage is approved by a majority of the qualified electors of the local unit.

County Operating Tax Collection Record

Table 3 – Collection Record of County's Tax Levy, 2007 - 2016

| <u>Year of Tax Levy</u> | <u>Tax Levy*</u> | <u>Collections to March 1 of Each Levy Year Amount**</u> | <u>Percent</u> | <u>Collections Plus Delinquent Tax Funding Percent</u> |
|-----------------------------|------------------|--|----------------|--|
| 2016 | \$208,735,308 | \$204,440,226 | 97.94% | 100.00% |
| 2015 | 207,429,739 | 202,760,984 | 97.55 | 100.00 |
| 2014 | 204,966,211 | 199,927,994 | 97.54 | 100.00 |
| 2013 | 201,089,193 | 195,528,055 | 97.23 | 100.00 |
| 2012 | 201,724,853 | 189,692,721 | 94.04 | 100.00 |
| 2011 | 206,524,166 | 198,931,022 | 96.32 | 100.00 |
| 2010 | 223,423,778 | 214,041,473 | 95.80 | 100.00 |
| 2009 | 253,987,318 | 241,943,443 | 95.26 | 100.00 |
| 2008 | 262,899,380 | 251,050,564 | 95.49 | 100.00 |
| 2007 | 262,814,606 | 251,354,868 | 95.64 | 100.00 |

* Includes real and personal property taxes.

** Reflects only real property delinquency and assumes 100% collection of personal property taxes.

Source: Oakland County Treasurer

Prior to 1997, the County's fiscal year began on January 1st and ended on December 31st. Starting in 1997, the County's Fiscal Year started on October 1st ended on September 30th. Taxes are due December 1, and become delinquent the following March 1. The County has issued General Obligation Limited Tax Notes and established a 100% Tax Payment Fund at the County level, and after March 1st, the County pays, from the 100% Tax Payment Fund, all delinquent real property taxes from all municipalities in the County. The fund does not cover personal, buildings on leased land, DNR-PILT, or tax abated property taxes. Delinquent personal property taxes are negligible, and therefore, 100% Tax Collections are reported above.

Table 4 – Collection Record of County Wide Tax Levy, 2007 - 2016

| Year of Tax Levy | Tax Levy* | Collections to March 1 of Each Levy Year Amount** | Percent | Collections Plus Delinquent Tax Funding Percent |
|-----------------------------|------------------|--|----------------|--|
| 2016 | \$2,328,096,528 | \$2,256,640,187 | 96.93% | 100.00% |
| 2015 | 2,286,212,705 | 2,212,322,514 | 96.77 | 100.00 |
| 2014 | 2,217,628,392 | 2,140,231,078 | 96.51 | 100.00 |
| 2013 | 2,170,304,164 | 2,083,958,031 | 96.02 | 100.00 |
| 2012 | 2,155,447,277 | 2,059,602,174 | 95.55 | 100.00 |
| 2011 | 2,196,145,824 | 2,081,982,974 | 94.80 | 100.00 |
| 2010 | 2,317,084,920 | 2,179,375,143 | 94.06 | 100.00 |
| 2009 | 2,552,222,639 | 2,388,595,610 | 93.59 | 100.00 |
| 2008 | 2,608,706,372 | 2,451,081,244 | 93.96 | 100.00 |
| 2007 | 2,655,538,647 | 2,505,486,055 | 94.34 | 100.00 |

* Includes real and personal property taxes.

** Reflects only real property delinquency and assumes 100% collection of personal property taxes.

Source: Oakland County Treasurer

Property Subject to Taxation

The State Constitution limits the proportion of true cash value at which property can be uniformly assessed to 50% or less. By statute, the state Legislature has provided that the property shall be assessed at 50% of its true cash value. The state Legislature or the electorate may at some future time reduce the percentage below the present 50% of true cash value.

Responsibility for assessing local taxable property rests with the assessing officers of cities, villages, and townships. Any property owner may appeal his or her assessment to the local Board of Review and ultimately to the Michigan State Tax Tribunal.

The State Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government are responsible for actually assessing at 50% of true cash value, the final state equalized assessment against which local property tax rates are applied is derived through several steps. County equalization is brought about by adjustments of the various local unit assessment ratios to the same levels; thereafter, the State equalizes the various counties in relation to each other.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution, limiting the increase in taxable value of property in any year, commencing 1995, to 5% or the rate of inflation, whichever is less, until ownership of the property is transferred at which time the assessment reverts to 50% of the true cash value of the property, as equalized. The effect of this assessment cap will be that different parcels of property will be taxed on different percentages of their cash value. The legislation implementing this constitutional amendment adds a new measure of property value for property taxes levied after 1994, known as taxable value. For the year 1995, the taxable value of property is based on the state equalized value (SEV) of that property in 1994. For each year after 1994, increases in the taxable value of property are limited by the constitutional assessment cap or the percentage change in the SEV of such property from the prior year until the transfer of ownership of the property at which time the taxable value shall be the property's SEV.

Industrial Facilities Tax

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended), provides significant tax incentives to industry to renovate and expand aging plants and to build new plants 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 plants to the area. The issuance of any exemption certificate must be approved by the State Treasurer. Firms situated in such districts pay an Industrial Facilities Tax in lieu of property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the assessed value is frozen at previous levels. New plant and equipment is taxed at one-half the current millage rate. 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. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one half the current millage rate, except for mills levied for local and intermediate school operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993. For 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. For abatements granted after 1993, the State Treasurer may also permit abatement of one-half of the mills levied or exempt the abatement totally from mills levied under the State Education Act. Abatements under Act 198 have been granted to properties in the County with a total 2016 taxable valuation of \$218,292,630 for real and personal property. The total number of parcels with exemptions in 2016 under Act 198 within the County was 329.

Others

The Obsolete Properties Tax (Act 146, Public Acts of Michigan, 2000) provides partial property tax abatements to property owners on the value of improvements made to certain types of commercial and residential properties. Currently, the City of Pontiac is the only community in Oakland County to utilize this tax abatement.

The Taxation of Lessees or Users of Tax-exempt Property Act (Act 189, Public Acts of Michigan, 1953) states that if real property exempt for any reason from ad valorem property taxation is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit, the lessee or user of the real property is subject to taxation in the same amount and to the same extent as though the lessee or user owned the real property. The total number of lessees or users in 2018 under Act 189 within the County was 20.

Source: Oakland County Treasurer

Largest Taxpayers

The 10 largest taxpayers in the County and their May 15, 2017 taxable valuations are:

Table 5 – Ten Largest Taxpayers

| Taxpayer | Taxable Valuation |
|----------------------------|--------------------------|
| DTE Electric and Gas | \$551,389,249 |
| Consumers Energy | \$287,012,198 |
| FCA Auburn Hills Owner LLC | \$167,950,630 |
| Enbridge | \$116,830,080 |
| SL Town ETAL | \$78,961,590 |
| Oakland Management | \$75,449,600 |
| Frankel Forbes Cohen | \$74,439,120 |
| Taubman | \$68,408,310 |
| Comcast | \$56,856,520 |
| Redwood ERC Novi LLC | \$56,025,150 |
| Total | \$1,533,322,447 |

Note: The taxable values have been compiled from a number of sources/reports and may include estimated figures.

Source: Oakland County Equalization Department

Major Employers

The 25 largest employers in the County and number of employees in 2017.

Table 6 – Twenty-Five Largest Employers in the County

| Employer Name | Approximate Number of Employees |
|------------------------------------|--|
| Beaumont Hospitals | 18,301 |
| FCA US LLC | 13,099 |
| General Motors Co. | 9,687 |
| Ascension Michigan | 5,474 |
| U.S. Postal Service | 4,195 |
| Henry Ford Health System | 4,085 |
| Oakland County | 3,451 |
| Trinity Health | 2,466 |
| Magna International of America | 2,441 |
| Comerica Bank | 2,003 |
| Flagstar Bancorp Inc. | 1,979 |
| Lear Corporation | 1,932 |
| Rochester Community Schools | 1,833 |
| McLaren Health Care Corp. | 1,831 |
| Oakland University | 1,764 |
| Blue Cross Blue Shield of Michigan | 1,496 |
| Walled Lake Community Schools | 1,410 |
| Huron Valley Schools | 1,362 |
| Delphi Automotive | 1,316 |
| Comau, Inc. | 1,300 |
| U.S. Farathane | 1,269 |
| The Suburban Collection | 1,251 |
| Kelly Services, Inc. | 1,235 |
| Nissan North America Inc. | 1,213 |
| Detroit Medical Center | 1,150 |
| State of Michigan | 1,150 |

Source: Oakland County Department of Planning and Economic Development

Labor Force

The unemployment rate for Oakland County averaged 3.5% and 4.5% for the State of Michigan in 2017.

Table 7 – Unemployment History in the County – Calendar Year 2017

| Month | Total Labor Force | Unemployment | Percent Unemployed |
|-----------|-------------------|--------------|--------------------|
| January | 650,090 | 31,055 | 4.8% |
| February | 651,319 | 28,628 | 4.4% |
| March | 653,280 | 25,055 | 3.8% |
| April | 652,049 | 19,626 | 3.0% |
| May | 658,000 | 18,754 | 2.9% |
| June | 657,676 | 19,211 | 2.9% |
| July | 662,258 | 22,208 | 3.4% |
| August | 662,494 | 22,937 | 3.5% |
| September | 665,213 | 22,927 | 3.4% |
| October | 659,133 | 21,770 | 3.3% |
| November | 660,687 | 19,533 | 3.0% |
| December | 657,814 | 21,339 | 3.2% |

Source: State of Michigan, Department of Technology, Management & Budget

Table 8 – Unemployment History in the County, 2007-2016 (Annual Averages)

| Year | Total Work Force | Unemployment | Percent Unemployed |
|------|------------------|--------------|--------------------|
| 2008 | 609,423 | 40,300 | 6.6% |
| 2009 | 606,548 | 78,817 | 13.0% |
| 2010 | 621,876 | 73,177 | 11.8% |
| 2011 | 610,881 | 58,221 | 9.5% |
| 2012 | 616,205 | 50,751 | 8.2% |
| 2013 | 626,783 | 48,816 | 7.8% |
| 2014 | 629,865 | 40,945 | 6.5% |
| 2015 | 633,540 | 30,145 | 4.8% |
| 2016 | 648,101 | 27,402 | 4.2% |
| 2017 | 657,501 | 22,754 | 3.5% |

Source: State of Michigan, Department of Technology, Management & Budget

Table 9 – Unemployment History in the State of Michigan, 2007-2016 (Annual Averages)

| Year | Total Work Force | Unemployment | Percent Unemployed |
|-------------|-------------------------|---------------------|---------------------------|
| 2008 | 4,921,000 | 392,000 | 8.0% |
| 2009 | 4,904,000 | 670,000 | 13.7% |
| 2010 | 4,799,000 | 605,000 | 12.6% |
| 2011 | 4,685,000 | 487,000 | 10.4% |
| 2012 | 4,673,000 | 426,000 | 9.1% |
| 2013 | 4,728,000 | 418,000 | 8.8% |
| 2014 | 4,754,000 | 345,000 | 7.3% |
| 2015 | 4,757,000 | 257,000 | 5.4% |
| 2016 | 4,837,000 | 238,000 | 4.9% |
| 2017 | 4,873,917 | 220,167 | 4.5% |

Source: State of Michigan, Department of Technology, Management & Budget

Income

Oakland County's per capita income (PCI) was \$65,759 in 2016, the highest among Michigan's 83 counties. Oakland's PCI also compares favorably to the national average \$49,246 and state average of \$44,253.

Table 10 - Per Capita Personal Income in Oakland County, 2004-2016

| Year | Per Capita Income |
|-------------|--------------------------|
| 2004 | 50,427 |
| 2005 | 51,383 |
| 2006 | 51,762 |
| 2007 | 53,185 |
| 2008 | 52,884 |
| 2009 | 48,577 |
| 2010 | 49,821 |
| 2011 | 54,114 |
| 2012 | 57,372 |
| 2013 | 57,641 |
| 2014 | 60,610 |
| 2015 | 64,106 |
| 2016 | 65,759 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

County Labor Contracts

As of January 2018, Oakland County has 3,809 full time eligible positions of which 1,577 are represented by 8 certified bargaining units.

There are no current labor problems which might have a material effect upon Oakland County.

Table 11 – Oakland County Employees Represented by Bargaining Unit

| County Employee Group | Number of Positions | Contract Expiration Date |
|--------------------------------|----------------------------|---------------------------------|
| Sheriff's Law Enforcement | 427 | 9/30/2018 |
| Corrections and Services | 342 | 9/30/2018 |
| Sheriff's Command Officers | 117 | 9/30/2018 |
| Children's Village Employees | 144 | 9/30/2018 |
| Family Court Employees | 89 | 9/30/2018 |
| Prosecutor's Investigators | 8 | 9/30/2018 |
| Oakland County Employees Union | 363 | 9/30/2018 |
| Public Health Nurses | <u>87</u> | 9/30/2018 |
| | 1,577 | |

Source: Oakland County Human Resources Department.

Major Corporations

Oakland County is host to Major Corporate Headquarters and Major Regional Division Offices. Below is a listing of the top ten doing business in Oakland County:

Table 12 – Companies with Major Corporate or Regional Division Offices in Oakland County

| <u>Company</u> | <u>Sales (millions)</u> |
|--|--------------------------------|
| Fiat Chrysler Automobiles N.V. | \$111,018.0 |
| Penske Automotive Group | 20,118.5 |
| Lear Corporation | 18,557.6 |
| Aptiv, PLC (formerly Delphi Automotive, PLC) | 16,661.0 |
| Autoliv, Inc | 10,074.0 |
| BORGWARNER Inc. | 9,071.0 |
| Federal-Mogul Corporation | 7,434.0 |
| IAC Group North America Inc. | 6,000.0 |
| Kelly Services, Inc. | 5,276.8 |
| Guardian Industries Corporation | 5,031.9 |

Source: Hoover's, Bloomberg; Most recent annual filing or estimate as of January 31, 2018

Revenue Sharing 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 State's fiscal year begins October 1 of each year and end 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.

Act Nos. 356 and 357, Public Acts of Michigan, 2004 signed into law on September 30, 2004 made a number of changes. The most important change is a movement of the county fixed or allocated millage from December 1 to July 1. This movement occurs transitionally beginning in 2004 and is complete in July of 2007. In addition, a special Revenue Sharing Reserve Fund ("RSRF") was established and used to reduce the State's obligation to pay revenue sharing to counties. This allows counties to collect part of their millage earlier in the year thereby advancing their cash flows.

The RSRF could be drawn on by counties to replace the revenue sharing payments which they would have otherwise received from the State. Once money in the RSRF was depleted, revenue sharing payments to the counties resumed. In Oakland County, revenue sharing distributions from the State resumed in 2015.

Tax Collection and Levy Date for County Fixed or Allocated Millage

The money which is generated by a cash flow shift which will accelerate the collection of county fixed or allocated millage. All counties collect a base tax (which is, of course, reduced by Headlee rollbacks and limited by Proposal A caps) which is either fixed by a vote of the county voters or allocated to the county by a tax allocation board. In addition, counties have a right to vote extra millages for various purposes for up to 20 years. THIS DOES NOT APPLY TO EXTRA VOTED TAXES WHICH CONTINUE TO BE LEVIED AND COLLECTED ON DECEMBER 1.

Resumption of Actual Revenue Sharing Payments

The statutory guarantee to counties to receive revenue sharing payments from the State remain in full force and effect.

Purchasers of the Bonds offered herein should be alert to further modifications to revenue sharing payments to Michigan local government units, to the potential consequent impact upon the County's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the County from the State.

Pensions

As of September 30, 2016, the actuarial value of assets was used to determine both the funded status and the required employer contribution. The resulting System funded percent is 102.3%.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2016:

Table 13 – Oakland County Employees Retirement System – Present Financial Report

| | General Union | Command Officers | Road Deputies | Corrections Deputies | Total |
|--|---------------|---------------------|---------------|-------------------------|---------------|
| A. Accrued Liability | | | | | |
| 1. For retirees and beneficiaries | \$475,902,136 | \$41,598,557 | \$47,017,620 | \$51,792,720 | \$616,311,033 |
| 2. For vested /terminated members | 6,803,134 | 299,101 | 140,125 | 298,351 | 7,540,711 |
| 3. For present active members | | | | | |
| a. Value of expected future benefit payments | 98,362,293 | 13,621,106 | 23,732,108 | 12,447,974 | 148,163,481 |
| b. Value of future normal costs | 6,867,863 | 640,172 | 1,300,264 | 685,938 | 9,494,237 |
| c. Active member liability: (a) – (b) | 91,494,430 | 12,980,934 | 22,431,844 | 11,762,036 | 138,669,244 |
| 4. Total | 574,199,700 | 54,878,592 | 69,589,589 | 63,853,107 | 762,520,988 |
| B. Valuation Assets | 587,762,534 | 55,761,963 | 71,407,869 | 64,752,869 | 779,685,235 |
| C. Unfunded Accrued Liability: (A.4) – (B) | (13,562,834) | (883,371) | (1,818,280) | (899,762) | (17,164,247) |

Other Post-Employment Benefits (OPEB)

The plan's funding percent based on the actuarial value of plan assets is 123% as of September 30, 2016, while prior year the funded percent was 124%.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2016:

Table 14 – Oakland County Retirees' Health Care Trust* – Present Financial Report

| | General County | Command Officers | Road Deputies | Corrections Deputies | Total |
|---|----------------|------------------|---------------|----------------------|---------------|
| A. Accrued Liability | | | | | |
| 1. For retirees and beneficiaries | \$406,259,810 | \$31,419,620 | \$47,088,666 | \$42,958,440 | \$527,726,536 |
| 2. For vested and terminated members | 51,603,883 | 969,675 | 3,176,600 | 2,570,842 | 58,321,000 |
| 3. For present active members | | | | | |
| a. Value of expected future benefit payments | 282,454,328 | 31,432,581 | 76,329,589 | 45,017,018 | 435,233,516 |
| b. Value of future normal costs | 44,427,455 | 4,547,624 | 18,019,667 | 10,235,905 | 77,230,641 |
| c. Active member liability: (a) – (b) | 238,026,883 | 26,884,957 | 58,309,922 | 34,781,113 | 358,002,875 |
| 4. Total | 695,890,576 | 59,274,252 | 108,575,188 | 80,310,395 | 944,050,411 |
| B. Valuation Assets | 848,480,781 | 65,139,403 | 143,644,413 | 107,300,888 | 1,164,565,485 |
| C. Unfunded Accrued Liability: (A.4) – (B) | (152,590,205) | (5,865,151) | (35,069,225) | (26,990,493) | (220,515,074) |

** The State of Michigan adopted new legislation – Public Act 329, effective October 9, 2012 – which authorized local units of government to issue taxable general obligation bonds to fund OPEB obligations. This created the opportunity for the County to take advantage of lower bond interest rates and to refinance the 2007 COPS debt. On September 27, 2013, Oakland County initiated a private placement of \$350 million in bonded debt to refinance the outstanding long-term OPEB COP's debt of \$422.1 million which were subsequently called on April 1, 2014. The remaining amount of \$72.1 million needed to call the debt came from surplus assets in the Interim trust fund set up to keep the V'EB Trust fully funded.*

**Table 15 – History of State Equalized Valuation (SEV)
(Represents 50% of true cash value)**

| Assessment Year | Real Property | Personal Property | Total | % Change In Total | Taxable Value |
|--------------------|------------------|----------------------|------------------|----------------------|------------------|
| 2017 | \$65,554,572,199 | \$3,453,780,010 | \$69,008,352,209 | 6.03% | \$54,723,743,027 |
| 2016 | 61,675,751,998 | 3,409,099,116 | 65,084,851,114 | 7.04% | 52,786,202,473 |
| 2015 | 56,923,321,000 | 3,882,782,774 | 60,806,103,774 | 10.39% | 51,895,341,437 |
| 2014 | 51,433,104,533 | 3,651,502,760 | 55,084,607,293 | 7.11% | 50,048,650,087 |
| 2013 | 47,639,423,175 | 3,790,500,640 | 51,429,923,815 | 1.16% | 49,235,110,306 |
| 2012 | 47,131,932,645 | 3,707,092,321 | 50,839,024,966 | -3.08% | 49,235,953,993 |
| 2011 | 48,766,831,153 | 3,686,629,190 | 52,453,460,343 | -9.16% | 50,798,540,257 |
| 2010 | 53,979,517,024 | 3,765,559,483 | 57,745,076,507 | -14.90% | 55,081,707,586 |
| 2009 | 63,909,419,815 | 3,949,566,334 | 67,858,986,149 | -8.90% | 62,416,676,895 |
| 2008 | 70,503,451,609 | 3,987,629,953 | 74,491,081,562 | -3.67% | 64,745,976,336 |

Source: Oakland County Equalization Department

SEV does not include any value of tax exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatements. See "Taxing Procedures" herein. In accordance with Act 409, Public Acts of 1965, as amended, and Article IX, Section 3, of the Michigan Constitution of 1963, SEV represents 50% of true cash value.

Table 16 – History and Percentage Breakdown of State Equalized Valuation by Tax Year

| Type of Property | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential | 76.9% | 76.7% | 75.3% | 73.7% | 71.3% | 69.9% | 68.5% | 67.6% | 68.7% | 70.9% |
| Commercial | 15.2 | 15.2 | 15.5 | 16.7 | 18.0 | 19.3 | 20.6 | 19.6 | 19.0 | 17.6 |
| Industrial | 2.8 | 2.8 | 2.7 | 2.9 | 3.1 | 3.4 | 3.7 | 6.0 | 6.3 | 6.0 |
| Personal Property | 5.0 | 5.2 | 6.4 | 6.6 | 7.4 | 7.3 | 7.0 | 6.5 | 5.8 | 5.4 |
| Agricultural | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 |
| Developmental | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Oakland County Equalization Department

Personal Property Tax Revenues

In an effort to entice businesses to locate in Michigan and to encourage existing businesses to expand, the Michigan Legislature approved a series of bills in December 2012 to phase out and eventually eliminate industrial and commercial personal property tax (PPT). These bills were tie-barred together, were to be implemented in phases, and required approval by statewide vote in August 2014 to take full effect. Based on these bills passed in 2012, local units of government would have received partial but not full reimbursement from the State for reduced PPT revenue. The budget as adopted in September 2013 included a reduction in the PPT revenue based on the 2012 PPT reduction bills.

The Legislature passed a series of new PPT bills in 2014 to fix some technical problems identified with the 2012 bills and also to provide funding to eventually fully reimburse local governments for the reduction in PPT revenue. These bills also were dependent upon voter approval in August 2014. On August 5, 2014 the voters of the State of Michigan approved a ballot proposition having the effect of approving the PPT plan contained in the 2012 bills as modified by the 2014 bills.

The first phase of the PPT plan took effect on January 1, 2014, with an exemption for business owners if their personal property has a combined true cash value of less than \$80,000 (taxable value of less than \$40,000). However, eligible property owners must have filed an affidavit by February 2014 in order to claim the exemption. The triennial budget

as adopted in September 2013 included the assumption that all eligible property owners filed for the required affidavit by the state-imposed February deadline and that PPT revenue will be reduced by \$1.5 million annually in FY 2014 and FY 2015. The previously adopted budget also included further additional reductions in PPT for the subsequent implementation of the second and third phases based on the legislation passed in 2012, with the exemption amounts budgeted at \$2.8 million in FY 2016 and increasing to \$4.5 million in FY 2017.

Based on the new legislation passed in 2014, the lost revenue from the PPT exemptions would be restored through State reimbursement beginning in FY 2016. The County has received full reimbursement of PPT losses for FY 2016 and FY 2017 with the State of Michigan reimbursing at rates of more than 100% for those years.

Table 17 – History of County Wide Tax Delinquencies

| Levy Year | Real Property | Personal Property |
|-----------|------------------|-------------------|
| 2016 | \$ 66,517,083.17 | \$4,813,003.09 |
| 2015 | 68,796,395.48 | 4,791,215.74 |
| 2014 | 72,532,013.95 | 4,669,385.41 |
| 2013 | 80,215,223.23 | 6,132,887.66 |
| 2012 | 89,699,373.20 | 5,702,067.01 |
| 2011 | 107,675,895.41 | 6,032,598.54 |
| 2010 | 130,215,501.20 | 7,271,064.88 |
| 2009 | 155,464,907.26 | 7,809,985.47 |
| 2008 | 149,883,620.70 | 7,387,710.43 |
| 2007 | 138,097,525.69 | 9,102,775.59 |

Source: Oakland County Treasurer

Debt-History

The County of Oakland has no record of default.

Short-Term Financing

The County has issued short-term notes in order to establish the 100% Delinquent Tax Payment Fund. Notes issued in each of the years below have been in a face amount less than the actual real property tax delinquency. The County has pledged its full faith and credit and limited taxing power to the payment of principal and interest on notes issued since 1979. The County does not issue short-term obligations for cash flow purposes.

Table 18 – History of Oakland County Delinquent Tax Anticipation Notes

| Year Issued | Notes Issued | Amount Outstanding |
|-------------|--------------|--------------------|
| 2017 | \$25,000,000 | \$25,000,000 |
| 2016 | 25,000,000 | 0 |
| 2015 | 25,000,000 | 0 |
| 2014 | 25,000,000 | 0 |
| 2013 | 25,000,000 | 0 |
| 2012 | 25,000,000 | 0 |
| 2011 | 50,000,000 | 0 |
| 2010 | 50,000,000 | 0 |
| 2009 | 50,000,000 | 0 |
| 2008 | 25,000,000 | 0 |
| 2007 | 25,000,000 | 0 |

Source: Oakland County Treasurer

Lense Obligations

The County leases a portion of its Law Enforcement Complex, Rochester Hills 52-3 District Court, Executive Office Building, Airport T-Hangars, Airport Terminal Building, Animal Control Building and various Facility Infrastructure and Information Technology Capital Projects from the Oakland County Building Authority. Since ownership of the property will ultimately transfer to the County from the Building Authority, the leases have been capitalized. There are also a number of sub-leases between the County and various governmental entities with the debt being funded from payments from the benefiting community over the life of the debt issues, with the structures being collateral. Current sub-leases are in place with the City of Rochester Hills, City of Keego Harbor, and City of Oak Park. All County Building Authority Debt is listed in the Debt Statement.

The County leases certain office and computer equipment and facilities. Total lease expense and future minimum annual payments are not significant.

Future Financing

The County will be moving ahead with its projects and has bond offerings planned for 2018.

Banking

The banking needs of the County are adequately handled by:

| | | |
|------------------------------|------------------------------|------------------------------|
| Bank of America | Comerica Bank | Level One Bank |
| Bank of Ann Arbor | Crestmark Bank | mBank |
| Bank of Birmingham | Flagstar Bank | Main Street Bank |
| Charter One Bank, NA | Genisys Credit Union | Mercantile Bank |
| Chemical Bank | Horizon Bank | Michigan First Credit Union |
| Chief Financial Credit Union | Huron Valley State Bank | Oxford Bank |
| CIBC | Independent Bank | PNC Bank |
| Citizens Community Federal | JP Morgan Chase Bank | The Huntington National Bank |
| Clarkston State Bank | Lakes Community Credit Union | TCF Bank |

Table 19 –Oakland County Net Direct Debt as of 12/31/2017 - Unaudited

| | <u>Gross</u> | <u>Self-Supporting or Portion Paid Directly by Benefited Municipalities</u> | <u>Net</u> |
|-------------------------------------|----------------------|---|----------------------|
| <u>Limited Tax</u> | | | |
| Building Authority | \$ 40,095,000 | \$ 3,020,000 | \$ 37,075,000 |
| Building Authority Refunding | 29,570,000 | - | 29,570,000 |
| Retirees Health Care Bonds | 283,370,000 | - | 283,370,000 |
| Sewer Disposal Bonds | 13,945,000 | 9,755,000 | 4,190,000 |
| Water Supply Bonds | 14,195,000 | 14,195,000 | - |
| Water & Sewage Refunding | 1,000,000 | 1,000,000 | - |
| Mich. Bond Auth.-Sewage Disp. Bonds | 55,374,672 | 1,575,178 | 53,799,494 |
| GOLT Tax Notes | 25,000,000 | 25,000,000 | - |
| Total | \$462,549,672 | \$54,545,178 | \$408,004,494 |
| <u>Drain District</u> | | | |
| Drain Bonds | \$ 69,255,000 | \$ 61,940,745 | \$ 7,314,255 |
| Drain Refunding | 9,375,000 | 7,909,645 | 1,465,355 |
| Michigan Bond Authority Drain | 168,902,476 | 101,376,231 | 67,526,245 |
| Total | \$247,532,476 | \$171,226,621 | \$76,305,855 |

Table 20 – Oakland County Overlapping Debt as of 12/31/2017

| | |
|--|------------------------|
| Cities, Villages and Townships | \$1,155,305,407 |
| School Districts | 2,267,330,370 |
| Community College, Intermediate School Districts and Library | 47,509,938 |
| Net County Overlapping Debt | \$3,470,145,715 |
| Net County Direct and Overlapping Debt* | \$3,954,456,064 |
| County Issued Debt Paid by Local Municipalities | \$200,771,799 |

**Short Term Notes not included in Net County Direct and Overlapping Debt*

Overlapping Debt: Property in the County is currently taxed for a proportionate share of outstanding debt obligations of overlapping governmental entities including school districts, cities, villages and townships within the County.

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

**Table 21 – Oakland County Schedule of Bond Maturities
County Credit and Limited Tax
Principal Only as of 12/31/2017**

| <u>Year</u> | <u>Building Authority</u> | <u>Building Authority Refunding</u> | <u>Water Supply Bonds</u> | <u>Water & Sewage Refunding</u> | <u>MBA Sewer Disposal Bonds</u> |
|-------------|-------------------------------|---|-----------------------------------|---|---|
| 2018 | \$2,655,000 | \$2,410,000 | \$745,000 | \$205,000 | \$2,260,000 |
| 2019 | 2,705,000 | 2,465,000 | 730,000 | 200,000 | 1,725,000 |
| 2020 | 2,780,000 | 2,460,000 | 740,000 | 220,000 | 1,770,000 |
| 2021 | 2,885,000 | 2,345,000 | 775,000 | 215,000 | 1,805,000 |
| 2022 | 2,960,000 | 2,430,000 | 785,000 | 160,000 | 1,850,000 |
| 2023 | 815,000 | 1,200,000 | 800,000 | - | 1,895,000 |
| 2024 | 820,000 | 755,000 | 835,000 | - | 1,940,000 |
| 2025 | 870,000 | 100,000 | 845,000 | - | 1,985,000 |
| Beyond 2025 | <u>4,320,000</u> | <u>0</u> | <u>7,940,000</u> | <u>0</u> | <u>20,415,939</u> |
| | <u>\$20,810,000</u> | <u>\$14,165,000</u> | <u>\$14,195,000</u> | <u>\$1,000,000</u> | <u>\$35,645,939</u> |

Source: Oakland County Treasurer

**Table 22 – Oakland County Schedule of Drain Bond Maturities
County Credit and Limited Tax
Principal Only as of 12/31/2017**

| <u>Year</u> | <u>Drain Bonds</u> | <u>Drain Refunding</u> | <u>Sewage Bonds</u> | <u>M.B.A. Drain Bonds</u> | <u>M.B.A. Sewage Bonds</u> |
|-------------|------------------------|----------------------------|-------------------------|-------------------------------|--------------------------------|
| 2018 | \$3,525,000 | \$1,385,000 | \$90,000 | \$13,405,000 | \$1,070,000 |
| 2019 | 3,955,000 | 1,370,000 | 90,000 | 13,890,000 | 1,100,000 |
| 2020 | 4,100,000 | 1,395,000 | 90,000 | 14,097,717 | 1,125,000 |
| 2021 | 4,220,000 | 1,440,000 | 95,000 | 14,365,000 | 1,160,000 |
| 2022 | 4,315,000 | 1,460,000 | 95,000 | 14,705,000 | 1,180,000 |
| 2023 | 3,995,000 | 960,000 | 100,000 | 13,920,000 | 1,215,000 |
| 2024 | 4,130,000 | 930,000 | 105,000 | 14,121,172 | 1,245,000 |
| 2025 | 4,275,000 | 435,000 | 105,000 | 8,925,000 | 1,270,000 |
| Beyond 2025 | <u>36,740,000</u> | <u>0</u> | <u>225,000</u> | <u>77,619,440</u> | <u>10,363,73</u> |
| | <u>\$69,255,000</u> | <u>\$9,375,000</u> | <u>\$995,000</u> | <u>\$168,902,476</u> | <u>\$19,728,733</u> |

Source: Oakland County Treasurer

**Table 23 – Oakland County Schedule of Bond Maturities
with Limited County Pledge - Taxable
Principal Only as of 12/31/2017**

| <u>Year</u> | <u>Bldg. Authority</u> | <u>Bldg. Authority Refunding</u> | <u>Retirees Health Care Bonds</u> | <u>Sewage</u> | <u>Tax Notes</u> |
|-------------|----------------------------|--|---------------------------------------|---------------------|---------------------|
| 2018 | \$925,000 | \$2,425,000 | \$23,870,000 | \$505,000 | \$25,000,000 |
| 2019 | 945,000 | 2,490,000 | 24,750,000 | 515,000 | 0 |
| 2020 | 960,000 | 2,575,000 | 25,660,000 | 710,000 | 0 |
| 2021 | 970,000 | 2,655,000 | 26,605,000 | 735,000 | 0 |
| 2022 | 1,010,000 | 2,685,000 | 27,585,000 | 745,000 | 0 |
| 2023 | 1,030,000 | 1,265,000 | 28,605,000 | 775,000 | 0 |
| 2024 | 1,075,000 | 1,310,000 | 29,660,000 | 795,000 | 0 |
| 2025 | 1,100,000 | 0 | 30,750,000 | 825,000 | 0 |
| Beyond 2025 | <u>11,270,000</u> | <u>0</u> | <u>65,885,000</u> | <u>7,345,000</u> | <u>0</u> |
| | <u>\$19,285,000</u> | <u>\$15,405,000</u> | <u>\$283,370,000</u> | <u>\$12,950,000</u> | <u>\$25,000,000</u> |

Source: Oakland County Treasurer

**Table 24 – Oakland County Schedule of Principal and Interest Requirements
as of 12/31/2017**

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|----------------------|---------------------|----------------------|
| 2018-2019 | \$135,940,654.00 | \$42,418,374.61 | \$182,069,028.61 |
| 2020-2024 | 289,497,676.00 | 69,744,120.94 | 359,241,796.94 |
| 2025-2030 | 214,257,758.00 | 29,178,275.70 | 243,436,033.70 |
| 2031-2040 | <u>70,386,060.00</u> | <u>4,761,458.36</u> | <u>75,147,518.36</u> |
| | \$710,082,148.00 | \$144,411,152.59 | \$854,493,300.59 |

Source: Oakland County Treasurer

**Table 25 – Oakland County Statement of Legal Debt Margin
as of 12/31/2017**

| | |
|---|---------------------------|
| <u>Bonds and Notes with County Credit and Limited Tax</u> | |
| GOLT Bldg. Authority | \$ 20,810,000.00 |
| GOLT Bldg. Authority Refunding | 14,165,000.00 |
| GOLT Water | 14,195,000.00 |
| GOLT Water & Sewage Refunding | 1,000,000.00 |
| Michigan Bond Authority Sewage Disposal | 35,645,939.00 |
| Total | <u>\$ 85,815,939.00</u> |
| <u>Drain Bonds</u> | |
| Drain Bonds | \$ 69,255,000.00 |
| Drain Refunding | 9,375,000.00 |
| Sewage | 995,000.00 |
| Michigan Bond Authority Sewage Disposal | 19,728,733.00 |
| Michigan Bond Authority Drain | 168,902,476.00 |
| Total | <u>\$ 268,256,209.00</u> |
| <u>Bonds and Notes with County Credit and Limited-Taxable</u> | |
| GOLT Bldg Authority | \$ 19,285,000.00 |
| GOLT Bldg Authority Refunding | 15,405,000.00 |
| GOLT Retirees Health Care Bonds | 283,370,000.00 |
| GOLT Sewage | 12,950,000.00 |
| GOLT Tax Notes | 25,000,000.00 |
| Total | <u>\$ 356,010,000.00</u> |
| Total All County Debt | <u>\$ 710,082,148.00</u> |
| Statutory Limit - 10% of Currently Approved SEV | \$6,900,835,220.90 |
| Total County Credit/Pledged Debt | 710,082,148.00 |
| Available Statutory Debt Limit | <u>\$6,190,753,072.90</u> |

Source: Oakland County Treasurer

**EXHIBIT A
COUNTY OF OAKLAND
GENERAL AND ECONOMIC INFORMATION**

EXHIBIT B

FINANCIAL INFORMATION REGARDING THE COUNTY OF OAKLAND

The following sections of the audited financial statements* of the County of Oakland for the Fiscal Year ended September 30, 2016 have been extracted from the audit:

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| Independent Auditor's Report | 21-23 |
| Statement of Net Position | 45-46 |
| Statement of Activities | 47-48 |
| Balance Sheet – Governmental Funds | 49-50 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position | 51 |
| Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds | 52-53 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 54 |
| Statement of Net Position – Proprietary Funds | 55-58 |
| Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds | 59-60 |
| Statement of Cash Flows – Proprietary Funds | 61-65 |
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| Statement of Changes in Net Position – Fiduciary Funds | 67 |
| Statement of Net Position – Component Units | 68 |
| Statement of Activities – Component Units | 69 |
| Notes to Basic Financial Statements | 70-121 |

*Note: The County's auditors have not been asked to consent to the use of the audited financial statements provided herein and have not conducted any subsequent review of such audited financial statements or the information presented in this Exhibit B.

Independent Auditor's Report

To the Board of Commissioners
Oakland County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County, Michigan (the "County") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Commissioners
Oakland County, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of September 30, 2016 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, as identified in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, as identified in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Commissioners
Oakland County, Michigan

The introductory section and statistical section, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of Oakland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oakland County's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 24, 2017

County of Oakland
Statement of Net Position
September 30, 2016

| | Primary Government | | | Component Units |
|---|------------------------------------|--|----------------------|----------------------------|
| | Governmental Activities | Business- Type Activities | Totals | |
| Assets | | | | |
| Current assets | | | | |
| Pooled cash and investments | \$ 444,964,371 | \$ 369,300,595 | \$ 814,264,966 | \$ 43,513,709 |
| Cash and cash equivalents | - | - | - | 55,441,396 |
| Receivables (net of allowance for uncollectibles where applicable) | | | | |
| Current property taxes | 18,205,852 | - | 18,205,852 | - |
| Delinquent property taxes | 626,423 | 55,702,262 | 56,328,685 | - |
| Special assessments | - | - | - | 7,645,593 |
| Due from other governmental units | 34,751,256 | 21,499,552 | 56,250,808 | 4,379,819 |
| Due from primary government | - | - | - | 35,000 |
| Due from component units | 732,783 | 62,177 | 794,960 | - |
| Accrued interest receivable | 1,018,806 | 2,365,774 | 3,384,580 | 97,949 |
| Accounts receivable | 3,207,220 | 43,628,659 | 46,835,879 | 18,943,257 |
| Contracts receivable | 32,693,961 | 1,225,510 | 33,919,471 | - |
| Internal balances - footnote 19 | (48,264) | 48,264 | - | - |
| Inventories and supplies | 1,220,441 | 363,095 | 1,583,536 | 4,761,475 |
| Prepayments and other assets | 8,873,302 | 2,072,210 | 10,945,512 | 2,185,579 |
| Total current assets | 546,246,151 | 496,268,098 | 1,042,514,249 | 137,003,777 |
| Noncurrent assets | | | | |
| Special assessments receivable | 59,835,029 | - | 59,835,029 | 194,539,292 |
| OPEB asset | 157,325,849 | - | 157,325,849 | - |
| Capital assets, net | | | | |
| Land and other nondepreciable assets | 32,322,950 | 152,268,389 | 184,591,339 | 395,719,500 |
| Land improvements, net | 184,820 | 7,747,691 | 7,932,511 | 966,146 |
| Buildings and improvements, net | 135,701,316 | 57,456,231 | 193,157,547 | 59,670,808 |
| Equipment and vehicles, net | 24,412,379 | 16,554,588 | 40,966,967 | 10,849,052 |
| Infrastructure, net | 12,158,299 | 92,004,684 | 104,162,983 | 988,355,455 |
| Total capital assets, net | 204,779,764 | 326,031,583 | 530,811,347 | 1,455,560,961 |
| Total noncurrent assets | 421,940,642 | 326,031,583 | 747,972,225 | 1,650,100,253 |
| Total assets | 968,186,793 | 822,299,681 | 1,790,486,474 | 1,787,104,030 |
| Deferred Outflows of Resources | | | | |
| Deferred outflows related to pension | 19,305,794 | - | 19,305,794 | 26,075,995 |
| Total deferred outflows of resources | \$ 19,305,794 | \$ - | \$ 19,305,794 | \$ 26,075,995 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Net Position (Continued)
September 30, 2016

| | Primary Government | | | Component Units |
|---------------------------------------|----------------------------|---------------------------------|------------------|--------------------|
| | Governmental Activities | Business- Type Activities | Totals | |
| Liabilities | | | | |
| Current liabilities | | | | |
| Vouchers payable | \$ 16,249,728 | \$ 4,372,096 | \$ 20,621,824 | \$ 16,743,980 |
| Accrued payroll | 5,936,196 | - | 5,936,196 | - |
| Due to other governmental units | 1,187,818 | 14,796,127 | 15,983,945 | 7,340,470 |
| Due to primary government | - | - | - | 794,960 |
| Due to component units | 35,000 | - | 35,000 | - |
| Accrued interest payable | 443,469 | 32,593 | 476,062 | 14,071 |
| Other accrued liabilities | 24,915,875 | 6,616,523 | 31,532,398 | 9,514,123 |
| Accrued compensated absences | 1,274,937 | - | 1,274,937 | - |
| Unearned revenue | 27,733,062 | 1,983,383 | 29,716,445 | 9,983,779 |
| Claims and judgments | 4,384,160 | - | 4,384,160 | 483,633 |
| Bonds and notes payable | 33,705,000 | 26,775,600 | 60,480,600 | 17,724,400 |
| Total current liabilities | 115,865,245 | 54,576,322 | 170,441,567 | 62,599,416 |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | 11,474,428 | - | 11,474,428 | 3,078,900 |
| Claims and judgments | 11,588,467 | - | 11,588,467 | 528,700 |
| Net pension liability | 5,444,786 | - | 5,444,786 | 42,947,521 |
| Other postemployment benefits | - | - | - | 28,201,451 |
| Bonds and notes payable | 393,048,690 | 25,031,754 | 418,080,444 | 247,062,088 |
| Total noncurrent liabilities | 421,556,371 | 25,031,754 | 446,588,125 | 321,818,660 |
| Total liabilities | 537,421,616 | 79,608,076 | 617,029,692 | 384,418,076 |
| Net Position | | | | |
| Net investment in capital assets | 147,744,764 | 299,224,229 | 446,968,993 | 1,190,774,473 |
| Restricted for | | | | |
| Property tax forfeiture | 5,884,980 | - | 5,884,980 | - |
| Public safety | 7,705,367 | - | 7,705,367 | - |
| Citizens services | 2,045,986 | - | 2,045,986 | - |
| Public works | 2,738,206 | - | 2,738,206 | 14,840,100 |
| Justice Administration | 1,681,740 | - | 1,681,740 | - |
| Commerce and community development | 8,084,649 | - | 8,084,649 | - |
| Debt service | 7,791,059 | - | 7,791,059 | 194,941,834 |
| Airports | - | 400 | 400 | - |
| Community water and sewer | - | 98,336,769 | 98,336,769 | - |
| Unrestricted | 266,394,220 | 345,130,207 | 611,524,427 | 28,205,542 |
| Total net position | \$ 450,070,971 | \$ 742,691,605 | \$ 1,192,762,576 | \$ 1,428,761,949 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Activities
Year Ended September 30, 2016

| | Expenses | Program Revenues | | | Net (Expense) Revenue |
|------------------------------------|-----------------------|-------------------------|--|--|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Functions/Programs | | | | | |
| Primary government | | | | | |
| Governmental activities | | | | | |
| General government, administrative | \$ 36,922,795 | \$ 23,078,190 | \$ 600,500 | \$ - | \$ (13,244,105) |
| Public safety | 186,368,098 | 64,274,890 | 18,302,689 | 282,049 | (103,508,470) |
| Justice administration | 88,190,032 | 32,064,235 | 680,004 | 39,190 | (55,406,603) |
| Citizen services | 77,513,361 | 9,488,715 | 15,731,575 | - | (52,293,071) |
| Public works | 53,585,849 | 34,566,771 | 1,069,022 | 1,207,474 | (16,742,582) |
| Recreation and leisure | 1,346,384 | 15,468 | 8,000 | - | (1,322,916) |
| Commerce and community development | 42,667,769 | 18,361,879 | 20,163,033 | - | (4,142,857) |
| Unallocated depreciation | 3,527,266 | - | - | - | (3,527,266) |
| Interest on debt | 3,222,007 | - | - | - | (3,222,007) |
| Total governmental activities | <u>493,343,561</u> | <u>181,850,148</u> | <u>56,554,823</u> | <u>1,528,713</u> | <u>(253,409,877)</u> |
| Business-type activities | | | | | |
| Airports | 6,630,136 | 4,624,215 | - | 915,522 | (1,090,399) |
| Community safety support | 20,772,663 | 14,293,818 | - | 77,563 | (6,401,282) |
| Community tax financing | 988,159 | 15,872,925 | - | - | 14,884,766 |
| Community water and sewer | 82,330,145 | 92,591,784 | 1,398,631 | 1,057,973 | 12,718,243 |
| Recreation and leisure | 23,460,676 | 9,981,419 | 77,079 | - | (13,402,178) |
| Sewage disposal systems | 132,107,791 | 133,611,778 | 727,072 | 27,520,966 | 29,752,025 |
| Total business-type activities | <u>266,289,570</u> | <u>270,975,939</u> | <u>2,202,782</u> | <u>29,572,024</u> | <u>36,461,175</u> |
| Total primary government | <u>\$ 759,633,131</u> | <u>\$ 452,826,087</u> | <u>\$ 58,757,605</u> | <u>\$ 31,100,737</u> | <u>\$ (216,948,702)</u> |
| Component units | | | | | |
| Drainage districts | \$ 95,780,166 | \$ 92,911,062 | \$ 1,857,656 | \$ 25,136,259 | \$ 24,124,811 |
| Road commission | <u>123,387,277</u> | <u>16,203,823</u> | <u>67,485,619</u> | <u>51,358,884</u> | <u>11,661,049</u> |
| Total component units | <u>\$ 219,167,443</u> | <u>\$ 109,114,885</u> | <u>\$ 69,343,275</u> | <u>\$ 76,495,143</u> | <u>\$ 35,785,860</u> |
| (continued) | | | | | |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2016

| | Primary Government | | | Component Units |
|--------------------------------------|----------------------------|---------------------------------|-------------------------|-------------------------|
| | Governmental Activities | Business- Type Activities | Totals | |
| Changes in net position | | | | |
| Net (expense) revenue | <u>\$ (253,409,877)</u> | <u>\$ 36,461,175</u> | <u>\$ (216,948,702)</u> | <u>\$ 35,785,860</u> |
| General revenues | | | | |
| Taxes | | | | |
| Property taxes | 210,219,877 | 12,246,824 | 222,466,701 | - |
| State-shared revenue (unrestricted) | 42,849,430 | - | 42,849,430 | - |
| Unrestricted investment earnings | 3,894,824 | 3,617,151 | 7,511,975 | 1,066,790 |
| Gain on sale of capital assets | 435,178 | - | 435,178 | - |
| Other revenues | 3,765,977 | - | 3,765,977 | - |
| Transfers in (out) | <u>17,841,687</u> | <u>(17,841,687)</u> | <u>-</u> | <u>-</u> |
| Total general revenues and transfers | <u>279,006,973</u> | <u>(1,977,712)</u> | <u>277,029,261</u> | <u>1,066,790</u> |
| Change in net position | <u>25,597,096</u> | <u>34,483,463</u> | <u>60,080,559</u> | <u>36,852,650</u> |
| Net position | | | | |
| Beginning | <u>424,473,875</u> | <u>708,208,142</u> | <u>1,132,682,017</u> | <u>1,391,909,299</u> |
| Ending | <u>\$ 450,070,971</u> | <u>\$ 742,691,605</u> | <u>\$ 1,192,762,576</u> | <u>\$ 1,428,761,949</u> |

The accompanying notes are an integral part of the financial statements.

Governmental Fund Financial Statements

Major Funds

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Authority Debt Act 31 Fund - This fund was established to accumulate the resources for the payment of bonded debt issued for the construction of, or improvement to various facilities (currently five issues). The fund also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the County.

Water and Sewer Debt Act 342 Fund - This fund was established to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 342 of 1939 (currently nine issues).

Non-Major Funds

Non-major governmental funds are presented, by fund type, in the following sections:

Special revenue funds
Debt service funds
Capital projects funds

County of Oakland
Balance Sheet
Governmental Funds
September 30, 2016

| | Major Funds | | |
|--|-----------------------|---|---|
| | General | Building Authority Debt Act 31 | Water and Sewer Debt Act 342 |
| Assets | | | |
| Pooled cash and investments | \$ 241,383,024 | \$ 6,871,087 | \$ 1,046,871 |
| Receivables (net of allowance for uncollectibles where applicable) | | | |
| Current property taxes | 18,205,852 | - | - |
| Delinquent property taxes | 626,423 | - | - |
| Due from other governmental units | 7,626,059 | 114,196 | - |
| Due from component units | 4,196 | - | - |
| Accrued interest receivable | 254,760 | 1,435 | 93 |
| Accounts receivable | 335,738 | 741,114 | - |
| Contracts receivable | 16,368,961 | 12,835,000 | - |
| Special assessments receivable | - | - | 57,670,727 |
| Due from other funds | 12,103,325 | - | - |
| Advances receivable | - | - | - |
| Inventories | 143,527 | - | - |
| Prepayments and other assets | 391,239 | - | - |
| Total assets | <u>\$ 297,443,104</u> | <u>\$ 20,562,832</u> | <u>\$ 58,717,691</u> |
| Liabilities | | | |
| Vouchers payable | \$ 10,496,956 | \$ - | \$ 1,022,263 |
| Accrued payroll | 5,936,196 | - | - |
| Due to other governmental units | 513,984 | - | - |
| Due to other funds | 506,688 | - | - |
| Due to component units | 35,000 | - | - |
| Advances payable | - | - | - |
| Unearned revenue | 12,345,962 | - | 11,872,037 |
| Other accrued liabilities | 5,517,493 | - | 4,117 |
| Total liabilities | <u>35,352,279</u> | <u>-</u> | <u>12,898,417</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue-property taxes | 6,775,127 | - | - |
| Unavailable revenue-special assessments | - | - | 45,798,690 |
| Unavailable revenue-grants | 51,649 | - | - |
| Unavailable revenue-contracts receivable | - | 12,835,000 | - |
| Unavailable revenue-other | 22,581 | - | - |
| Total deferred inflows of resources | <u>6,849,357</u> | <u>12,835,000</u> | <u>45,798,690</u> |
| Fund Balances | | | |
| Nonspendable | 534,766 | - | - |
| Restricted | 5,884,980 | 7,727,832 | 20,584 |
| Committed | - | - | - |
| Assigned | 245,859,255 | - | - |
| Unassigned | 2,962,467 | - | - |
| Total fund balances | <u>255,241,468</u> | <u>7,727,832</u> | <u>20,584</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 297,443,104</u> | <u>\$ 20,562,832</u> | <u>\$ 58,717,691</u> |

(continued)

The accompanying notes are an integral part of the financial statements.

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2016**

| | Non-Major Funds | Totals September 30, 2016 |
|--|----------------------------|--|
| Assets | | |
| Pooled cash and investments | \$ 72,950,797 | \$ 322,251,779 |
| Receivables (net of allowance for uncollectibles where applicable) | - | 18,205,852 |
| Current property taxes | - | 626,423 |
| Delinquent property taxes | 26,196,796 | 33,937,051 |
| Due from other governmental units | 687,556 | 691,752 |
| Due from component units | 55,858 | 312,146 |
| Accrued interest receivable | 471,971 | 1,548,823 |
| Accounts receivable | 3,490,000 | 32,693,961 |
| Contracts receivable | 2,164,302 | 59,835,029 |
| Special assessments receivable | 1,320,983 | 13,424,308 |
| Due from other funds | 1,102,916 | 1,102,916 |
| Advances receivable | - | 143,527 |
| Inventories | 2,002,683 | 2,393,922 |
| Prepayments and other assets | \$ 110,443,862 | \$ 487,167,489 |
| Total assets | | |
| Liabilities | \$ 2,274,636 | \$ 13,793,855 |
| Vouchers payable | - | 5,936,196 |
| Accrued payroll | 432,720 | 946,704 |
| Due to other governmental units | 12,916,077 | 13,422,765 |
| Due to other funds | - | 35,000 |
| Due to component units | 1,102,916 | 1,102,916 |
| Advances payable | 2,814,224 | 27,032,223 |
| Unearned revenue | 13,508,724 | 19,030,334 |
| Other accrued liabilities | 33,049,297 | 81,299,993 |
| Total liabilities | | |
| Deferred Inflows of Resources | - | 6,775,127 |
| Unavailable revenue-property taxes | 2,164,302 | 47,962,992 |
| Unavailable revenue-special assessments | 2,704,023 | 2,755,672 |
| Unavailable revenue-grants | 3,490,000 | 16,325,000 |
| Unavailable revenue-contracts receivable | 1,547,619 | 1,570,200 |
| Unavailable revenue-other | 9,905,944 | 75,388,991 |
| Total deferred inflows of resources | | |
| Fund balances | 1,102,916 | 1,637,682 |
| Nonspendable | 17,972,719 | 31,606,115 |
| Restricted | 51,423,615 | 51,423,615 |
| Committed | - | 245,859,255 |
| Assigned | (3,010,629) | (48,162) |
| Unassigned | 67,488,621 | 330,478,505 |
| Total fund balances | | |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 110,443,862 | \$ 487,167,489 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2016

| | | |
|---|-------------------|-----------------------|
| Total fund balances for governmental funds | | \$ 330,478,505 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Land, not being depreciated | \$ 7,235,551 | |
| Construction in progress, not being depreciated | 13,375,820 | |
| Land improvements, net of \$1,111,870 depreciation | 184,820 | |
| Buildings and improvements, net of \$113,029,647 depreciation | 134,351,000 | |
| Equipment and vehicles, net of \$21,224,802 depreciation | 12,110,500 | |
| Infrastructure, net of \$15,453,375 depreciation | <u>12,058,363</u> | |
| | | 179,316,054 |
| Internal service funds are used by management to charge the cost of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. | | 135,385,154 |
| Other post-employment benefits assets do not represent financial resources and are not reported in the funds. | | 157,325,849 |
| Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds. | | 6,148,704 |
| Long-term receivables such as special assessments and contracts receivable are expected to be collected over several years and are deferred in the governmental funds and are not available to pay for current year expenditures. | | 68,613,864 |
| Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement: | | |
| Bonds and notes payable | (426,753,690) | |
| Accrued interest payable | <u>(443,469)</u> | |
| | | (427,197,159) |
| Net position of governmental activities | | <u>\$ 450,070,971</u> |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2016

| | Major Funds | | |
|--|----------------|---|---------------------------------------|
| | General | Building Authority Debt Act 31 | Water and Sewer Debt Act 342 |
| Revenues | | | |
| Taxes | \$ 214,229,960 | \$ - | \$ - |
| Special assessments | - | 1,103,274 | 2,298,925 |
| Federal grants | 470,888 | - | - |
| State grants | 4,826,971 | - | - |
| Other intergovernmental revenues | 45,057,978 | - | - |
| Charges for services | 111,659,600 | 1,229 | 1,150 |
| Contributions | 53,334 | - | - |
| Investment income | 2,368,986 | 53,502 | 5,047 |
| Indirect cost recovery | 7,846,289 | - | - |
| Other | 546,081 | - | - |
| Total revenues | 387,060,087 | 1,158,005 | 2,305,122 |
| Expenditures | | | |
| Current operations | | | |
| County Executive | 88,023,622 | 2,000 | - |
| Clerk/Register of Deeds | 8,812,726 | - | - |
| Treasurer | 8,286,497 | - | - |
| Justice administration | 51,969,190 | - | - |
| Law enforcement | 157,861,425 | - | - |
| Legislative | 3,952,835 | - | - |
| Water Resource Commissioner | 5,772,271 | - | - |
| Non-departmental | 21,079,507 | - | - |
| Total current operations | 345,758,073 | 2,000 | - |
| Capital outlay | 848,382 | - | - |
| Intergovernmental | - | - | - |
| Debt service | - | 2,495,000 | 1,580,000 |
| Principal payments | - | 1,050,446 | 721,175 |
| Interest and fiscal charges | 346,606,455 | 3,547,446 | 2,301,175 |
| Total expenditures | 346,606,455 | 3,547,446 | 2,301,175 |
| Excess (deficiency) of revenues over (under) expenditures | 40,453,632 | (2,389,441) | 3,947 |
| Other financing sources (uses) | | | |
| Transfers in | 14,583,318 | 9,279,785 | - |
| Transfers out | (59,999,875) | - | - |
| Issuance of bonds | - | - | - |
| Premiums on bonds sold | - | - | - |
| Discount on bonds sold | - | - | - |
| Total other financing sources (uses) | (45,416,557) | 9,279,785 | - |
| Net change in fund balances | (4,962,925) | 6,890,344 | 3,947 |
| Fund balances | | | |
| October 1, 2015 | 260,204,393 | 837,488 | 16,637 |
| September 30, 2016 | \$ 255,241,468 | \$ 7,727,832 | \$ 20,584 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2016

| | Non-Major Funds | Totals September 30, 2016 |
|--|----------------------|---------------------------------|
| Revenues | | |
| Taxes | \$ - | \$ 214,229,960 |
| Special assessments | 1,982,365 | 5,384,564 |
| Federal grants | 29,166,460 | 29,637,348 |
| State grants | 22,019,577 | 26,846,548 |
| Other intergovernmental revenues | 11,810,591 | 56,868,569 |
| Charges for services | 11,982,313 | 123,644,292 |
| Contributions | 168,244 | 221,578 |
| Investment income | 344,948 | 2,772,483 |
| Indirect cost recovery | - | 7,846,289 |
| Other | 384,227 | 930,308 |
| Total revenues | <u>77,858,725</u> | <u>468,381,939</u> |
| Expenditures | | |
| Current operations | | |
| County Executive | 62,879,425 | 150,905,047 |
| Clerk/Register of Deeds | 2,031,711 | 10,844,437 |
| Treasurer | - | 8,286,497 |
| Justice administration | 23,842,331 | 75,811,521 |
| Law enforcement | 6,880,385 | 164,741,810 |
| Legislative | 8,000 | 3,960,835 |
| Water Resource Commissioner | 29,369,938 | 35,142,209 |
| Non-departmental | - | 21,079,507 |
| Total current operations | <u>125,011,790</u> | <u>470,771,863</u> |
| Capital outlay | 12,620,866 | 13,469,248 |
| Intergovernmental | 4,508 | 4,508 |
| Debt service | | |
| Principal payments | 4,535,000 | 8,610,000 |
| Interest and fiscal charges | 1,298,795 | 3,070,416 |
| Total expenditures | <u>143,470,959</u> | <u>495,926,035</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(65,612,234)</u> | <u>(27,544,096)</u> |
| Other financing sources (uses) | | |
| Transfers in | 51,607,765 | 75,470,868 |
| Transfers out | (2,329,977) | (62,329,852) |
| Issuance of bonds | 40,475,488 | 40,475,488 |
| Premiums on bonds sold | 20,870 | 20,870 |
| Discount on bonds sold | (23,433) | (23,433) |
| Total other financing sources (uses) | <u>89,750,713</u> | <u>53,613,941</u> |
| Net change in fund balances | <u>24,138,479</u> | <u>26,069,845</u> |
| Fund balances | | |
| October 1, 2015 | <u>43,350,142</u> | <u>304,408,660</u> |
| September 30, 2016 | <u>\$ 67,488,621</u> | <u>\$ 330,478,505</u> |

The accompanying notes are an integral part of the financial statements.

County of Oakland

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities Year Ended September 30, 2016

| | | |
|---|--------------------|----------------------|
| Net change in fund balance - Total governmental funds | | \$ 26,069,845 |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Construction in progress | \$ 7,913,729 | |
| Buildings and improvements | 240,272 | |
| Equipment and vehicles | 1,297,483 | |
| Depreciation expense | <u>(8,816,755)</u> | |
| | | 634,729 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. | | |
| | | (2,525,181) |
| Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds. | | |
| | | (5,766,783) |
| Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds. | | |
| Prior year's deferral | (10,158,787) | |
| Current year deferral | <u>6,148,704</u> | |
| | | (4,010,083) |
| Revenues from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year. | | |
| | | 21,008,755 |
| Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount proceeds exceed repayments. | | |
| Bond proceeds | (40,475,488) | |
| Repayment of bond principal | 30,810,000 | |
| Accrued interest | <u>(148,698)</u> | |
| | | (9,814,186) |
| Change in net position of governmental activities | | <u>\$ 25,597,096</u> |

The accompanying notes are an integral part of the financial statements.

Proprietary Fund Financial Statements

Major Funds

Parks and Recreation Fund - This fund is used to account for revenues earmarked for the operation of the County's 13 parks, including campgrounds, day-use and dog parks, five golf courses, 65 miles of trails, two waterparks, nature centers and banquet facilities, and management of the Oakland County Market. Principal revenue is from a voter-approved millage and user charges.

Delinquent Tax Revolving Fund - This fund is used to account for money advanced by the County to cities, townships, villages and County funds for unpaid property taxes, and the subsequent collections of delinquencies from taxpayers.

The County Airports Fund - This fund was established to account for operations of the County's Oakland County International, Oakland/Troy, and Oakland/Southwest airports. Revenue is primarily derived from leases, hangar rentals, landing fees, and other rental or service charges. Capital costs are financed primarily from issuance of debt or state and federal capital grants.

Water and Sewer Trust Fund - This fund is used to account for monies received from those County residents whose water and sewer systems are maintained for their respective city, villages, or townships by Oakland County.

Evergreen-Farmington S.D.S. (Sewage Disposal System) Fund - This fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced or issuance of debt.

Southeastern Oakland County S.D.S. (S.O.C.S.D.S.) Fund - This fund was established to record the operations and maintenance of the system, which is used to move sewage and storm water to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

Clinton-Oakland S.D.S. (Sewage Disposal System) Fund - This fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

Non-Major Funds

Non-major proprietary funds are presented, by fund type, in the following sections:

Internal service funds
Enterprise funds

County of Oakland
Statement of Net Position
Proprietary Funds
September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|---|---|-----------------------------|--------------------|-----------------------------|---------------------------------|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen- Farmington SDS |
| Assets | | | | | |
| Current assets | | | | | |
| Pooled cash and investments | \$ 24,046,824 | \$ 155,011,711 | \$ 15,908,069 | \$ 68,252,945 | \$ 15,684,005 |
| Delinquent property taxes receivable | - | 55,702,262 | - | - | - |
| Due from other governmental units | 32,000 | 1,673,374 | 600 | 7,117,197 | 2,986,702 |
| Due from component units | - | - | - | - | 62,177 |
| Accrued interest receivable | 17,994 | 1,588,604 | 73,058 | 72,111 | 118,304 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 121,339 | 11,620,851 | 298,064 | 30,005,902 | - |
| Due from other funds | - | - | - | - | - |
| Current portion of contracts receivable | - | - | 1,225,510 | - | - |
| Current portion of advances receivable | - | 12,883 | - | - | - |
| Inventories and supplies | 61,208 | - | - | - | - |
| Prepayments and other assets | 783 | 333 | - | 656,928 | - |
| Total current assets | 24,280,148 | 225,610,018 | 17,505,301 | 106,105,083 | 18,851,188 |
| Noncurrent assets | | | | | |
| Advances receivable | - | 51,532 | - | - | - |
| Capital assets, net | | | | | |
| Land and other nondepreciable assets | 31,298,114 | - | 36,462,333 | 15,012,281 | 42,753,007 |
| Land improvements, net | - | - | 7,239,896 | 5,907 | 501,888 |
| Building and improvements, net | 19,698,912 | - | 22,227,348 | 1,029,768 | 9,414,879 |
| Equipment and vehicles, net | 1,446,292 | - | 702,931 | 3,502,570 | 259,843 |
| Infrastructure, net | 17,136,480 | - | 2,967,308 | 55,099,386 | 3,467,935 |
| Total noncurrent assets | 69,579,798 | 51,532 | 69,599,816 | 74,649,912 | 56,397,552 |
| Total assets | 93,859,946 | 225,661,550 | 87,105,117 | 180,754,995 | 75,248,740 |
| Deferred Outflows of Resources | | | | | |
| Deferred outflows related to pension | - | - | - | - | - |
| Total deferred outflows of resources | - | - | - | - | - |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|---|----------------------------|--------------------|---------------------------------|--|
| | Major | | | Totals September 30, 2016 | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | | |
| Assets | | | | | |
| Current assets | | | | | |
| Pooled cash and investments | \$ 40,968,105 | \$ 8,525,250 | \$ 40,903,686 | \$ 369,300,595 | \$ 122,712,592 |
| Delinquent property taxes | - | - | - | 55,702,262 | - |
| Due from other governmental units | 4,981,095 | 3,150,339 | 1,558,245 | 21,499,552 | 814,205 |
| Due from component units | - | - | - | 62,177 | 41,031 |
| Accrued interest receivable | 155,437 | 136,127 | 204,139 | 2,365,774 | 706,660 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 157,896 | - | 1,424,607 | 43,628,659 | 1,658,397 |
| Due from other funds | - | - | - | - | 16,092 |
| Current portion of contracts receivable | - | - | - | 1,225,510 | - |
| Current portion of advances receivable | - | - | - | 12,883 | - |
| Inventories and supplies | - | - | 301,887 | 363,095 | 1,076,914 |
| Prepayments and other assets | 522,746 | - | 891,420 | 2,072,210 | 6,479,380 |
| Total current assets | 46,785,279 | 11,811,716 | 45,283,984 | 496,232,717 | 133,505,271 |
| Noncurrent assets | | | | | |
| Advances receivable | - | - | - | 51,532 | - |
| Capital assets, net | | | | | |
| Land and other nondepreciable assets | 3,743,289 | 18,637,150 | 4,362,215 | 152,268,389 | 11,711,579 |
| Land improvements, net | - | - | - | 7,747,691 | - |
| Building and improvements, net | - | 209,393 | 4,875,931 | 57,456,231 | 1,350,315 |
| Equipment and vehicles, net | 168,872 | 77,110 | 10,396,970 | 16,554,588 | 12,301,880 |
| Infrastructure, net | 192,679 | 9,520,796 | 3,620,100 | 92,004,684 | 99,936 |
| Total noncurrent assets | 4,104,840 | 28,444,449 | 23,255,216 | 326,083,115 | 25,463,710 |
| Total assets | 50,890,119 | 40,256,165 | 68,539,200 | 822,315,832 | 158,968,981 |
| Deferred Outflows of Resources | | | | | |
| Deferred outflows related to pension | - | - | - | - | 19,305,794 |
| Total deferred outflows of resources | - | - | - | - | 19,305,794 |
| | | | | | (continued) |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|---|--|-------------------------------------|----------------------------|--------------------------------------|--|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen- Farmington SDS |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Vouchers payable | \$ 264,500 | \$ 219,275 | \$ 83,872 | \$ 2,957,562 | \$ 432,641 |
| Due to other governmental units | - | 177,023 | - | 292,313 | 5,636,429 |
| Due to other funds | - | - | - | 7,055 | 2,323 |
| Unearned revenue | 124,088 | - | 1,477,905 | - | - |
| Notes payable | - | 25,000,000 | - | - | - |
| Accrued interest payable | - | 32,593 | - | - | - |
| Current portion of bonds payable | - | - | 615,000 | 900,600 | 260,000 |
| Current portion of accrued compensated absences | - | - | - | - | - |
| Current portion of claims and judgments | - | - | - | - | - |
| Current portion of advances payable | - | - | - | - | - |
| Other accrued liabilities | 267,540 | 40,666 | 467,535 | 4,542,283 | 199,553 |
| Total current liabilities | 656,128 | 25,469,557 | 2,644,312 | 8,699,813 | 6,530,946 |
| Noncurrent liabilities | | | | | |
| Bonds payable | - | - | 6,935,000 | 12,981,754 | 5,115,000 |
| Net pension liability | - | - | - | - | - |
| Accrued compensated absences | - | - | - | - | - |
| Claims and judgments | - | - | - | - | - |
| Advances payable | - | - | - | - | - |
| Total noncurrent liabilities | - | - | 6,935,000 | 12,981,754 | 5,115,000 |
| Total liabilities | 656,128 | 25,469,557 | 9,579,312 | 21,681,567 | 11,645,946 |
| Net position | | | | | |
| Net investment in capital assets | 69,579,798 | - | 62,049,816 | 60,767,558 | 51,022,552 |
| Restricted for programs | - | - | 400 | 56,536,681 | 10,021,142 |
| Unrestricted | 23,624,020 | 200,191,993 | 15,475,589 | 41,769,189 | 2,559,100 |
| Total net position | \$ 93,203,818 | \$ 200,191,993 | \$ 77,525,805 | \$ 159,073,428 | \$ 63,602,794 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|--|-------------------------------|------------------------|---------------------------|---|
| | Major | | | Totals | |
| | S.O.C.S.D.S. | Clinton-Oakland S.D.S. | Non-Major Funds | September 30, 2016 | |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Vouchers payable | \$ 98,220 | \$ 62,180 | \$ 253,846 | \$ 4,372,096 | \$ 2,455,873 |
| Due to other governmental units | 7,635,143 | 235,306 | 819,913 | 14,796,127 | 241,114 |
| Due to other funds | 5,034 | 1,554 | 185 | 16,151 | 1,484 |
| Unearned revenue | - | - | 381,390 | 1,983,383 | 74,416 |
| Notes payable | - | - | - | 25,000,000 | - |
| Accrued interest payable | - | - | - | 32,593 | - |
| Current portion of bonds payable | - | - | - | 1,775,600 | - |
| Current portion of accrued compensated absences | - | - | - | - | 1,274,937 |
| Current portion of claims and judgments | - | - | - | - | 4,384,160 |
| Current portion of advances payable | - | - | - | - | 12,883 |
| Other accrued liabilities | 288,135 | 47,361 | 763,450 | 6,616,523 | 5,885,541 |
| Total current liabilities | 8,026,532 | 346,401 | 2,218,784 | 54,592,473 | 14,330,408 |
| Noncurrent liabilities | | | | | |
| Bonds payable | - | - | - | 25,031,754 | - |
| Net pension liability | - | - | - | - | 5,444,786 |
| Accrued compensated absences | - | - | - | - | 11,474,428 |
| Claims and judgments | - | - | - | - | 11,588,467 |
| Advances payable | - | - | - | - | 51,532 |
| Total noncurrent liabilities | - | - | - | 25,031,754 | 28,559,213 |
| Total liabilities | 8,026,532 | 346,401 | 2,218,784 | 79,624,227 | 42,889,621 |
| Net position | | | | | |
| Net investment in capital assets | 4,104,840 | 28,444,449 | 23,255,216 | 299,224,229 | 25,463,710 |
| Restricted for programs | 16,072,684 | 9,618,849 | 6,087,413 | 98,337,169 | - |
| Unrestricted | 22,686,063 | 1,846,466 | 36,977,787 | 345,130,207 | 109,921,444 |
| Total net position | \$ 42,863,587 | \$ 39,909,764 | \$ 66,320,416 | \$ 742,691,605 | \$ 135,385,154 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|--|--|---------------------------------|------------------------|------------------------------|---------------------------------|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen-Farmington SDS |
| Operating revenues | | | | | |
| Charges for services | \$ 9,951,644 | \$ 15,355,326 | \$ 4,617,639 | \$ 92,010,431 | \$ 40,422,468 |
| Other | 21,721 | 54,653 | 5,951 | 567,251 | 778 |
| Total operating revenues | 9,973,365 | 15,409,979 | 4,623,590 | 92,577,682 | 40,423,246 |
| Operating expenses | | | | | |
| Salaries | 8,782,764 | 104,401 | 1,176,133 | 102,299 | - |
| Fringe benefits | 2,995,011 | 71,312 | 657,596 | 66,761 | - |
| Fringe benefits - pension | - | - | - | - | - |
| Contractual services | 5,544,049 | 266,263 | 1,485,074 | 42,411,068 | 36,661,109 |
| Commodities | 902,309 | - | 117,929 | 2,279,630 | 222,447 |
| Depreciation | 3,640,363 | - | 2,665,382 | 2,412,590 | 684,976 |
| Internal services | 1,596,180 | - | 217,016 | 22,342,444 | 1,258,298 |
| Intergovernmental | - | - | - | 12,520,420 | - |
| Total operating expenses | 23,460,676 | 441,976 | 6,319,130 | 82,135,212 | 38,826,830 |
| Operating income (loss) | (13,487,311) | 14,968,003 | (1,695,540) | 10,442,470 | 1,596,416 |
| Nonoperating revenues (expenses) | | | | | |
| Property taxes | 12,246,824 | - | - | - | - |
| Contributions | 77,079 | - | - | 1,398,631 | 459,288 |
| Interest recovery - federal grants | - | - | 99,895 | - | 89,517 |
| Interest revenue | 203,166 | 1,666,012 | 149,170 | 517,084 | 117,698 |
| Interest expense | - | (125,182) | (311,006) | (194,933) | (266,565) |
| Bonds maturing | - | - | - | - | - |
| Gain on sale of property and equipment | 8,054 | - | 625 | 14,102 | - |
| Total nonoperating revenues (expenses) | 12,535,123 | 1,540,830 | (61,316) | 1,734,884 | 399,938 |
| Income (loss) before transfers and contributions | (952,188) | 16,508,833 | (1,756,856) | 12,177,354 | 1,996,354 |
| Transfers and contributions | | | | | |
| Capital contributions | - | - | 815,627 | 1,057,973 | 27,138,372 |
| Transfers in | - | - | - | - | - |
| Transfers out | (60,000) | (19,137,710) | - | (22,141) | (1,439,727) |
| Total transfers and contributions | (60,000) | (19,137,710) | 815,627 | 1,035,832 | 25,698,645 |
| Change in net position | (1,012,188) | (2,628,877) | (941,229) | 13,213,186 | 27,694,999 |
| Net position | | | | | |
| October 1, 2015 | 94,216,006 | 202,820,870 | 78,467,034 | 145,860,242 | 35,907,795 |
| September 30, 2016 | \$ 93,203,818 | \$ 200,191,993 | \$ 77,525,805 | \$ 159,073,428 | \$ 63,602,794 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|----------------------------|--------------------|---------------------------------|--|
| | Major | | | Totals September 30, 2016 | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | | |
| Operating revenues | | | | | |
| Charges for services | \$ 49,959,337 | \$ 36,660,733 | \$ 21,185,988 | \$ 270,163,566 | \$ 238,443,491 |
| Other | 3,108 | 426 | 123,931 | 777,819 | 2,835,669 |
| Total operating revenues | 49,962,445 | 36,661,159 | 21,309,919 | 270,941,385 | 241,279,160 |
| Operating expenses | | | | | |
| Salaries | - | - | 2,396,388 | 12,561,985 | 36,317,475 |
| Fringe benefits | - | - | 1,228,965 | 5,019,645 | 21,144,994 |
| Fringe benefits - pension | - | - | - | - | 13,666,033 |
| Contractual services | 47,759,604 | 34,322,530 | 13,653,266 | 182,102,963 | 127,681,656 |
| Commodities | 147,211 | 207,433 | 425,296 | 4,302,255 | 6,497,523 |
| Depreciation | 795,552 | 758,204 | 8,118,631 | 19,075,698 | 5,428,206 |
| Internal services | 1,503,459 | 900,818 | 1,940,703 | 29,758,918 | 7,491,665 |
| Intergovernmental | - | - | 50,000 | 12,570,420 | - |
| Total operating expenses | 50,205,826 | 36,188,985 | 27,813,249 | 265,391,884 | 218,227,552 |
| Operating income (loss) | (243,381) | 472,174 | (6,503,330) | 5,549,501 | 23,051,608 |
| Nonoperating revenues (expenses) | | | | | |
| Property taxes | - | - | - | 12,246,824 | - |
| Contributions | 267,784 | - | - | 2,202,782 | 957,015 |
| Interest recovery - federal grants | - | - | - | 189,412 | - |
| Interest revenue | 521,856 | 82,085 | 360,080 | 3,617,151 | 1,122,341 |
| Interest expense | - | - | - | (897,686) | (11,799,468) |
| Bonds maturing | - | - | - | - | (22,200,000) |
| Gain on sale of property and equipment | 11,750 | - | 23 | 34,554 | 435,178 |
| Total nonoperating revenues (expenses) | 801,390 | 82,085 | 360,103 | 17,393,037 | (31,484,934) |
| Income (loss) before transfers and contributions | 558,009 | 554,259 | (6,143,227) | 22,942,538 | (8,433,326) |
| Transfers and contributions | | | | | |
| Capital contributions | 293,077 | - | 77,563 | 29,382,612 | 1,207,474 |
| Transfers in | - | - | 3,303,891 | 3,303,891 | 4,922,817 |
| Transfers out | - | - | (486,000) | (21,145,578) | (222,146) |
| Total transfers and contributions | 293,077 | - | 2,895,454 | 11,540,925 | 5,908,145 |
| Change in net position | 851,086 | 554,259 | (3,247,773) | 34,483,463 | (2,525,181) |
| Net position | | | | | |
| October 1, 2015 | 42,012,501 | 39,355,505 | 69,568,189 | 708,208,142 | 137,910,335 |
| September 30, 2016 | \$ 42,863,587 | \$ 39,909,764 | \$ 66,320,416 | \$ 742,691,605 | \$ 135,385,154 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|---|--|---------------------------------|------------------------|------------------------------|---------------------------------|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen-Farmington SDS |
| Cash flows from operating activities | | | | | |
| Cash received from users | \$ 10,278,605 | \$ 16,914,759 | \$ 4,664,475 | \$ 92,737,812 | \$ 42,103,438 |
| Cash paid to suppliers | (11,340,859) | (337,908) | (2,815,093) | (79,869,023) | (37,736,834) |
| Cash paid to employees | (8,782,764) | (104,401) | (1,176,133) | (102,299) | - |
| Net cash provided by (used in) operating activities | (9,845,018) | 16,472,450 | 673,249 | 12,766,490 | 4,366,604 |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | - | - | - | - | - |
| Transfers to other funds | (60,000) | (19,137,710) | - | (22,141) | (1,439,727) |
| Contributions | 77,079 | - | - | 1,909,182 | 459,288 |
| Principal paid on debt | - | - | - | - | - |
| Interest paid on debt | - | - | - | - | - |
| Purchase of delinquent property taxes | - | (68,797,631) | - | - | - |
| Delinquent property taxes collected | - | 77,445,020 | - | - | - |
| Issuance of short-term borrowings | - | 25,000,000 | - | - | - |
| Repayments received on advances | - | 12,883 | - | - | - |
| Property taxes | 12,246,824 | - | - | - | - |
| Interest paid on short-term borrowings | - | (100,902) | - | - | - |
| Payments on short-term borrowings | - | (25,000,000) | - | - | - |
| Net cash provided by (used in) noncapital financing activities | 12,263,903 | (10,578,340) | - | 1,887,041 | (980,439) |
| Cash flows from capital and related financing activities | | | | | |
| Contributions for capital acquisitions | - | - | - | 836,916 | - |
| Proceeds from sale of bonds | - | - | - | 8,084,915 | - |
| Transfers from other funds | - | - | - | - | - |
| Interest recovery - federal grants | - | - | 99,895 | - | 89,517 |
| Proceeds from sale of capital assets | 73,683 | - | 625 | 14,102 | - |
| Acquisition of capital assets | (1,393,232) | - | (29,239) | (7,074,483) | (421,830) |
| Principal paid on debt | - | - | (610,000) | (620,200) | (250,000) |
| Interest paid on debt | - | - | (311,006) | (194,933) | (266,565) |
| Amount paid on advances | - | - | - | - | - |
| Interest paid on advances | - | - | - | - | - |
| Net cash provided by (used in) capital and related financing activities | (1,319,549) | - | (849,725) | 1,046,317 | (848,878) |
| Cash flows from investing activities | | | | | |
| Interest on investments | 207,646 | 1,557,973 | 137,658 | 475,490 | 109,898 |
| Net cash provided by investing activities | 207,646 | 1,557,973 | 137,658 | 475,490 | 109,898 |
| Net increase (decrease) in cash and cash equivalents | 1,306,982 | 7,452,083 | (38,818) | 16,175,338 | 2,647,185 |
| Pooled cash and investments | | | | | |
| October 1, 2015 | 22,739,842 | 147,559,628 | 15,946,887 | 52,077,607 | 13,036,820 |
| September 30, 2016 | \$ 24,046,824 | \$ 155,011,711 | \$ 15,908,069 | \$ 68,252,945 | \$ 15,684,005 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|--|-------------------------------|------------------------|---------------------------|---|
| | Major | | | Totals | |
| | S.O.C.S.D.S. | Clinton-Oakland S.D.S. | Non-Major Funds | September 30, 2016 | |
| Cash flows from operating activities | | | | | |
| Cash received from users | \$ 51,891,440 | \$ 39,250,523 | \$ 22,070,795 | \$ 279,911,847 | \$ 240,217,044 |
| Cash paid to suppliers | (48,871,867) | (36,970,737) | (16,962,947) | (234,905,268) | (165,031,817) |
| Cash paid to employees | - | - | (2,396,388) | (12,561,985) | (36,317,475) |
| Net cash provided by (used in) operating activities | 3,019,573 | 2,279,786 | 2,711,460 | 32,444,594 | 38,867,752 |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | - | - | 3,303,891 | 3,303,891 | 1,144,728 |
| Transfers to other funds | - | - | (486,000) | (21,145,578) | (222,146) |
| Contributions | 267,784 | - | - | 2,713,333 | 957,015 |
| Principal paid on debt | - | - | - | - | (22,200,000) |
| Interest paid on debt | - | - | - | - | (11,799,138) |
| Purchase of delinquent property taxes | - | - | - | (68,797,631) | - |
| Delinquent property taxes collected | - | - | - | 77,445,020 | - |
| Issuance of short-term borrowings | - | - | - | 25,000,000 | - |
| Repayments received on advances | - | - | - | 12,883 | - |
| Property taxes | - | - | - | 12,246,824 | - |
| Interest paid on short-term borrowings | - | - | - | (100,902) | - |
| Payments on short-term borrowings | - | - | - | (25,000,000) | - |
| Net cash provided by (used in) noncapital financing activities | 267,784 | - | 2,817,891 | 5,677,840 | (32,119,541) |
| Cash flows from capital and related financing activities | | | | | |
| Contributions for capital acquisitions | 293,077 | - | - | 1,129,993 | 67,172 |
| Proceeds from sale of bonds | - | - | - | 8,084,915 | - |
| Transfers from other funds | - | - | - | - | 3,776,816 |
| Interest recovery - federal grants | - | - | - | 189,412 | - |
| Proceeds from sale of capital assets | 11,750 | - | 23 | 100,183 | 657,933 |
| Acquisition of capital assets | (590,447) | (497,847) | (1,555,858) | (11,562,936) | (5,201,535) |
| Principal paid on debt | - | - | - | (1,480,200) | - |
| Interest paid on debt | - | - | - | (772,504) | - |
| Amount paid on advances | - | - | - | - | (12,883) |
| Interest paid on advances | - | - | - | - | (330) |
| Net cash provided by (used in) capital and related financing activities | (285,620) | (497,847) | (1,555,835) | (4,311,137) | (712,827) |
| Cash flows from investing activities | | | | | |
| Interest on investments | 494,219 | 75,538 | 331,382 | 3,389,804 | 1,027,390 |
| Net cash provided by investing activities | 494,219 | 75,538 | 331,382 | 3,389,804 | 1,027,390 |
| Net increase (decrease) in cash and cash equivalents | 3,495,956 | 1,857,477 | 4,304,898 | 37,201,101 | 7,062,774 |
| Pooled cash and investments | | | | | |
| October 1, 2015 | 37,472,149 | 6,667,773 | 36,598,788 | 332,099,494 | 115,649,818 |
| September 30, 2016 | \$ 40,968,105 | \$ 8,525,250 | \$ 40,903,686 | \$ 369,300,595 | \$ 122,712,592 |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | |
|---|---|--------------------------|-----------------|-----------------------|--------------------------|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen-Farmington SDS |
| Operating (loss) income | \$ (13,487,311) | \$ 14,968,003 | \$ (1,695,540) | \$ 10,442,470 | \$ 1,596,416 |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities | | | | | |
| Depreciation expense | 3,640,363 | - | 2,665,382 | 2,412,590 | 684,976 |
| (Increase) decrease in due from other governmental units | 60,973 | (458,486) | - | (4,020,885) | 1,666,794 |
| (Increase) decrease in due from component units | - | - | - | - | 13,398 |
| (Increase) decrease in accounts receivable | 168,290 | 2,043,564 | 42,474 | (818,985) | - |
| (Increase) decrease in due from other funds | 3,493 | - | - | 5,000,000 | - |
| (Increase) decrease in inventories and supplies | (5,901) | - | - | - | - |
| (Increase) decrease in prepayments and other assets | 18,538 | (333) | - | (40,191) | - |
| (Increase) decrease in deferred outflows related to pension | - | - | - | - | - |
| Increase (decrease) in vouchers payable | (184,921) | 35,828 | (309,100) | (512,317) | 245,074 |
| Increase (decrease) in due to other governmental units | - | (113,624) | - | (771,973) | 444,907 |
| Increase (decrease) in due to component units | - | - | - | (116,445) | - |
| Increase (decrease) in due to other funds | - | - | - | 7,055 | 363 |
| Increase (decrease) in unearned revenue | 72,484 | - | (1,589) | - | - |
| Increase (decrease) in current portion of other long-term liabilities | - | - | - | - | - |
| Increase (decrease) in other accrued liabilities | (131,026) | (2,502) | (28,378) | 1,185,171 | (285,324) |
| Increase (decrease) in net pension liability | - | - | - | - | - |
| Increase (decrease) in other long-term liabilities | - | - | - | - | - |
| Net cash provided by (used in) operating activities | \$ (9,845,018) | \$ 16,472,450 | \$ 673,249 | \$ 12,766,490 | \$ 4,366,604 |

(continued)

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|----------------------------|---------------------|---------------------------------|--|
| | Major | | | Totals September 30, 2016 | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | | |
| Operating income (loss) | \$ (243,381) | \$ 472,174 | \$ (6,503,330) | \$ 5,549,501 | \$ 23,051,608 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Depreciation expense | 795,552 | 758,204 | 8,118,631 | 19,075,698 | 5,428,206 |
| (Increase) decrease in due from other governmental units | 1,967,193 | 2,589,364 | 546,354 | 2,351,307 | (277,886) |
| (Increase) decrease in due from component units | - | - | - | 13,398 | (14,432) |
| (Increase) decrease in accounts receivable | (38,198) | - | 33,296 | 1,430,441 | (735,818) |
| (Increase) decrease in due from other funds | - | - | 78,524 | 5,082,017 | (14,511) |
| (Increase) decrease in inventories and supplies | - | - | 61,799 | 55,898 | 274,099 |
| (Increase) decrease in prepayments and other assets | 33,713 | - | 340,478 | 352,205 | 181,964 |
| (Increase) decrease in deferred outflows related to pension | - | - | - | - | 20,939,875 |
| Increase (decrease) in vouchers payable | 10,895 | (533,075) | (87,943) | (1,335,559) | (117,285) |
| Increase (decrease) in due to other govern- mental units | 452,226 | 53,291 | (229,654) | (164,827) | (39,112) |
| Increase (decrease) in due to component units | - | - | - | (116,445) | (495) |
| Increase (decrease) in due to other funds | 3,135 | 1,554 | (1,371) | 10,736 | (78,977) |
| Increase (decrease) in unearned revenue | - | - | 102,702 | 173,597 | (19,469) |
| Increase (decrease) in current portion of other long-term liabilities | - | - | - | - | 2,780 |
| Increase (decrease) in other accrued liabilities | 38,438 | (1,061,726) | 251,974 | (33,373) | 420,954 |
| Increase (decrease) in net pension liability | - | - | - | - | (7,273,842) |
| Increase (decrease) in other long-term liabilities | - | - | - | - | (2,859,907) |
| Net cash provided by (used in) operating activities | <u>\$ 3,019,573</u> | <u>\$ 2,279,786</u> | <u>\$ 2,711,460</u> | <u>\$ 32,444,594</u> | <u>\$ 38,867,752</u> |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2016

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$815,627 and \$27,138,372 in the County Airports and Evergreen-Farmington S.D.S. fund, respectively; transfer of fully depreciated capital assets of \$781,066 from the Drainage Districts Component Unit and forgiveness of debt in the amount of \$1,057,973 recorded in the Water and Sewer Trust fund.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Unearned Revenue of \$1,225,510 in the County Airports fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$77,563 in the CLEMIS fund, and adjustment (reduction) of capital asset value and accumulated depreciation in the amount of \$584 in the Radio Communications fund.

Internal Service Funds

Noncash and capital related financing activities included contribution of capital assets in the amount of \$1,140,302 in the Information Technology fund.

Noncash and non-capital related financing activities included transfers from other funds in the amount of \$1,273 included in the Due from Other Assets asset account in the Facilities Maintenance and Operations fund.

Fiduciary Fund Financial Statements

Pension (and Other Postemployment Benefits) Trust Funds - Employee Pension Trust funds accept payments made by the County, invest fund resources, and calculate and pay pensions to beneficiaries. Postemployment benefit trust funds accumulate resources to provide health-related benefits to retired employees, dependents and beneficiaries.

Investment Trust Funds - These funds account for monies from external local units of government, held in a pooled investment portfolio for the benefit of the respective governmental units under contractual arrangement.

Agency Funds - These funds account for assets held by the County in a custodial capacity. Disbursements from these funds are contingent upon the agreement or applicable legislative enactment for each particular fund. Agency funds are generally clearance devices for monies collected for others, held briefly, and then disbursed to authorized recipients.

Combining schedules for fiduciary funds are presented, by fund type, in the following sections:

Pension (and other postemployment benefits) trust funds

Investment trust funds

Agency funds

County of Oakland
Statement of Net Position
Fiduciary Funds
September 30, 2016

| | Pension (and Other Post- employment Benefits) Trust Funds | Investment Trust Funds | Agency Funds |
|---|--|---------------------------------------|-------------------------|
| Assets | | | |
| Pooled cash and investments | \$ 37,611,072 | \$ 518,237,579 | \$ 276,425,940 |
| Cash and cash equivalents | - | - | 904,426 |
| Investments, at fair value | | | |
| Common stock | 890,382,233 | - | - |
| Preferred stock | 95,366 | - | - |
| Government agencies | 90,764,610 | - | - |
| Corporate bonds | 216,616,108 | - | - |
| Municipal bonds | 2,893,160 | - | - |
| Hedge funds | 86,884,808 | - | - |
| Limited partnerships | 111,830,508 | - | - |
| Asset-backed fixed income | 16,896,385 | - | - |
| Government bonds | 85,838,929 | - | - |
| Government mortgage-backed securities | 60,194,294 | - | - |
| Government issued commercial mortgage-backed securities | 1,099,538 | - | - |
| Nongovernment-backed CMOs | 1,767,110 | - | - |
| Commercial mortgage-backed securities | 21,141,245 | - | - |
| Bank loans | 4,150,672 | - | - |
| Exchange traded funds | 988,979 | - | - |
| International common stock | 66,417,456 | - | - |
| Index linked government bonds | 25,956,381 | - | - |
| Real estate | 182,030,832 | - | - |
| Other fixed income | 3,485,685 | - | - |
| Other | 631,067 | - | - |
| Total investments | <u>1,870,065,366</u> | <u>-</u> | <u>-</u> |
| Receivables - interest and dividends | 4,480,271 | - | 179,456 |
| Receivables - other | 30,861 | - | - |
| Prepaid expenses | 217,474 | - | - |
| Total assets | <u>1,912,405,044</u> | <u>518,237,579</u> | <u>277,509,822</u> |
| Liabilities | | | |
| Vouchers payable | 1,374,882 | - | 104,386 |
| Due to other governmental units | - | - | 263,619,145 |
| Other accrued liabilities | 2,226,757 | - | 13,786,291 |
| Total liabilities | <u>3,601,639</u> | <u>-</u> | <u>277,509,822</u> |
| Net position | | | |
| Restricted for Pension and other Postemployment healthcare benefits, and pool participants | <u>\$ 1,908,803,405</u> | <u>\$ 518,237,579</u> | <u>\$ -</u> |

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Changes in Net Position
Fiduciary Funds
Year Ended September 30, 2016

| | Pension (and Other Post- employment Benefits) Trust Funds | Investment Trust Funds |
|--|--|---------------------------------------|
| Additions | | |
| Contributions | | |
| Pool participants | \$ - | \$ 783,171,209 |
| Plan members | 589,961 | - |
| Total contributions | 589,961 | 783,171,209 |
| Investment income | 169,542,631 | 4,325,308 |
| Other revenue | 2,611,995 | - |
| Total additions | 172,744,587 | 787,496,517 |
| Deductions | | |
| Benefits | 85,561,388 | - |
| Administrative expenses | 5,720,518 | - |
| Distribution to pool participants | - | 769,684,160 |
| Total deductions | 91,281,906 | 769,684,160 |
| Net increase | 81,462,681 | 17,812,357 |
| Net position restricted for pension and other postemployment healthcare benefits, and pool participants | | |
| October 1, 2015 | 1,827,340,724 | 500,425,222 |
| September 30, 2016 | <u>\$ 1,908,803,405</u> | <u>\$ 518,237,579</u> |

The accompanying notes are an integral part of the financial statements.

Component Unit Financial Statements

Component Units

Drainage Districts - This component unit consists of many individual districts created for the purpose of alleviating drainage problems. This involves accounting for the resources and costs associated with the construction, maintenance, and financing of the individual drainage districts.

Road Commission - This component unit is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by the State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951.

Combining schedules for Drainage Districts Funds are presented, by fund type, in the Drainage Districts section.

County of Oakland
Statement of Net Position
Component Units
September 30, 2016

| | Drainage Districts | Road Commission | Total Component Units |
|--|-----------------------|-----------------------|-----------------------------|
| Assets | | | |
| Current assets | | | |
| Pooled cash and investments | \$ 43,513,709 | \$ - | \$ 43,513,709 |
| Cash and cash equivalents | - | 55,441,396 | 55,441,396 |
| Receivables, net | | | |
| Special assessments | - | 7,645,593 | 7,645,593 |
| Due from other governmental units | 4,379,819 | - | 4,379,819 |
| Due from primary government | 35,000 | - | 35,000 |
| Accrued interest receivable | 97,949 | - | 97,949 |
| Accounts receivable | 62,726 | 18,880,531 | 18,943,257 |
| Inventories and supplies | - | 4,761,475 | 4,761,475 |
| Prepayments and other assets | - | 2,185,579 | 2,185,579 |
| Total current assets | <u>48,089,203</u> | <u>88,914,574</u> | <u>137,003,777</u> |
| Noncurrent assets | | | |
| Special assessments receivable | 194,539,292 | - | 194,539,292 |
| Capital assets, net | | | |
| Land and other nondepreciable assets | 190,174,255 | 205,545,245 | 395,719,500 |
| Land improvements, net | - | 966,146 | 966,146 |
| Buildings and improvements, net | 51,014,913 | 8,655,895 | 59,670,808 |
| Equipment and vehicles, net | 304,202 | 10,544,850 | 10,849,052 |
| Infrastructure, net | 394,289,704 | 594,065,751 | 988,355,455 |
| Total capital assets, net | <u>635,783,074</u> | <u>819,777,887</u> | <u>1,455,560,961</u> |
| Total noncurrent assets | <u>830,322,366</u> | <u>819,777,887</u> | <u>1,650,100,253</u> |
| Total assets | <u>878,411,569</u> | <u>908,692,461</u> | <u>1,787,104,030</u> |
| Deferred Outflows of Resources | | | |
| Deferred outflows related to pension | - | 26,075,995 | 26,075,995 |
| Liabilities | | | |
| Current liabilities | | | |
| Vouchers payable | 9,161,672 | 7,582,308 | 16,743,980 |
| Due to other governmental units | 7,340,470 | - | 7,340,470 |
| Due to primary government | 750,900 | 44,060 | 794,960 |
| Unearned revenue and advances | 597,645 | 9,386,134 | 9,983,779 |
| Accrued interest payable | 14,071 | - | 14,071 |
| Current portion of long-term debt | 17,724,400 | - | 17,724,400 |
| Current portion of long-term liabilities | - | 483,633 | 483,633 |
| Other accrued liabilities | 2,241,574 | 7,272,549 | 9,514,123 |
| Total current liabilities | <u>37,830,732</u> | <u>24,768,684</u> | <u>62,599,416</u> |
| Bonds and notes payable | 247,062,088 | - | 247,062,088 |
| Accrued compensated absences | - | 3,078,900 | 3,078,900 |
| Claims and judgments | - | 528,700 | 528,700 |
| Net pension liability | - | 42,947,521 | 42,947,521 |
| Other postemployment benefits | - | 28,201,451 | 28,201,451 |
| Total liabilities | <u>284,892,820</u> | <u>99,525,256</u> | <u>384,418,076</u> |
| Net position | | | |
| Net investment in capital assets | 370,996,586 | 819,777,887 | 1,190,774,473 |
| Restricted for | | | |
| Public works | 14,840,100 | - | 14,840,100 |
| Debt service | 194,941,834 | - | 194,941,834 |
| Unrestricted | 12,740,229 | 15,465,313 | 28,205,542 |
| Total net position | <u>\$ 593,518,749</u> | <u>\$ 835,243,200</u> | <u>\$ 1,428,761,949</u> |

The accompanying notes are an integral part of the financial statements

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2016**

| | Program Revenues | | | | Drainage Districts | Road Commission | Total Component Units |
|----------------------------------|-----------------------|-------------------------|--|--|-----------------------|-----------------------|-----------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | | |
| Functions/Programs | | | | | | | |
| Drainage Districts | \$ 95,780,166 | \$ 92,911,062 | \$ 1,857,656 | \$ 25,136,259 | \$ 24,124,811 | \$ - | \$ 24,124,811 |
| Road Commission | 123,387,277 | 16,203,823 | 67,485,619 | 51,358,884 | - | 11,661,049 | 11,661,049 |
| Total component units | <u>\$ 219,167,443</u> | <u>\$ 109,114,885</u> | <u>\$ 69,343,275</u> | <u>\$ 76,495,143</u> | <u>24,124,811</u> | <u>11,661,049</u> | <u>35,785,860</u> |
| General Revenue | | | | | | | |
| Unrestricted investment earnings | | | | | 392,071 | 674,719 | 1,066,790 |
| Change in net position | | | | | 24,516,882 | 12,335,768 | 36,852,650 |
| Net position | | | | | | | |
| Beginning | | | | | 569,001,867 | 822,907,432 | 1,391,909,299 |
| Ending | | | | | <u>\$ 593,518,749</u> | <u>\$ 835,243,200</u> | <u>\$ 1,428,761,949</u> |

The accompanying notes are an integral part of the financial statements

County of Oakland

Notes to Basic Financial Statements

September 30, 2016

1. Summary of Significant Accounting Policies

The basic financial statements of Oakland County (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The more significant of the County's accounting policies are described below.

The Financial Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present Oakland County (the Primary Government) and its component units. The County's Parks and Recreation Commission is not legally separate from the County, nor does it possess separate corporate powers. As such, the financial data of the County's Parks and Recreation Commission have been included with the financial data of the Primary Government. The financial data of the component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Unit

A blended component unit is a legally separate entity from the County, but is so intertwined with the County that it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate funds.

- ***Oakland County Building Authority (the Authority)*** – A five-person authority is appointed by the Oakland County Board of Commissioners, and its activity is dependent upon Board actions. The purpose of the Authority is to finance, through tax-exempt bonds, the construction of public buildings for use by the County, with the bonds secured by lease agreements with the County and retired through lease payments from the County. The Oakland County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance the construction of the County's public buildings. The Authority's activity is reported in various Debt Service funds (designated by the caption "Building Authority"), and the Building Improvement Fund, a capital projects fund.

Separate financial statements for the Authority are not published.

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

Discretely Presented Component Unit

A discretely presented component unit is an entity that is legally separate from the County but for which the County is financially accountable, or its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the County.

- ***Road Commission for Oakland County (Road Commission)*** – The Road Commission is governed by three appointees of the County Board of Commissioners who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised. The Road Commission's primary activities, which are as of and for the year ended September 30, 2016, are reported discretely as a governmental fund type - Special Revenue fund. The Road Commission Retirement System, which is as of and for the year ended December 31, 2016, is not reported in the financial statements of Oakland County.
- Complete financial statements of the Road Commission, which include the Road Commission Retirement System and its separately issued statements, can be obtained from its administrative offices as follows:

Road Commission for Oakland County
31001 Lahser Road
Beverly Hills, Michigan 48025

- ***Drainage Districts*** – This component unit consists of 174 individual districts created under Chapters 20 and 21 of Michigan Public Act 40 of 1956, for the purpose of alleviating drainage problems. This involves the construction, maintenance, and financing necessary to account for the cost of the drainage district. The individual districts, each a separate legal entity with power to assess the benefiting communities, is governed by the Drain Board for Oakland County, which consists of the Oakland County Water Resources Commissioner, the Chairman of the Oakland County Board of Commissioners, and the Chairperson of the Finance Committee of the Board of Commissioners. Assessments are made against the applicable municipalities within each district, including the Road Commission for Oakland County and the State of Michigan for road drainage. All activities of the various drainage districts are administered by the Oakland County Water Resources Commissioner. However, the drainage districts are not subject to the County's appropriation process. Because of the relationship between the component unit and the primary government, it would be misleading to exclude the Drainage Districts' Component Unit from the financial statements of Oakland County.
- The financial activities of the Drainage Districts as of and for the year ended September 30, 2016 are reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from:

Oakland County Water Resources Commissioner
#1 Public Works Drive
Waterford, Michigan 48328

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

Basic (Government-wide) and Fund Financial Statements – GASB Statement No. 34

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that net position be classified for accounting and reporting purposes into the following three categories:

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.
- **Restricted net position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often is designated to indicate that management does not consider them to be available for general operations. Unrestricted net position often has constraints on resources which are imposed by management, but can be removed or modified.

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type) in the new financial reporting model, the focus is on either the County as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The County's fiduciary funds (which have been redefined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of third parties (pension participants and others) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects the degree to which direct expenses that are clearly identifiable with a given functional category (General Government, Public Safety, Justice Administration, Citizen Services, Public Works, Recreation and Leisure, and Commerce and Community Development) are offset by program revenues. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or category, restricted investment earnings, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

functional category. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Property taxes and certain intergovernmental revenues are reported instead as general revenues, which are used to cover the net cost of the various functional categories of the County.

The County policy is to eliminate internal activity from the Statement of Activities. This policy dictates the elimination of indirect expenses, but not direct expenses. The exception to this general rule is activities between funds reported as governmental activities and funds reported as business-type activities (i.e., billings for services or products by internal service funds to enterprise funds).

The County does not currently employ an indirect cost allocation system. Rather, an administrative service fee is charged by the General Fund to the other operating funds to address General Fund services such as finance, personnel, purchasing, legal, administration, etc. This is treated like a reimbursement, eliminating revenues and expenses on the Statement of Activities.

This government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) are summarized into a single column.

The governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to reconcile the fund-based financial statements into the full accrual governmental column of the government-wide presentation.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the County's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity. When appropriate, surplus or deficits in the internal service funds are allocated back to the various users within the entity-wide Statement of Activities.

The focus of the entity-wide financial statements under the new reporting model is to present the County as a whole. The focus of the Fund Financial Statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category), and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

Basis of Presentation – Fund Accounting

Funds are used to report the County's financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Revenue is primarily derived from property taxes, state and federal distributions, and charges for services.

The Building Authority Debt Act 31 Fund was established to accumulate the resources for payment of bonded debt issued for the construction of, or improvement to various facilities. This also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the County.

The Water and Sewer Debt Act 342 Fund accounts for the accumulation of resources, mainly special assessments against benefiting municipalities, for the payment of bonded debt issued for construction of various water and sewer systems in Oakland County.

The County reports the following major enterprise funds:

The Parks and Recreation Fund accounts for the operation of the Oakland County parks system.

The Delinquent Tax Revolving Fund accounts for money advanced to the County and other local units of government for unpaid property taxes, and the subsequent collection of delinquencies.

The County Airports Fund was created to account for operations of the County's airports.

The Water and Sewer Trust Fund accounts for the collection of resources for the operation of various water and sewer systems maintained by the County, rather than the respective individual municipalities.

The Evergreen-Farmington S.D.S. (Sewage Disposal System) Fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities serviced.

The Southeastern Oakland County S.D.S. (S.O.C.S.D.S.) Fund was established to record the operations and maintenance of the system, which is used to move sewage and storm water to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being served.

The Clinton-Oakland S.D.S. (Sewage Disposal System) Fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds are used to ensure that specified resources (other than expendable trusts and funds for major capital improvements) are used as required by legal, regulatory, and/or administrative provisions. Included within the Special Revenue Funds are programs for care of children, drain maintenance, and certain grant operations involving public health, employment training, community development, environmental infrastructure programs, and other grants.

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

Debt Service Funds account for the financing resources and payment of current principal and interest on debt. Debt Service Funds account for servicing of general long-term debt of various building authority debt issues, and debt associated with local water and sewer obligations upon which there are County guarantees.

Capital Projects Funds account for the acquisition, construction, and renovation of major capital facilities other than those financed by proprietary funds.

Proprietary Fund Types

Internal service funds account for goods and services provided to departments, funds, and governmental units on a cost-reimbursement basis. Included within the internal service funds are certain fringe benefits provided to County employees which include health, workers' compensation, unemployment compensation, information technology, various equipment revolving funds, and central service-type operations.

Enterprise Funds, business-type activities, report operations for services to the general public, financed primarily by user charges intended to recover the cost of services provided, and include three airports, four sewage disposal systems, parks and others.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. The exception to this general rule is activities between funds reported as governmental activities and funds reported as business-type activities.

Amounts reported as program revenues include 1) charges for customers for goods supplied or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources, as well as taxes, are reported as general revenue rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Oakland County's fiduciary funds include Pension (and other post-employment benefits) Trust funds to account for retirees' retirement and medical benefits; Investment Trust funds, which report funds deposited by and invested for local units of government; and Agency funds, which account for assets held in a custodial capacity by the County for others. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the programs of Oakland County.

Basis of Accounting

- **Primary government** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, except for certain miscellaneous receivables and special assessments, and current liabilities are included on the balance sheet. Governmental funds are used to account for all or most of the

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

County's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.

- Proprietary, Pension Trust, and Investment Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Position with the balance classified as net position. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.
- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental funds use the modified accrual basis of accounting, which recognizes revenue in the accounting period in which they become susceptible to accrual, generally when they become both measurable and available. Property taxes are levied on December 1 and July 1 of each year (see Note 4) and are recognized as revenue in the fiscal year during which they are levied, and interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. Other revenue is considered to be available when anticipated to be collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except debt service expenditures, which are recorded when paid.
- Proprietary, Pension Trust, and Investment Trust Funds use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Agency funds, which report only a Statement of Net Position, use the accrual basis of accounting.

Discretely Presented Component Units

The Road Commission uses the current financial resources measurement focus for its governmental fund-type activities. The governmental fund type is used to account for all of the Road Commission's activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt. Revenues and expenditures are recorded under the modified accrual basis of accounting, and, as such, revenue is recorded when measurable and available, and earned. Project-related revenue is recognized as related costs are incurred, except for interest on long-term debt, which is recorded when paid.

The Drainage Districts use the current financial resources measurement focus for their activities. The governmental fund type is used to account for all of the Drainage Districts' activities, including the financing of the cost of construction and maintenance of Drainage Districts and servicing of long-term debt. Revenues and expenditures are recorded under the modified accrual basis of accounting, and as such, revenue is recorded when measurable and available, and earned. Project-related revenues are recognized as related costs are incurred, except for debt service expenditures, which are recorded when paid.

Budgets

Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles (GAAP basis) in that property tax revenue is recognized when made available by Board resolution. The budget was legally adopted by the Board of Commissioners prior to September 30, 2015 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Child Care and Social Welfare-Foster Care. Appropriations lapse at the end of the year. Project-length

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

Encumbrances are recorded at the time that purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Unliquidated encumbrances at the end of the year are set aside as assigned within fund balance. In the succeeding year, the encumbrances are re-appropriated by the Board of Commissioners to cover the unliquidated encumbrances included in fund equity.

Pooled Cash and Investments

The County maintains a cash and investment pool for all funds except the pension trust funds, the Superseding Trust fund, and two agency funds (Jail Inmate Trust and District Court Trust), in order to maximize investment earnings. Investments of the pool are not segregated by fund but each contributing fund's balance is treated as equity in the pool. For funds not in the pool, cash equivalents are considered to be demand deposits and short-term investments with an original maturity date of three months or less from the date of acquisition.

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2016 have been reclassified as a "due to other funds," and a corresponding "due from other funds" was established in the General Fund. Similarly, negative accrued interest receivable caused by negative cash balances is also reclassified at year end as an inter-fund liability.

In 2016, the County applied Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

Pooled investment income is allocated to all funds based on the respective share of their average daily balances. Interest charges for funds with negative balances are reported as negative interest income.

Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term receivables and payables resulting from such transactions are classified as "due from other funds" or "due to other funds" on the balance sheet.

Non-current portions of long-term inter-fund loan receivables are reported as advances and are offset equally by nonspendable fund balance.

Inventories

Inventories in governmental and proprietary funds are stated at cost using the first-in, first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Prepayments

Payments made for services that will benefit periods beyond September 30, 2016 are recorded as prepayments using the consumption method.

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

Capital Assets

Capital assets, which includes land, buildings, equipment and infrastructure assets (e.g., roads, drains, and similar items), are reported in the government-wide statements and applicable proprietary fund financial statements. Capital assets that are used for governmental activities are only capitalized in the government-wide statements and fully expended in the government funds. The County established capitalization thresholds for capital assets of \$5,000. Capital assets are stated at cost or, if donated, at acquisition value at the time of donation. In some instances, capital asset historical costs were not available; therefore, the costs of these assets at the dates of acquisitions have been estimated. Expenditures materially extending the life of capital assets are capitalized. Interest incurred during construction is only capitalized in proprietary funds. Capital assets are depreciated over their useful lives, using the straight-line depreciation method. Infrastructure ("public domain") assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters, are capitalized.

The County's estimated useful lives of the major classes of property and equipment follow:

| Class | Years |
|----------------------------|--------------|
| Land improvements | 10-15 |
| Buildings and improvements | 35-45 |
| Equipment and vehicles | 3-10 |
| Sewage disposal systems | 40-50 |
| Infrastructure | 10-75 |

Capital assets used in the general operation of the Road Commission are depreciated under various methods, including straight-line and sum-of-the-years digits.

Compensated Absences

Compensated absences (vested sick and annual leave) of the Primary Government that are allowed to accumulate are charged to operations in the Fringe Benefit fund (an Internal Service fund) as the benefits accrue. Compensated absences for the Road Commission are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only for employee terminations as of year end.

No liability is recorded for non-vesting accumulating rights to receive sick pay benefits for the Primary Government and Component Units.

Pension

The County offers pension benefits to retirees. The County records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, provides information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

County of Oakland
Notes to Basic Financial Statements
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Other Postemployment Benefit Costs

The County offers retiree healthcare benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements, the County reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year balance, if any.

Net Pension Liability

Beginning in fiscal year 2015, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires governments that provide defined benefit pensions to recognize the net pension liability and the pension expense on their financial statements. As a result, the government-wide statements now include a liability for our unfunded legacy costs related to the County's pension plan. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net pension liability is recorded on the government-wide, internal service and discretely presented component unit statements. This change does not impact the General Fund or any other governmental fund. Refer to the pension footnotes for further details.

Fund Equity

In the fund financial statements for the governmental fund reports, the following are the components of fund balance.

- **Nonspendable**, includes amounts that cannot be spent.
- **Restricted**, amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.
- **Committed**, amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the County's highest level of decision-making authority. A formal resolution by the Board of Commissioners is required to establish, modify or rescind a fund balance commitment.
- **Assigned**, amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. These assignments are authorized by the Board of Commissioners through a formal resolution.
- **Unassigned**, is the residual classification of the General Fund, and the reporting of any negative fund balance of a governmental fund.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the County's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the County's policy to spend funds in this order: committed, assigned, and unassigned.

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Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has only one item that qualifies for reporting in that category. Accordingly, the item, deferred outflows related to pensions, is reported as deferred outflows in the government-wide, internal service and component unit statements of net position. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over the next four years and included in pension expense.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: property taxes, contracts, grants, special assessments and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2015 through September 30, 2016) and are reported as revenues in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred inflows.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, September 30, 2016. These estimates and assumptions also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

The Board of Commissioners has established the legal level of control by control groups, as outlined in the County's General Appropriations Act. This act states that expenditures shall not exceed the total appropriations for personnel expenditures (salaries, overtime, and fringes), operating expenditures, and internal support expenditures (Internal Service fund charges), respectively, by department. Budgets are adopted and presented on the GAAP basis of accounting.

The Board of Commissioners is authorized to make amendments to the various budgets as deemed necessary. Current year supplemental budgetary appropriations were not material. Funds that receive an appropriation and can therefore be defined as those with an appropriated, annual, legally adopted budget are the General Fund and two Special Revenue funds: Child Care and Social Welfare-Foster Care. The budgetary comparison for the General Fund is presented in the Required Supplementary Information. The Child Care and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

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Transfers within and between budgeted funds and departments may be made by the Fiscal Officer (Director of Management and Budget Department) in the following instances:

- (a) Transfers may be made from the non-departmental overtime reserve account and fringe benefit adjustment account to the appropriate departmental budget as specific overtime requests are reviewed and approved by the Fiscal Officer. Additionally, overtime appropriations may be transferred between divisions within a department at the request of the department head, if authorized by the Fiscal Officer or designee.
- (b) Transfers may be made from the non-departmental appropriation reserve accounts for maintenance department charges and miscellaneous capital outlay to the appropriate departmental budgets as specific requests for these items are reviewed and approved by the Fiscal Officer.
- (c) Transfers may be made from the non-departmental appropriation reserve accounts, emergency salaries, and summer help as specific requests for these items are reviewed and approved by the Director of the Human Resources Department.

At year end, the Board of Commissioners adopts a resolution which authorizes and closes amounts exceeding the original appropriation against the balances in other appropriations and closes the remaining balance to the General Fund's "Unassigned Fund Balance."

During the fiscal year, the County incurred no expenditures in excess of appropriations which are presented at the legal level of control.

3. Deposits and Investments

The County has deposits and investments which are maintained for its primary government, component unit and fiduciary fund types.

For the primary government, the County manages its investments in a pool format which is used by all County funds. Income, gains and losses are allocated back to County funds based on their share of the pool which is calculated on their average daily cash balance.

For its pool, the County only uses federal and state-chartered banks and savings institutions, which are members of the FDIC, NCUA or DIFS and have a location in the state of Michigan. All deposits and investments for the pool are held in the County's name and tax ID number.

The County Treasurer is permitted to offer an investment option to local units of government within the County, called the Local Government Investment Pool (LGIP). Contracted participant deposits are treated just like County funds and receive a share of earnings based on their average daily cash balance. The LGIP is not subject to regulatory oversight, is not registered with the SEC, and does not issue a separate report. Fair value of the position in the pool is approximately equal to the value of the pool shares. The LGIP has not provided or obtained any legally binding guarantees during the period to support the value of the shares. Investments are valued monthly.

Deposits

It is County policy to review and verify a bank's creditworthiness through a system of ratio analysis and from information provided by several third-party sources. In addition, the County places concentration limits on banks based on creditworthiness resulting from both the ratio analysis and third-party information.

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Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned.

As of September 30, 2016, the bank balance of the County's deposits was \$1,067,853,134. Insured deposits were \$3,500,000, and the remaining \$1,064,353,134 was uninsured, uncollateralized, and held in the County's name.

The Drainage District's component unit's cash, deposits and investments are maintained in pooled accounts of the County; therefore, their amount of insurance would be allocated to the Drainage District's deposits based on their prorated share of the investment portfolio.

The County's Investment Policy allows for the use of bank deposits including certificates of deposit. The only limitation placed on bank deposits is that they cannot exceed 60% of the total investment portfolio. In addition, the County's investment policy limits the investment with any single financial institution to 15%.

At September 30, 2016, the Road Commission component unit had \$4,643,961 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. However, only those institutions with an acceptable estimated risk level are used as depositories.

Investments - Internal Investment Pool

Investments, except those of the Retirement Systems, Superseding Retiree Medical Benefits Trust and Deferred Compensation Plan, are administered by the Treasurer under guidelines established by Act 20 of the Michigan Public Acts of 1943, as amended and the Investment Policy as adopted by the County's Board of Commissioners. The County's Investment Policy is more restrictive than state law and allows for the following instruments:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of Michigan financial institutions.
3. Commercial paper rated at the time of purchase at the *highest* classification established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments in subdivision 1. The PSA Master Repurchase Agreement prototype agreement shall be employed with appropriate supplemental provisions regarding security delivery, security substitutions, and governing law. A signed repurchase agreement must be on file before entering into a repurchase transaction.
5. Bankers' acceptances of United States banks.
6. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
7. Obligations described in subdivisions 1 through 6 if purchased through an inter-local agreement under the Urban Cooperation Act of 1967.
8. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982.
9. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985.

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10. Mutual funds registered under the Investment Company Act of 1940 with authority to only purchase investment vehicles that are legal for direct investment by a Michigan public corporation. Investment is limited to mutual funds that maintain a net asset value of \$1.00 per share.

As of September 30, 2016, the County had the following deposit and investment types in its internal investment pool.

| Deposit and Investment Type | Market Value | Weighted Average Maturity (days) |
|--|-------------------------|---|
| Certificates of Deposit (1) | \$ 856,114,166 | 206 |
| Deposit Accounts (1) | 211,738,968 | 1 |
| Money Market Investment Pools | 271,831,810 | 1 |
| Commercial Paper | 9,998,817 | 11 |
| MI Government Coupon | 40,709,560 | 3,834 |
| U.S. Agencies | 256,657,217 | 956 |
| Total Market Value of Internal Investment Pool | \$ 1,647,050,538 | |
| Weighted Average Maturity of Internal Investment Pool (in days) | | 337 |

- (1) These items are considered deposits and not investments. They are presented here to give a clear picture of the investment pool's overall weighted average maturity.

Credit Risk – The County had \$256,657,217 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$40,709,560 in Municipal bonds rated Aaa by Moody's and AAA by Standard & Poor's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSRO). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. At September 30, 2016, the County had \$9,998,817 invested in A1+ (S&P) and P1 (Moody's) commercial paper. The money market investment pool had \$271,831,810 invested with a rating of AAA (S&P). The County's investment policy is silent on the use of rated versus unrated money market funds. In addition, there is no rating level requirement for unrated money market funds.

Custodial Credit Risk – Investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another side party. The County's investment policy requires that all investment transactions (including collateral for repurchase agreements) be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian, as designated by the County Treasurer, and shall be evidenced by a safekeeping receipt. As of September 30, 2016, \$307,365,594 in investments, at fair value, was held in third-party safekeeping in the County's name.

The County also invests in money market funds that have their securities safe kept with a third party selected by the counterparty. However, the pool's securities are held in trust for the participants of the fund and are not available to the counterparty if the counterparty should happen to fail. We believe this arrangement satisfies the County's investment policy safe-keeping requirement.

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Concentration of Credit Risk – Investments. On September 30, 2016, the County had investments of 5% or more of the total portfolio, with the following U.S. agency issuers: Fannie Mae 8.75%, and Freddie Mac 6.89%. No other issuer exceeded 5% of the total portfolio.

Interest Rate Risk – To limit its exposure to fair value losses from rising interest rates, the County's investment policy states the County will not directly invest in securities that mature more than three years from date of purchase; however, securities exceeding the three-year limitation may be purchased provided maturity dates coincide with the expected use of the funds. As of September 30, 2016, the internal investment pool had a weighted average maturity of 337 days and the longest investment maturity in the portfolio was 3,834 days (10.5 years).

Fair Value Measurement – The County categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County has the following recurring fair value measurements as of September 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

| Investment Type | Total Value | Fair Value Measurement Using | | |
|---------------------------------|----------------|------------------------------|----------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Commercial Paper | \$ 9,998,817 | \$ - | \$ 9,998,817 | \$ - |
| Government Agencies | 256,657,217 | - | 256,657,217 | - |
| Municipal Bonds | 40,709,560 | - | 40,709,560 | - |
| Total Investments by Fair Value | \$ 307,365,594 | \$ - | \$ 307,365,594 | \$ - |

Investments measured at the

Net Asset Value (NAV)

| | |
|--|-----------------------|
| Money Market Investment Pools | 271,831,810 |
| Total Investments measured fair value | <u>\$ 579,197,404</u> |

The fair value of Commercial Paper, Government Agencies and Municipal Bonds at September 30, 2016 was determined primarily based on Level 2 inputs and are valued using quoted prices for identical securities in markets that are not active. Money Market Investment Pools is valued at published fair value per share (unit) for the fund.

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Investments – Pension Trust Funds

The Pension Trust Funds and the Superseding Retirees' Medical Benefits Trust Fund investments are made in accordance with Act 55 of the Michigan Public Acts of 1982, as amended, and are limited to no more than 65 percent in common stock. In addition, no investments, loans, or leases are with parties related to the pension plan.

Pension investments are made through the use of Investment Advisors which are selected and retained by the Retirement and Deferred Compensation Board (PERS, VEBA and SMBT). The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2016, the Primary Government's Pension Trust fund had 23 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

As of September 30, 2016, the County had the following investment types in its Retirement System and other postemployment benefits trust funds:

| Investment Type | Fair Value | Percentage | Average Duration (In Years) |
|--|------------------------|----------------|-----------------------------|
| Common Stock | \$ 546,571,625 | 28.64% | N/A |
| International Common Stock | 66,417,456 | 3.48% | N/A |
| Common Stock - Funds | 343,810,608 | 18.02% | N/A |
| Preferred Stock | 95,366 | 0.01% | N/A |
| Exchange Traded Funds | 988,978 | 0.05% | N/A |
| Government Bonds | 80,602,117 | 4.22% | 6.39 |
| International Government Bonds | 5,236,812 | 0.27% | N/A |
| Government Agencies | 90,693,370 | 4.75% | 1.50 |
| International Government Agencies | 71,240 | 0.00% | N/A |
| Municipal Bonds | 2,893,160 | 0.15% | 15.44 |
| Corporate Bonds | 216,616,108 | 11.35% | 6.28 |
| Bank Loans | 4,150,672 | 0.22% | N/A |
| Government Mortgage-Backed Securities | 60,194,294 | 3.16% | 2.60 |
| Gov't Issued Commercial Mortgage-Backed Securities | 1,099,539 | 0.06% | 2.00 |
| Commercial Mortgage-Backed Securities | 21,141,245 | 1.11% | 3.66 |
| Asset-Backed Securities | 16,896,385 | 0.89% | 1.68 |
| Non-government Backed CMOs | 1,767,110 | 0.09% | 1.75 |
| Index Linked Government Bonds | 25,956,380 | 1.36% | 18.37 |
| Other Fixed Income | 3,485,686 | 0.18% | 3.46 |
| Real Estate | 182,030,832 | 9.55% | N/A |
| Partnerships | 111,830,508 | 5.86% | N/A |
| Other Assets | 631,067 | 0.03% | N/A |
| Hedge Funds | 86,884,808 | 4.55% | N/A |
| Cash and Cash Equivalents | 38,133,932 | 2.00% | 0.02 |
| Total | \$1,908,199,298 | 100.00% | |

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Credit Risk. The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no non-convertible bonds and convertible securities are authorized for purchase. In addition, no more than 10% of the total value of the portfolio, at the time of purchase, may be held in non-investment grade bonds as rated by Moody's and/or Standard & Poor's. Ninety percent of the total value of the portfolio must have a quality rating of A or better by Moody's and Standard & Poor's. For any security held in the portfolio that drops below investment grade as rated by Moody's or Standard & Poor's, the investment manager is to advise the Board of that fact along with a buy/hold recommendation. The Board shall then instruct the investment manager as to which action should be taken.

As of September 30, 2016, debt obligation investments held in the retirement system had the following ratings:

| Fair Value | Percentage | Ratings | |
|----------------------|-----------------|--------------------|---------|
| | | S&P | Moody's |
| \$200,813,942 | 31.31 % | AAA | Aaa |
| 36,053,883 | 5.62 | AA | Aa |
| 86,532,366 | 13.49 | A | A |
| 57,406,609 | 8.95 | BBB | Baa |
| 28,999,269 | 4.52 | BB | Ba |
| 12,355,432 | 1.93 | B | B |
| 490,331 | 0.08 | CCC | Caa |
| 139,229,169 | 21.71 | NR | NR |
| 79,471,463 | 12.39 | US Govt Guaranteed | |
| <u>\$641,352,464</u> | <u>100.00 %</u> | | |

Custodial Credit Risk is the risk associated that in the event of the failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Statement of Investment Goals and Objectives (SIGO) requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Boards, and shall be evidenced by a custodial report. As of September 30, 2016, \$1,906,602,833 in investments was held in third-party safekeeping in the County's name.

Concentration of Credit Risk. The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no more than 5% of the assets of the Retirement System's portfolio may be invested in the fixed-income obligations of any one corporation or its affiliates and no more than 10% may be invested in the equity of any one corporation or its affiliates. Further, for fixed-income investments, no more than 10% of the assets of the portfolio may be invested in the securities of any governmental agency that is not fully backed by the U.S. government. No limitation applies to obligations of the United States Treasury or any fully guaranteed agency of the federal government.

For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2016, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

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Interest Rate Risk - The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed-income managers on the length to maturity for fixed-income investments. As the schedule on page 85 indicates, the system's fixed-income investments had average durations of between 0.02 years and 18.4 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to rapidly adjusting interest rates.

Collateralized Mortgage Obligations (CMOs) are U.S. government-issued asset-backed certificates and corporate-issued asset-backed certificates. Current CMO holdings have maturity lengths ranging from 1.3 years to 46.6 years and are backed by investments in various assets, including mortgages. As of September 30, 2016, the market value was \$22,908,355.

Interest Rate Risk - Collateralized Mortgage Obligations. The market value of such investments can be affected by, among other factors, changes in interest rates, including the effect of prepayments, marketability, and default rates on assets underlying the securities. At September 30, 2016, the County's CMO portfolio had an effective duration of 2.04 years.

Fair Value Measurement – The County categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

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The County has the following recurring fair value measurements as of September 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

| | | Fair Value Measurement Using | | |
|--|-------------------------------------|--|---|--|
| | Balance at September 30, 2016 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| Equity securities: | | | | |
| Common Stock | \$ 612,989,082 | \$ 612,842,490 | \$ - | \$ 146,592 |
| Preferred Stock | 95,366 | 95,366 | - | - |
| Exchange Traded Funds | 988,978 | 988,978 | - | - |
| Equity Mutual Funds | 24,945,270 | - | 24,945,270 | - |
| Total equity securities | 639,018,696 | 613,926,834 | 24,945,270 | 146,592 |
| Debt securities: | | | | |
| Government Bonds | 85,838,929 | - | 85,312,209 | 526,720 |
| Government Agencies | 16,390,668 | - | 16,390,668 | - |
| State or Local Governments | 2,893,160 | - | 2,893,160 | - |
| Corporate Bonds | 216,616,108 | - | 216,616,108 | - |
| Residential Mortgage-Backed Securities | 134,568,236 | - | 134,568,236 | - |
| Commercial Mortgage-Backed Securities | 22,240,784 | - | 22,240,784 | - |
| Collateralized Mortgage Obligations | 1,767,110 | - | 1,767,110 | - |
| Other Asset-Backed Securities | 16,896,385 | - | 16,896,385 | - |
| Index-Linked Government Bonds | 25,956,380 | - | 25,956,380 | - |
| Bank Loans | 4,150,672 | - | 4,150,672 | - |
| Other Debt Securities | 3,485,686 | - | 3,485,686 | - |
| Total debt securities | 530,804,118 | - | 530,277,398 | 526,720 |
| Total investments by fair value level | \$ 1,169,822,814 | \$ 613,926,834 | \$ 555,222,668 | \$ 673,312 |
| Investments measured at Net Asset Value (NAV) | | | | |
| International Equity | 130,599,228 | | | |
| Global Fixed Income | 111,830,508 | | | |
| Index Funds | 188,266,109 | | | |
| Equity Long/Short Hedge Funds | 86,884,808 | | | |
| Private Real Estate | 5,077,414 | | | |
| Real Estate Funds | 166,275,203 | | | |
| Real Estate International | 10,678,215 | | | |
| Total investments measured at NAV | 699,611,485 | | | |
| Total investments measured at fair value | \$ 1,869,434,299 | | | |
| Investment derivative instruments | | | | |
| Forward Foreign Currency Exchange | \$ 209 | \$ - | \$ 209 | \$ - |

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Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: Equity Mutual Funds are valued using fair value per share for each fund; Fixed Income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Debt and equity securities classified in Level 3 are based upon unobservable inputs. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmarks.

Investments in Entities that Calculate Net Asset Value per Share

The County holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended September 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

| | Fair Value | Unfunded Commitments | Redemption Frequency, if eligible | Redemption Notice Period |
|-------------------------------|----------------------|---------------------------------|--|---|
| International Equity | \$130,599,144 | - | Monthly | 10 Days |
| Global Fixed Income | 111,830,508 | - | Daily | 3 Days |
| Index Funds | 188,266,109 | - | Daily | 3 Days |
| Equity Long/Short Hedge Funds | 86,884,808 | - | Quarterly | 90 Days |
| Private Real Estate | 5,077,414 | - | - | - |
| Real Estate Funds | 166,275,203 | - | - | - |
| Real Estate International | 10,678,215 | - | - | - |
| | <u>\$699,611,401</u> | | | |

The International Equity fund seeks long-term growth of capital by investing at least 80% of its net assets in large capitalization equity securities listed in the Morgan Stanley Capital International Europe, Australasia and Far East Index (MSCI EAFE Index). The fair values of the investments have been estimated using the net asset value per share of the investments.

The Global Fixed Income Fund seeks current income with capital appreciation and growth of income, by investing at least 80% of its net assets in bonds of governments, government related entities and government agencies located anywhere in the world. The fund regularly enters into various currency-related and other transactions involving derivative instruments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The Index Fund seeks to replicate the total return of the S&P 500 index. Under normal market conditions, at least 80% of its total assets will be invested in stocks in the S&P 500 index. The fund utilizes a "passive" investment approach, attempting to replicate the investment performance of its benchmark. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

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The Hedged Equity Long/Short Fund is comprised of hedge funds that invest in global equity markets using long/short strategies both from a bottom-up (stock-pickers) orientation and a top-down (macro) orientation, including emerging markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The Real Estate funds class included several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the County's ownership interest in partners' capital.

Disclosures Regarding Redemption Only Upon Liquidation

The investments in the Private Real Estate, Real Estate and Real Estate International can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 10 years.

4. Property Taxes – Receivables and Short-term Debt

Receivables - Prior to 2004, taxes were levied on December 1 on the taxable value of real and personal property as established the preceding December 31. Taxes became a lien on the property on December 1 and were due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. Michigan Public Act 357 of 2004 required a gradual shift over a three-year period, of county property tax levies from winter to summer as a substitute to county revenue sharing from the State. The entire County Operating Tax is levied on July 1 each year beginning in 2007; however, the date for delinquencies did not change with the shift in levy dates. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Equalized values for the 2016 summer levy amounted to \$65,084,851,114 with taxable values of \$52,786,202,473. The operating tax rate for the 2016 levy was 4.04 mills, with an additional 0.2410 mills voted for Parks and Recreation (winter levy only). The amount unpaid at fiscal year end is reported as current property taxes receivable in the County's General Fund. These receivables (current and delinquent) for the County operating tax levy amounted to \$18,832,275 at September 30, 2016.

Short-term Debt - By agreement with various taxing authorities, the County purchases (at face value) real property taxes for all municipalities and school districts within Oakland County which are returned delinquent on March 1. To accomplish this, tax notes are sold and the proceeds of these notes are used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), in the amount of \$225,661,550 at September 30, 2016, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt.

The following is a summary of the short-term debt activity for the year ended September 30, 2016:

| Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|----------------------|---------------|-----------------|-------------------|------------------------|
| \$ 25,000,000 | \$ 25,000,000 | \$ (25,000,000) | \$ 25,000,000 | \$ 25,000,000 |

County of Oakland
Notes to Basic Financial Statements
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5. Allowances for Uncollectible Receivables

At September 30, 2016, the allowances for uncollectible receivables were as follows:

| | |
|--|------------------|
| General Fund | \$ 25,000 |
| Capital Projects | |
| Drains-Act 40 Maintenance Chapter 4 & 18 | <u>6,972</u> |
| Total | <u>\$ 31,972</u> |

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$36,761 and uncollectable accounts receivable of \$60,991 at September 30, 2016.

6. Investment Income – Pension and Other Postemployment Trust Funds

The following is a breakdown of the investment income for Pension and other Postemployment Trust funds of the primary government for the year ended September 30, 2016:

| | Employees' Retirement | VEBA Trust | Superseding Trust |
|---|----------------------------------|-----------------------|------------------------------|
| Interest and dividends | \$ 13,168,836 | \$ 18,276,788 | \$ 124,632 |
| Unrealized/Realized gain (loss) on investments | <u>54,775,767</u> | <u>82,184,503</u> | <u>1,012,105</u> |
| Total | <u>\$ 67,944,603</u> | <u>\$ 100,461,291</u> | <u>\$ 1,136,737</u> |

County of Oakland
Notes to Basic Financial Statements
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7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2016, for governmental activities follows:

| | Balance October 1, 2015 | Additions | Disposals and Adjustments | Balance September 30, 2016 |
|---|-------------------------------|--------------|---------------------------------|----------------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 7,365,551 | \$ - | \$ - | \$ 7,365,551 |
| Construction in progress | 14,901,068 | 10,291,291 | (234,960) | 24,957,399 |
| Total capital assets not being depreciated | 22,266,619 | 10,291,291 | (234,960) | 32,322,950 |
| Capital assets being depreciated | | | | |
| Land improvements | 1,250,633 | 46,057 | - | 1,296,690 |
| Buildings and improvements | 250,004,217 | 194,215 | - | 250,198,432 |
| Equipment and vehicles | 121,482,476 | 5,539,977 | (2,636,447) | 124,386,006 |
| Infrastructure | 30,681,421 | - | - | 30,681,421 |
| Total capital assets being depreciated | 403,418,747 | 5,780,249 | (2,636,447) | 406,562,549 |
| Less: Accumulated depreciation | | | | |
| Land improvements | 1,090,723 | 21,147 | - | 1,111,870 |
| Buildings and improvements | 108,659,260 | 5,837,856 | - | 114,497,116 |
| Equipment and vehicles | 94,594,716 | 7,706,609 | (2,327,698) | 99,973,627 |
| Infrastructure | 17,843,773 | 679,349 | - | 18,523,122 |
| Total accumulated depreciation | 222,188,472 | 14,244,961 | (2,327,698) | 234,105,735 |
| Total capital assets being depreciated, net | 181,230,275 | (8,464,712) | (308,749) | 172,456,814 |
| Governmental activities capital assets, net | \$ 203,496,894 | \$ 1,826,579 | \$ (543,709) | \$ 204,779,764 |

Depreciation expense was charged to functions as follows:

| | |
|--|---------------|
| Public safety | \$ 3,044,628 |
| Justice administration | 1,083,429 |
| Citizens services | 681,525 |
| Public infrastructure | 450,370 |
| Commerce and Community Development | 29,537 |
| Unallocated depreciation | 3,527,266 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 5,428,206 |
| Total depreciation expense - governmental activities | \$ 14,244,961 |

County of Oakland
Notes to Basic Financial Statements
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A summary of business-type property and equipment at September 30, 2016 follows:

| | Balance October 1, 2015 | Additions | Disposals and Adjustments | Balance September 30, 2016 |
|---|-------------------------------|---------------|---------------------------------|----------------------------------|
| Business-type Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 68,158,860 | \$ - | \$ - | \$ 68,158,860 |
| Construction in progress | 52,947,497 | 38,440,174 | (7,290,142) | 84,097,529 |
| Other | 12,000 | - | - | 12,000 |
| Total capital assets not being depreciated | 121,118,357 | 38,440,174 | (7,290,142) | 152,268,389 |
| Capital assets being depreciated | | | | |
| Land improvements | 35,823,624 | - | - | 35,823,624 |
| Buildings and improvements | 98,816,827 | 489,912 | (83,499) | 99,223,240 |
| Equipment and vehicles | 89,893,718 | 2,663,684 | (1,098,804) | 91,458,598 |
| Infrastructure | 340,915,052 | 3,530,014 | - | 344,445,066 |
| Total capital assets being depreciated | 565,449,221 | 6,683,610 | (1,182,303) | 570,950,528 |
| Less: Accumulated depreciation | | | | |
| Land improvements | 26,695,580 | 1,380,353 | - | 28,075,933 |
| Buildings and improvements | 38,491,911 | 3,340,726 | (65,628) | 41,767,009 |
| Equipment and vehicles | 70,372,402 | 6,928,595 | (2,396,987) | 74,904,010 |
| Infrastructure | 245,014,358 | 7,426,024 | - | 252,440,382 |
| Total accumulated depreciation | 380,574,251 | 19,075,698 | (2,462,615) | 397,187,334 |
| Total capital assets being depreciated, net | 184,874,970 | (12,392,088) | 1,280,312 | 173,763,194 |
| Business-type activities capital assets, net | \$ 305,993,327 | \$ 26,048,086 | \$ (6,009,830) | \$ 326,031,583 |
| Depreciation expense was charged to functions as follows: | | | | |
| Airports | | \$ 2,665,382 | | |
| Community safety support | | 8,052,414 | | |
| Community water and sewer | | 2,412,590 | | |
| Recreation and leisure | | 3,640,363 | | |
| Sewage disposal systems | | 2,304,949 | | |
| Total depreciation expense - business-type activities | | \$ 19,075,698 | | |

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2016, for component units follows:

| Component Units | Balance October 1, 2015 | Additions | Disposals and Adjustments | Balance September 30, 2016 |
|--|-------------------------------|---------------|---------------------------------|----------------------------------|
| Drainage Districts | | | | |
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ 164,427,466 | \$ 29,733,025 | \$ (4,312,200) | \$ 189,848,291 |
| Land | 325,964 | - | - | 325,964 |
| Total capital assets not being depreciated | 164,753,430 | 29,733,025 | (4,312,200) | 190,174,255 |
| Capital assets being depreciated | | | | |
| Buildings | 57,248,656 | - | - | 57,248,656 |
| Equipment | 373,557 | - | - | 373,557 |
| Infrastructure | 495,179,489 | 4,312,200 | - | 499,491,689 |
| Total capital assets being depreciated | 552,801,702 | 4,312,200 | - | 557,113,902 |
| Less: Accumulated depreciation | | | | |
| Buildings | 4,508,331 | 1,725,412 | - | 6,233,743 |
| Equipment | 38,538 | 30,817 | - | 69,355 |
| Infrastructure | 99,527,361 | 5,674,624 | - | 105,201,985 |
| Total accumulated depreciation | 104,074,230 | 7,430,853 | - | 111,505,083 |
| Total capital assets being depreciated, net | 448,727,472 | (3,118,653) | - | 445,608,819 |
| Governmental activity capital assets, net | \$ 613,480,902 | \$ 26,614,372 | \$ (4,312,200) | \$ 635,783,074 |
| Road Commission | | | | |
| Capital assets not being depreciated | | | | |
| Land and other | \$ 196,104,743 | \$ 9,409,490 | \$ - | \$ 205,514,233 |
| Construction in progress | 589,876 | 31,011 | (589,875) | 31,012 |
| Total capital assets not being depreciated | 196,694,619 | 9,440,501 | (589,875) | 205,545,245 |
| Capital assets being depreciated | | | | |
| Buildings and storage bins | 20,380,296 | 361,313 | 589,875 | 21,331,484 |
| Road equipment | 54,013,547 | 6,155,427 | (5,043,368) | 55,125,606 |
| Other equipment | 5,246,395 | 825,671 | (4,150) | 6,067,916 |
| Infrastructure | 995,784,054 | 52,865,557 | (19,135,993) | 1,029,513,618 |
| Brine wells and gravel pits | 2,489,608 | - | - | 2,489,608 |
| Total capital assets being depreciated | 1,077,913,900 | 60,207,968 | (23,593,636) | 1,114,528,232 |
| Less: Accumulated depreciation | | | | |
| Buildings and storage bins | 12,127,406 | 548,183 | - | 12,675,589 |
| Road equipment | 47,329,789 | 3,365,522 | (5,043,368) | 45,651,943 |
| Other equipment | 4,880,859 | 120,020 | (4,150) | 4,996,729 |
| Infrastructure | 412,493,406 | 42,090,454 | (19,135,993) | 435,447,867 |
| Brine wells and gravel pits | 1,410,924 | 112,538 | - | 1,523,462 |
| Total accumulated depreciation | 478,242,384 | 46,236,717 | (24,183,511) | 500,295,590 |
| Total capital assets being depreciated, net | 599,671,516 | 13,971,251 | 589,875 | 614,232,642 |
| Governmental activity capital assets, net | \$ 796,366,135 | \$ 23,411,752 | \$ - | \$ 819,777,887 |

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

8. Long-term Debt

The County issues bonds and notes authorized by various State acts. Each act provides specific covenants for specific purposes.

Primary Government

| | Interest rate | October 1, 2015 | Additions | Reductions | September 30, 2016 | Amounts due within one year | Amounts due thereafter | General obligation | With governmental commitment |
|---|---------------|-----------------------|----------------------|------------------------|-----------------------|-----------------------------|------------------------|-----------------------|------------------------------|
| Governmental activities | | | | | | | | | |
| Debt with limited taxing authority | | | | | | | | | |
| Building authority - Act 31 | 2.00%-4.75% | \$ 29,380,000 | \$ 15,450,000 | \$ (2,495,000) | \$ 42,335,000 | \$ 3,150,000 | \$ 39,185,000 | \$ 29,500,000 | \$ 12,835,000 |
| Building authority refunding | 2.00%-5.00% | 35,210,000 | - | (4,185,000) | 31,025,000 | 4,290,000 | 26,735,000 | 27,535,000 | 3,490,000 |
| Retirees Health Care Bonds | 3.62%-4.52% | 328,590,000 | - | (22,200,000) | 306,390,000 | 23,020,000 | 283,370,000 | 306,390,000 | - |
| Water supply - Act 342 | 2.00%-6.00% | 15,820,000 | - | (785,000) | 15,035,000 | 790,000 | 14,245,000 | - | 15,035,000 |
| Sewage disposal - Act 342 | 2.00%-3.75% | - | 3,700,000 | (150,000) | 3,550,000 | 150,000 | 3,400,000 | - | 3,550,000 |
| Water and sewer refunding bonds | 1.50%-2.75% | 1,415,000 | - | (210,000) | 1,205,000 | 205,000 | 1,000,000 | - | 1,205,000 |
| Sewage disposal refunding bonds | 2.25%-3.60% | 140,000 | - | (140,000) | - | - | - | - | - |
| Michigan Bond Authority - Sewage Disposal Bonds | 1.62%-2.50% | 6,533,202 | 21,325,488 | (645,000) | 27,213,690 | 2,100,000 | 25,113,690 | - | 27,213,690 |
| Total bonds - governmental activities | | <u>\$ 417,088,202</u> | <u>\$ 40,475,488</u> | <u>\$ (30,810,000)</u> | <u>\$ 426,753,690</u> | <u>\$ 33,705,000</u> | <u>\$ 393,048,690</u> | <u>\$ 363,425,000</u> | <u>\$ 63,328,690</u> |
| Business-type activities | | | | | | | | | |
| Business type activities | | | | | | | | | |
| BA - Act 31 - County Airport | 1.00%-5.90% | \$ 4,600,000 | \$ - | \$ (250,000) | \$ 4,350,000 | \$ 250,000 | \$ 4,100,000 | \$ 4,350,000 | \$ - |
| BA refunding - County Airport | 2.00%-2.25% | 3,560,000 | - | (360,000) | 3,200,000 | 365,000 | 2,835,000 | 3,200,000 | - |
| Sewage disposal - Act 342 | 1.75%-6.75% | 3,500,000 | - | (150,000) | 3,350,000 | 155,000 | 3,195,000 | 3,350,000 | - |
| Michigan Bond Authority - Water & Sewage Disposal Bonds | 2.50% | 9,600,612 | 7,026,942 | (720,200) | 15,907,354 | 1,005,600 | 14,901,754 | 15,907,354 | - |
| Total bonds - business type | | <u>21,260,612</u> | <u>7,026,942</u> | <u>(1,480,200)</u> | <u>26,807,354</u> | <u>1,775,600</u> | <u>25,031,754</u> | <u>26,807,354</u> | <u>-</u> |
| Total bonds - primary government | | <u>\$ 438,348,814</u> | <u>\$ 47,502,430</u> | <u>\$ (32,290,200)</u> | <u>\$ 453,561,044</u> | <u>\$ 35,480,600</u> | <u>\$ 418,080,444</u> | <u>\$ 390,232,354</u> | <u>\$ 63,328,690</u> |

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

Component Units

| Drainage Districts | Interest rate | October 1, 2015 | Additions | Reductions | September 30, 2016 | Amounts due within one year | Amounts due thereafter | General obligation | With governmental commitment |
|--|----------------------|------------------------|----------------------|------------------------|---------------------------|------------------------------------|-------------------------------|---------------------------|-------------------------------------|
| Debt with limited taxing authority | | | | | | | | | |
| Drain bonds - Act 40 | 1.15%-7.00% | \$ 74,545,000 | \$ - | \$ (3,665,000) | \$ 70,880,000 | \$ 3,660,000 | \$ 67,220,000 | \$ 52,818,220 | \$ 18,061,780 |
| Drain refunding bonds | 1.00%-4.75% | 14,415,000 | 7,450,000 | (10,660,000) | 11,205,000 | 1,830,000 | 9,375,000 | 1,816,368 | 9,388,632 |
| Michigan Bond Authority-Drain Bonds | 1.15%-4.15% | 175,606,474 | 19,169,814 | (12,074,800) | 182,701,488 | 12,234,400 | 170,467,088 | 20,136,540 | 162,561,948 |
| Total Drainage Districts | | 264,566,474 | \$ 26,619,814 | (26,399,800) | 264,786,488 | 17,724,400 | 247,062,088 | 74,771,128 | 190,015,360 |
| Total County Debt | | <u>\$ 702,915,288</u> | <u>\$ 74,122,344</u> | <u>\$ (58,690,000)</u> | <u>\$ 718,347,532</u> | <u>\$ 53,205,000</u> | <u>\$ 665,142,532</u> | <u>\$ 465,003,482</u> | <u>\$ 253,344,050</u> |
| Road Commission | | | | | | | | | |
| Compensated absences | -- | \$ 3,018,250 | \$ 60,650 | \$ - | \$ 3,078,900 | \$ - | \$ 3,078,900 | \$ - | \$ 3,078,900 |
| Self-insured losses | -- | 1,246,200 | 153,461 | (387,328) | 1,012,333 | 483,633 | 528,700 | - | 1,012,333 |
| Other postemployment benefits | -- | 23,527,919 | 4,673,532 | - | 28,201,451 | - | 28,201,451 | - | 28,201,451 |
| Net pension liability | -- | 26,527,162 | 16,420,359 | - | 42,947,521 | - | 42,947,521 | - | 42,947,521 |
| Michigan Transportation Fund revenue notes | 4.00% | 500,000 | - | (500,000) | - | - | - | - | - |
| Total Road Commission | | <u>\$ 54,819,531</u> | <u>\$ 21,308,002</u> | <u>\$ (887,328)</u> | <u>\$ 75,240,205</u> | <u>\$ 483,633</u> | <u>\$ 74,756,572</u> | <u>\$ -</u> | <u>\$ 75,240,205</u> |
| Total reporting entity | | <u>\$ 757,734,819</u> | <u>\$ 95,430,246</u> | <u>\$ (59,577,328)</u> | <u>\$ 793,587,737</u> | <u>\$ 53,688,633</u> | <u>\$ 739,899,104</u> | <u>\$ 465,003,482</u> | <u>\$ 328,584,255</u> |

County of Oakland
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2016 (excluding the liabilities for compensated absences, other postemployment benefits, pension liability and uninsured losses for the Road Commission component unit) were as follows:

| | Bonds with limited taxing authority | | Retirees Health Care Bonds limited taxing authority | | Business-type Bonds limited taxing authority | | Total primary government | |
|---------------|--|----------------------|--|----------------------|---|---------------------|---------------------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | \$ 10,685,000 | \$ 3,129,322 | \$ 23,020,000 | \$ 10,980,656 | \$ 1,775,600 | \$ 772,135 | \$ 35,480,600 | \$ 14,882,113 |
| 2018 | 10,930,000 | 2,808,750 | 23,870,000 | 10,131,947 | 1,841,000 | 733,955 | 36,641,000 | 13,674,652 |
| 2019 | 10,580,000 | 2,488,238 | 24,750,000 | 9,251,925 | 1,891,400 | 692,625 | 37,221,400 | 12,432,788 |
| 2020 | 10,790,000 | 2,165,556 | 25,660,000 | 8,339,504 | 1,796,170 | 648,965 | 38,246,170 | 11,154,025 |
| 2021 | 10,900,000 | 1,834,750 | 26,605,000 | 7,393,507 | 1,689,900 | 580,303 | 39,194,900 | 9,808,560 |
| 2022-2026 | 34,740,000 | 5,518,347 | 148,485,000 | 21,510,862 | 8,342,800 | 2,071,591 | 191,567,800 | 29,100,800 |
| 2027-2031 | 22,573,690 | 2,868,890 | 34,000,000 | 768,400 | 7,818,720 | 705,595 | 64,392,410 | 4,342,885 |
| 2032-2036 | 8,775,000 | 793,940 | - | - | 1,651,764 | 22,784 | 10,426,764 | 816,724 |
| 2037-2041 | 390,000 | 29,200 | - | - | - | - | 390,000 | 29,200 |
| Totals | \$ 120,363,690 | \$ 21,636,993 | \$ 306,390,000 | \$ 68,376,801 | \$ 26,807,354 | \$ 6,227,953 | \$ 453,561,044 | \$ 96,241,747 |

| | Drainage Districts | | Total reporting entity | |
|---------------|---------------------------|----------------------|-------------------------------|-----------------------|
| | Principal | Interest | Principal | Interest |
| 2017 | \$ 17,724,400 | \$ 6,751,002 | \$ 53,205,000 | \$ 21,633,115 |
| 2018 | 17,669,000 | 6,329,299 | 54,310,000 | 20,003,951 |
| 2019 | 17,908,600 | 5,910,956 | 55,130,000 | 18,343,744 |
| 2020 | 18,383,200 | 5,478,519 | 56,629,370 | 16,632,544 |
| 2021 | 18,850,100 | 5,027,874 | 58,045,000 | 14,836,434 |
| 2022-2026 | 79,684,022 | 18,433,423 | 271,251,822 | 47,534,223 |
| 2027-2031 | 63,344,811 | 9,262,831 | 127,737,221 | 13,605,716 |
| 2032-2036 | 31,222,355 | 1,625,024 | 41,649,119 | 2,441,748 |
| 2037-2041 | - | - | 390,000 | 29,200 |
| Totals | \$ 264,786,488 | \$ 58,818,928 | \$ 718,347,532 | \$ 155,060,675 |

County of Oakland
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The County has pledged its full faith and credit on debt totaling \$743,347,532, which includes \$25,000,000 of short-term notes for the delinquent taxes as described in Note 4. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2016, the debt limit was \$6,508,485,111. The County is obligated if payments received on assessments or contracts levied against benefiting municipalities are insufficient to meet principal and interest requirements of this debt when due, and is shown in the preceding table as debt "with governmental commitment."

The aforementioned bonds are to be repaid as summarized in the following paragraphs.

Building Authority – Act 31

Act 31, Michigan Public Acts of 1948, provides for an authority to issue bonds to build and equip various public buildings, which are then leased to the County. Proceeds from these leases are used to repay the bonds. The collection of lease payments and retirement of debt is reflected in the respective Debt Service fund. At September 30, 2016, there were five issues outstanding, totaling \$42,335,000, maturing in the years 2017-2040, which represents debt originally issued in the years 2010-2015 totaling \$52,895,000.

Retirees Health Care Bonds

In September 2013, the County issued refunding bonds in the amount of \$350,000,000, in order to refinance and redeem the 2007 Certificates of Participation debt. This enabled the County to fully fund the VEBA Trust Fund as of September 30, 2014. The County thereafter entered into a Superseding Contract with a new, Superseding Trust which was created by the County, under which contract, the County is now obligated to maintain the funding in the VEBA Trust in future years pursuant to the terms of that contract under a Superseding Plan which has superseded and supplanted the obligation of the County to maintain retiree health services by keeping the VEBA Trust at full funding. As of September 30, 2016, there were two issues outstanding totaling \$306,390,000 maturing in the years 2017-2027.

Sewage Disposal, Water and Sewer, and Water Supply Bonds – Act 342

Act 342, Michigan Public Acts of 1939 provides for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by revenue produced by utility or tax revenue. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred inflows in the Debt Service funds for each act. At September 30, 2016, there were six issues outstanding, totaling \$18,585,000, maturing in the years 2017-2035. This represents debt originally issued in the amount of \$21,800,000 issued in the years 1997-2015.

Refunding Bonds

Michigan Public Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The bonds will be repaid from assessments levied against the benefiting municipalities for water and sewer debt, or leases for Building Authority debt. At September 30, 2016, there were six issues outstanding, totaling \$32,230,000, maturing in the years 2017-2025. This represents debt originally issued in the years 2010-2014 totaling \$51,385,000.

County of Oakland
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Michigan Bond Authority Sewage Disposal Bonds

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2016 was \$1,135,000, which matures in the years 2017-2018.

In September 2007, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,000,000 for the Softwater Lake Capital Improvement Sewage Disposal System project. As of September 30, 2010, a final amount of \$1,935,727 was received from the State Revolving Loan fund. The amount outstanding at September 30, 2016 for this issue is \$1,095,727, which matures in the years 2017-2027.

In September 2014, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$36,855,000 for the Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel project. As of September 30, 2016, \$24,982,963 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2016 for this issue is \$24,982,963, which matures in the years 2017-2031.

Business Type

In December 2010, the County issued \$4,060,000 of sewage disposal bonds for the Evergreen-Farmington Sewage Disposal System (enterprise fund type). The bonds are federally taxable recovery zone economic development bonds, issued under the authority of Act 34, Public Acts of Michigan, 2001. The amount outstanding for this issue at September 30, 2016 was \$3,350,000, which matures in the years 2017-2031.

Two Building Authority bond issues for the County Airport fund consist of the Airport T-Hangar Refunding in the amount outstanding as of September 30, 2016 of \$3,200,000 maturing in the years 2017-2024 and the Airport Terminal Building in the amount outstanding as of September 30, 2016 of \$4,350,000 maturing in the years 2017-2030. These represent original debt issued in the amount of \$4,585,000 in 2012 for the Airport T-Hangar and \$5,800,000 in 2010 for the Airport Terminal Building.

In March 2012, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,415,000 for the Evergreen-Farmington Sewage Disposal System 8 Mile Pumping Station Septage Facility (enterprise fund type). The amount outstanding for this issue at September 30, 2016 was \$2,025,000, which matures in the years 2017-2032.

In August 2012, in conjunction with the transfer of operations of the City of Pontiac water and sewer system to the County, the County's Water and Sewer Trust fund assumed the debt obligations initiated by the City of Pontiac for four Clean Water/Water Quality projects. The total authorized loan amount is \$8,845,300; as of September 30, 2016, the amount outstanding was \$6,516,220. In addition, in October 2014 the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for City of Pontiac Water Supply System Improvements for up to \$6,890,000; as of September 30, 2016, \$6,666,764 was drawn. Further, in October 2015 the County authorized the issuance of two additional bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the City of Pontiac Water Supply System; one for up to \$6,850,000 with \$1,762,500 principal forgiveness, as of September 30, 2016,

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\$969,370 was drawn and one for up to \$720,000 with no draws as of September 30, 2016. The debt obligation recorded as of September 30, 2016 amounted to \$13,882,354, maturing in the years 2017 through 2035.

Drain Bonds – Act 40 (Component Unit)

Act 40 provides for the creation of a Drain Board, which has the power to assess state, county, and local levels of government for principal and interest payments. Such assessments are to be funded from General Fund revenue of the respective municipality. The County portion of the assessment is identified as a general obligation. Further, the County is obligated if assessments levied against benefiting municipalities are insufficient to meet principal and interest requirements when due. Such obligations are shown as "with governmental commitment." At September 30, 2016, there were 12 issues outstanding, totaling \$70,880,000, maturing in the years 2017-2034. This represents original debt issued for \$85,480,000 in the years 1997-2014.

Drain Refunding Bonds (Component Unit)

Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The County initiates the refunding of various drain bonds issued under Act 40 on behalf of the drainage district's component unit. Bonds will be repaid from assessments levied against the benefiting municipalities. At September 30, 2016, there were four issues outstanding, totaling \$11,205,000, maturing in the years 2017-2025. This represents debt originally issued in the years 2005-2016 in the amount of \$15,340,000.

Michigan Bond Authority Drain Bonds (Component Unit)

The County authorized the issuance of bonds for up to \$17,880,000 in October 2000 from the Michigan Municipal Bond Authority Revolving Loan fund for the George W. Kuhn Drainage District. Further, in 2001, the County authorized an additional \$82,200,000 for the George W. Kuhn Drainage District Segment II, with successive authorizations in the years 2005 through 2008 amounting to \$14,240,000. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District with successive authorizations for Segments II, III and IV in the years 2012, 2013 and 2015, respectively, amounting to \$99,160,000. Through September 30, 2016, the drainage district received \$124,638,355 from the State Revolving Loan Fund for the Oakland-Macomb Interceptor Drain District Segments I, II, III and IV. In August 2012, in conjunction with the transfer of operations of the City of Pontiac waste water treatment system to the County, the County's Drainage District assumed the debt obligations initiated by the City of Pontiac for two Clean Water/Water Quality projects. The total authorized loan amount is \$13,689,700; as of September 30, 2016, the amount outstanding was \$10,937,310. In addition, in October 2014, the County authorized issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the Pontiac Waste Water Treatment Drain District for up to \$9,840,000 with \$1,000,000 principal forgiveness. At September 30, 2016, there were 13 issues outstanding, totaling \$182,701,488, maturing in the years 2017-2033.

Advance and Current Refunding of General Obligation Limited Tax Bonds

In February 2016, the County issued \$7,450,000 of refunding bonds for a current refunding of general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service obligations of the refunded debt. Accordingly, the trust account assets and liability for the

County of Oakland
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refunding bonds are not included in the Drainage District's component unit, or the County's financial statements. The debt refunded amounted to \$7,585,000 for the George W. Kuhn Drainage District, Series 2007 maturing in the years 2017 through 2024 inclusively. The refunding was undertaken to reduce the debt service payments over the next eight years by \$909,119 and obtain an economic (present value) gain to the benefiting municipalities of \$865,755.

Changes in Other Long-term Liabilities

Long-term liabilities activity, as reported in and liquidated through the Fringe Benefit Fund and Building Liability Insurance Fund, Internal Service funds, for the fiscal year ended September 30, 2016 was as follows:

| | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|---|----------------------|---------------------|------------------------|----------------------|------------------------|
| Governmental activities | | | | | |
| Accrued compensated absences | \$ 12,505,517 | \$ 1,494,400 | \$ (1,250,552) | \$ 12,749,365 | \$ 1,274,937 |
| Claims and judgments | | | | | |
| Accrued unreported health costs | 4,520,000 | 1,084,058 | (1,506,667) | 4,097,391 | 1,365,797 |
| Accrued workers' compensation | 10,000,000 | 44,881 | (2,818,466) | 7,226,415 | 1,765,084 |
| Building and liability insurance | 4,553,602 | 1,274,114 | (1,178,895) | 4,648,821 | 1,253,279 |
| Net pension liability | 12,718,628 | - | (7,273,842) | 5,444,786 | - |
| Governmental activity long-term liabilities | <u>\$ 44,297,747</u> | <u>\$ 3,897,453</u> | <u>\$ (14,028,422)</u> | <u>\$ 34,166,778</u> | <u>\$ 5,659,097</u> |

9. Interfund Balances

Interfund receivables and payables at September 30, 2016 were as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | |
|------------------------|-----------------------------|----------------------|
| General | Nonmajor governmental | <u>\$ 12,103,325</u> |
| Nonmajor governmental | General | 505,415 |
| | Nonmajor governmental | 812,690 |
| | S.O.C.S.D.S. | 1,898 |
| | Internal service | 980 |
| | Total | <u>1,320,983</u> |
| Internal service | General | 1,273 |
| | Nonmajor governmental | 62 |
| | Water and Sewer Trust | 7,055 |
| | Evergreen Farmington S.D.S. | 2,323 |
| | S.O.C.S.D.S. | 3,136 |
| | Clinton Oakland S.D.S. | 1,554 |
| | Nonmajor enterprise | 185 |
| | Internal service | 504 |
| | Total | <u>16,092</u> |
| | Total | <u>\$ 13,440,400</u> |

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These balances result from the time difference between the dates that services are provided or transfers are authorized, transactions are recorded in the accounting system, and payments between funds are made.

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2016 were as follows:

| Primary Government | Component Unit | |
|------------------------------------|----------------------------------|-------------------|
| Due from Component Unit | Due to Primary Government | |
| General | Drainage Districts | \$ 1,132 |
| | Road Commission | 3,064 |
| | Total | <u>4,196</u> |
| Nonmajor governmental | Drainage Districts | 687,516 |
| | Road Commission | 40 |
| | Total | <u>687,556</u> |
| Evergreen Farmington SDS | Drainage Districts | <u>62,177</u> |
| Internal Service | Drainage Districts | 75 |
| | Road Commission | 40,956 |
| | Total | <u>41,031</u> |
| | Total | <u>\$ 794,960</u> |
| Component Unit | Primary Government | |
| Due from Primary Government | Due to Component Unit | |
| Drainage Districts | General Fund | <u>\$ 35,000</u> |

Advances to/from other funds (including current and long-term portions) at September 30, 2016 were as follows:

| | | |
|--------------------------|-----------------------|---------------------|
| Receivable Fund | Payable Fund | |
| Nonmajor governmental | Nonmajor governmental | <u>\$ 1,102,916</u> |
| Delinquent Tax Revolving | Internal Service | <u>64,415</u> |
| | Total | <u>\$ 1,167,331</u> |

Advances distinguish long-term internal borrowings from receivables and payables that arise in connection with routine borrowings and short-term loans (due to/due from other funds).

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Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2016 were as follows:

| Transfers In | Transfers Out | Amount |
|---------------------------|------------------------------|----------------------|
| General | Nonmajor governmental | \$ 232,508 |
| | Delinquent Tax Revolving | 14,350,810 |
| | Total | <u>14,583,318</u> |
| Building Authority Act 31 | General | 9,275,625 |
| | Nonmajor governmental | 4,160 |
| | Total | <u>9,279,785</u> |
| Nonmajor governmental | General | 43,249,413 |
| | Nonmajor governmental | 2,081,676 |
| | Water and Sewer Debt Act 342 | 22,141 |
| | Delinquent Tax Revolving | 4,786,900 |
| | Evergreen Farmington S.D.S. | 1,439,727 |
| | Internal Service | 27,908 |
| | Total | <u>51,607,765</u> |
| Nonmajor enterprise | General | 3,103,891 |
| | Nonmajor enterprise | 200,000 |
| | Total | <u>3,303,891</u> |
| Internal Service | General | 4,370,946 |
| | Nonmajor governmental | 11,633 |
| | Parks and Recreation | 60,000 |
| | Nonmajor enterprise | 286,000 |
| | Internal service | 194,238 |
| | Total | <u>4,922,817</u> |
| | Total transfers | <u>\$ 83,697,576</u> |

The transfers to and from the various funds are made to account for budgetary authorizations and/or providing funding for operations as needed.

County of Oakland
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10. Fund Equities

At September 30, 2016, a deficit existed in the following funds:

Capital Projects Funds

| | |
|------------------------------|------------|
| Lake Levels Act 146 | \$ 142,093 |
| Drain Chapter 4 Construction | 813,978 |

In the Capital Projects funds, the negative unassigned fund balance in the Lake Levels Act 146 fund, primarily reflects costs that are related to the Bush Lake Level project in the amount of \$106,465 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$42,008. The Bush Lake Level is construction of a new lake level control structure which has been completed and a long-term special assessment for the project commenced in FY 2011. In 2010, the Oakland County Board of Commissioners authorized a loan in the amount of \$300,000 from the County's Long Term Revolving Fund to the Bush Lake Special Assessment District to be collected in 10 annual installments. The long-term receivable is now on the balance sheet to track the collection of the Long Term Special Assessment. Collection of the annual special assessment has reduced the deficit by \$20,405 from the FY 2015 deficit of \$126,870 to the FY 2016 deficit of \$106,465. The Upper Straits Lake Dam Replacement project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan and is currently in the design phase. When the design phase is completed, the estimated project cost will be determined. It is planned that the project will be financed with a loan from the Oakland County Board of Commissioner's Long Term Revolving Fund. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a proposed 10 year period. The Special Assessment District must be updated prior to requesting the loan. Updating the district requires Circuit Court action and therefore, the project schedule is directly affected by the Court schedule. There have been some delays on the project and related court proceedings due to critical infrastructure improvements needed for other systems under the responsibility of the Oakland County Water Resources Commissioner's office. Delays in receiving the court judgment on the district update will impact the timing of receiving loan money and approval of the special assessment.

In addition, the negative unassigned fund balance in the Drain Chapter 4 Construction Fund reflects costs that are related to the Lower Pettibone Lake Sanitary Chapter 4 Drain Construction project in the amount of \$813,978. A loan from the Long Term Revolving Fund was approved by the Oakland County Board of Commissioners via Miscellaneous Resolution #14136 adopted June 11, 2014 to provide up to \$1,200,000 in funding for this project. A 20-year assessment against each of the benefiting properties in the District has been approved to repay the loan with the first payment due December 2014. The construction of the sewer was completed and became operational as of January 2015 and the deficit for this specific project will be eliminated when the long-term assessment roll collection is completed.

County of Oakland
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Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2016 were as follows:

| | Nonspendable | Spendable | | | Unassigned |
|---|-------------------|--------------------|-------------|-----------------------|---------------------|
| | | Restricted | Committed | Assigned | |
| Primary Government | | | | | |
| General Fund | | | | | |
| Prepays | \$ 391,239 | \$ - | \$ - | \$ - | \$ - |
| Inventories | 143,527 | - | - | - | - |
| Property Tax Forfeiture | - | 5,884,980 | - | - | - |
| Future operating requirements 2016 and beyond | - | - | - | 117,483,320 | - |
| Property Tax Forfeiture Activities | - | - | - | 20,868,433 | - |
| Future Technology Replacement | - | - | - | 14,010,183 | - |
| Capital Reserve | - | - | - | 12,000,000 | - |
| Financial System Updates | - | - | - | 10,000,000 | - |
| Future Headlee Rollback | - | - | - | 10,000,000 | - |
| Catastrophic Claims | - | - | - | 10,000,000 | - |
| Unfunded Mandates | - | - | - | 10,000,000 | - |
| HR Comp/Workforce Planning | - | - | - | 5,600,000 | - |
| Emergency Salaries | - | - | - | 5,000,000 | - |
| Tri-Party Supplemental | - | - | - | 4,086,500 | - |
| Carry forwards | - | - | - | 3,672,683 | - |
| Operational Improvements | - | - | - | 3,000,000 | - |
| DB Pension Contribution | - | - | - | 3,000,000 | - |
| Data Privacy and Security | - | - | - | 3,000,000 | - |
| Homeland Security Enhancements | - | - | - | 2,724,139 | - |
| Pandemic Response | - | - | - | 2,041,000 | - |
| Local Road Improvement Match Program | - | - | - | 1,032,665 | - |
| Business Continuity | - | - | - | 1,000,000 | - |
| WRC Long-Term Revolving Fund | - | - | - | 1,000,000 | - |
| M1 SCAO Interpreter Costs | - | - | - | 750,000 | - |
| Federal Regulatory Changes | - | - | - | 750,000 | - |
| Senior Services | - | - | - | 600,000 | - |
| Building Security Cameras and Consoles | - | - | - | 567,766 | - |
| Board of Commissioners Projects | - | - | - | 560,000 | - |
| Sheriff Aviation | - | - | - | 527,055 | - |
| Tax Tribunal Appeals Consultants | - | - | - | 500,000 | - |
| New Grant Match Opportunities | - | - | - | 500,000 | - |
| Human Resources Legal | - | - | - | 500,000 | - |
| Quality of Life Initiatives | - | - | - | 480,000 | - |
| Community Partnerships | - | - | - | 238,654 | - |
| Buy Local | - | - | - | 150,000 | - |
| Jail Commissary | - | - | - | 123,539 | - |
| Department Operations | - | - | - | 79,562 | - |
| Rx Discount Card Program | - | - | - | 13,756 | - |
| Unassigned | - | - | - | - | 2,962,467 |
| Total | \$ 534,766 | \$5,884,980 | \$ - | \$ 245,859,255 | \$ 2,962,467 |

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| | Nonspendable | Spendable | | | Unassigned |
|----------------------------------|--------------|---------------|---------------|----------|----------------|
| | | Restricted | Committed | Assigned | |
| Primary Government | | | | | |
| Special Revenue Funds | | | | | |
| Grants (Deficit) | \$ - | \$ - | \$ - | \$ - | \$ (2,054,558) |
| Specific programs | - | 17,930,076 | - | - | - |
| Total | \$ - | \$ 17,930,076 | \$ - | \$ - | \$ (2,054,558) |
| Debt Service Funds | | | | | |
| Debt service-general obligations | \$ - | \$ 7,791,059 | \$ - | \$ - | \$ - |
| Capital Projects Funds | | | | | |
| Long-term receivables | \$ 1,102,916 | \$ - | \$ - | \$ - | \$ - |
| Work projects | - | - | 51,423,615 | - | (956,071) |
| Total | \$ 1,102,916 | \$ - | \$ 51,423,615 | \$ - | \$ (956,071) |

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2016 for these benefits totaled the following: medical insurance, \$34,767,377; prescription coverage, \$10,601,546; dental insurance, \$3,126,268; optical insurance, \$273,295; disability, \$2,988,889; tuition reimbursement, \$349,967; Social Security, \$16,145,893; workers' compensation, \$1,106,738; and unemployment claims, \$326,603.

12. Defined Benefit Pension Plan

Plan Description

The Oakland County Public Employers' Retirement System (PERS) is a single-employer defined benefit pension plan, covering all eligible employees. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan is administered by the Oakland County Retirement and Deferred Compensation Board.

Management of PERS is vested with the Retirement and Deferred Compensation Board, which consists of nine voting members comprised of the following individuals:

- Oakland County Board of Commissioners chairperson or designee.
- BOC Finance Committee chairperson or designee.
- County Treasurer or designee.
- County Executive or designee.
- Three (3) elected employee members.
- One (1) elected retiree member.
- One (1) citizen member appointed by the Board and confirmed by the Oakland County Board of Commissioners.

County of Oakland
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Plan Membership

The County PERS covers the majority of full-time employees of the County hired prior to July 1, 1994. The plans' membership consists of the following at September 30, 2016, the date of the latest actuarial valuation:

| | |
|--|--------------|
| Retirees and beneficiaries receiving benefits | 1,988 |
| Terminated plan members entitled to, but not yet receiving benefits | 100 |
| Active plan members | <u>347</u> |
| Total | <u>2,435</u> |

The County established a defined contribution plan for County employees, and all new employees and eligible part-time employees hired on or after July 1, 1994 are covered by the defined contribution plan, as the County's PERS is no longer available to new employees.

Benefits

Members of both plans may retire at age 55 (except Sheriff's deputies, who may retire with 25 years of service regardless of age), with 25 years of service, or at age 60 with eight years of service. Members vest after eight years of service.

Eligible employees under the County plan are provided benefits based on 2%, 2.2% for years in excess of 14 years (Sheriff's deputies, 2.2% for the first 14 years of service, and 2.5% for thereafter, command officers 2.5%) of the final average compensation times the number of years of credited service. Maximum County retirement is 75% of final average compensation, defined as the average of the highest five consecutive years during the last 10 years.

Duty disability benefits provided by the County are computed as a regular retirement, with additional service credited until attainment of age 60, less an amount offset by workers' compensation payments, with a maximum payment of 75% of final average compensation. Non-duty disability benefits after 10 years of service are computed as a regular retirement. Death benefits are provided to beneficiaries after 10 years of service, based on years of service.

Funding Policy/Contributions

The County policy is to fund normal costs of the plan by contributions which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. For fiscal year 2016, there was no annual contribution required, which was determined through actuarial valuations performed at September 30, 2014.

Sheriff's deputies contribute at a rate of 3 percent of their annual pay for the first 14 years of service and 5 percent thereafter. Command officers contribute 5 percent. General County Option A members who have elected improved benefits contribute 1 percent of their pay after 14 years of service. Contributions received from these employees for the years ended September 30, 2016 and September 30, 2015 amounted to \$443,238 and \$473,247, respectively.

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions. All administrative costs of the plan are financed directly by Oakland County.

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Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that is in compliance with Michigan Public Act 314 of 1965 and manages risks through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of July 1, 2012.

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|------------------------------|
| Cash Equivalents | 0.0% |
| U.S. Equity | 40.0% |
| Non U.S. Equity | 10.0% |
| Hedged Equity | 5.0% |
| Fixed Income | 40.0% |
| Real Estate | 5.0% |
| Total | 100.0% |

Rate of Return

For the year ended September 30, 2016, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2016 consists of the following reserves:

| | |
|-----------------------------|------------------------------|
| Annuity reserve | \$ 4,624,859 |
| Pension reserve | 202,587,365 |
| Pension accumulated reserve | <u>550,430,748</u> |
| Total fund balance | <u>\$ 757,642,972</u> |

Annuity reserve represents the cumulative contribution for retirees, disabled members, or surviving spouses who have elected monthly annuity benefits. Pension reserve represents the funded pension benefits available for retired lives and is funded by actuarially determined transfers from the pension accumulated reserve. Pension accumulated reserve represents the accumulated reserve for pension payable by the County.

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Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2016:

Statement of Net Position

| | |
|----------------------|-----------------------|
| Cash and investments | \$ 756,148,868 |
| Other assets | <u>1,993,996</u> |
| Total assets | <u>758,142,864</u> |
| Liabilities | <u>499,892</u> |
| Net position | <u>\$ 757,642,972</u> |

Statement of Changes in Net Position

| | |
|---|-----------------------|
| Additions: | |
| Contributions | \$ 443,238 |
| Investment income | 67,944,603 |
| Other revenue | <u>25,142</u> |
| Total additions | <u>68,412,983</u> |
| Deductions: | |
| Benefit payments | 53,925,525 |
| Other expenses | <u>2,504,315</u> |
| Total deductions | <u>56,429,840</u> |
| Change in net position | 11,983,143 |
| Net position held in trust, beginning of year | <u>745,659,829</u> |
| Net position held in trust, end of year | <u>\$ 757,642,972</u> |

Basis of Accounting

The County's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at an estimated fair value or amortized cost.

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Actuarial Methods and Assumptions

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2014, using the aggregate actuarial cost method. Significant actuarial assumptions used include (a) 7.25 investment rate of return, (b) projected salary increases of 4.5 to 10.5 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

The aggregate accrual cost method does not produce an actuarial accrued liability. The entry age actuarial cost method is used to develop the actuarial liability and the associated values shown above in compliance with GASB Statement No. 50. In addition, the aggregate method does not formally recognize an amortization period for the overfunded AAL.

Net Pension Liability

The County has chosen to use September 30, 2016 as its measurement date for the net pension liability. The September 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension plan net position as of September 30, 2016. The September 30, 2016 total pension liability was determined by an actuarial valuation performed as of September 30, 2015, which used updated procedures to roll forward the estimated liability to September 30, 2016.

The components of the net pension liability of the County at September 30, 2016 were as follows:

| | |
|---|----------------------|
| Total pension liability | \$ 763,087,758 |
| Plan fiduciary net position | <u>(757,642,972)</u> |
| Net Pension Liability (Asset) | <u>\$ 5,444,786</u> |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 99.29% |

The net pension liability of \$5,444,786 has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

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Changes in the net pension liability during the measurement year were as follows:

| | Increase/(Decrease) | | |
|---|--------------------------------|--------------------------|------------------------------|
| | Total Pension Liability | Plan Net Position | Net Pension Liability |
| Balances at 9/30/2015 | \$ 758,378,456 | \$ 745,659,828 | \$ 12,718,628 |
| Changes for the year: | | | |
| Service cost | 2,864,098 | - | 2,864,098 |
| Interest | 53,131,461 | - | 53,131,461 |
| Difference between expected and actual experience | 2,639,268 | - | 2,639,268 |
| Assumption changes | - | - | - |
| Contributions - employer | - | - | - |
| Contributions - member | - | 443,238 | (443,238) |
| Net investment income | - | 65,710,783 | (65,710,783) |
| Benefit payments, including refunds of member contributions | (53,925,525) | (53,925,525) | - |
| Administrative expenses | - | (245,352) | 245,352 |
| Net changes | 4,709,302 | 11,983,144 | (7,273,842) |
| Balances at 9/30/2016 | \$ 763,087,758 | \$ 757,642,972 | \$ 5,444,786 |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the County recognized pension expense of \$13,666,033. At September 30, 2016, the County reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|--|---------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | <u>\$ 19,305,794</u> |
| Total | <u>\$ 19,305,794</u> |

County of Oakland
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Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending September 30 | Net Deferred Outflows of Resources |
|--|---|
| 2017 | \$ 7,341,803 |
| 2018 | 7,341,803 |
| 2019 | 7,341,803 |
| 2020 | (2,719,615) |
| Total | \$ 19,305,794 |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2015, which used update procedures to roll forward the estimated liability to September 30, 2016. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.75% |
| Salary increases | 3.25 – 9.25% average, including inflation and step increases |
| Investment rate of return | 7.25% net of pension investment expense, including inflation |

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table projected to 2021 using a static projection based on the 2-dimensional MP-2014 improvement scales.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s). For each major asset class that is

County of Oakland
Notes to Basic Financial Statements
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included in the pension plan's target asset allocation as of September 30, 2015, these best estimates are summarized in the following table.

| Asset Class | Long-Term Expected Real Rate of Return |
|----------------------|--|
| Domestic Equity | 7.50% |
| International Equity | 8.50% |
| Domestic Bonds | 2.50% |
| International Bonds | 3.50% |
| Real Estate | 4.50% |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the plan's net pension liability, calculated using a discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percent lower and one percent higher.

| | 1% Decrease 6.25% | Current Single Discount Rate 7.25% | 1% Increase 8.25% |
|-------------------------------|-------------------------|--|-------------------------|
| Net Pension Liability/(Asset) | \$ 81,786,179 | \$ 5,444,786 | \$ (59,660,291) |

The Road Commission for Oakland County Retirement System board of trustees administers the Road Commission for Oakland County Retirement System – a single-employer defined benefit pension plan that provides retirement, disability, and death benefits for all eligible general employees of the Retirement System. Benefit terms have been established by contractual agreements between the Retirement System and the various employee union representation or other actions of the Oakland County Board of Road Commissioners; amendments are subject to the same process. The Road Commission's net pension liability as of December 31, 2015 was \$42,947,521. The Road Commission has chosen to use December 31, 2015 as its measurement date for the net pension liability. The September 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date. For the year ended September 30, 2016, the Road Commission recognized pension expense of \$12,566,984. At September 30, 2016, the Road Commission reported total deferred outflows of resources of \$26,075,995.

13. Defined Contribution Plans

The County maintains a defined contribution plan, Oakland Performance Retirement System (OPRS), which qualifies under Internal Revenue Code Section 401(a). Employees in the County PERS were first afforded the opportunity to transfer to the OPRS through December 31, 1995, retroactive to January 1, 1995. Employees who elected to transfer to the OPRS had their individually actuarially determined earned retirement benefits in the County PERS, determined as of January 1, 1995, plus accrued interest at the rate of 7.5% from January 1, 1995 until the date of

County of Oakland
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election to transfer, transferred into the OPRS. Subsequent to 1995, the County reopened the opportunity for transfer several times, resulting in an additional 1,477 employees transferred from the County PERS to the OPRS.

The OPRS maintains a schedule of vesting, with the participants becoming fully vested upon completion of six years of continuous service. Employees transferring from the County PERS were allowed a permanent selection of employee contributions of 0% or 3% of their salary, with the employer matching the contribution respectively with 6% or 9% for general employees, or 7% or 10% for employees in certain bargaining units. For employees hired on or after July 1, 1994, the employer contributes 5% of the employee's salary. Effective December 1999, employees were offered an opportunity to increase their contribution with a County match of 2% for new hires and 1% for all others. In December 2000, the employee and County match were increased 1%. All employees are able to contribute up to 10% of their salary on a voluntary after-tax basis. All contributions are remitted to a third-party plan administrator.

Total membership in the OPRS as of September 30, 2016 was 3,119, which includes 371 employees who elected to transfer from the PERS in 1995 through 2000 and 2,748 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2016 was \$196,015,758, and the County's total payroll was \$230,943,945. The required contributions, which matched those actually made, were \$7,419,936 by employees and \$17,509,756 by the County, representing 3.8% and 8.9% of covered payroll, respectively.

In 2008, the County offered a voluntary defined contribution plan for part-time non-eligible employees. The plan qualifies under the Omnibus Budget Reconciliation Act of 1990 (OBRA) and IRS Section 3121 (b) (&) (F) which allows for a defined contribution plan in lieu of Social Security. With the implementation of this plan, the County contributes 1.3% and the employee contributes 6.2% of their earnings into a defined contribution plan. The employee would be immediately 100% vested in both the employer and employee contributions, but cannot access the money invested in the plan until they are separated from County employment. During fiscal year 2016, the County contributed \$206,939 to the plan.

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions.

14. Postemployment Benefits

Oakland County provides medical care benefit insurance coverage to retired employees or survivors of deceased employees who were hired on or before September 20, 1985 having eight or more years of service, or hired on or after September 21, 1985 and had 15 years of service (for family coverage) or 8 to 14 years of service (for retired members only). This single-employer defined benefit plan is administered by Oakland County through two funding vehicles: the Oakland County VEBA Trust (the Trust) and the Superseding Trust.

For employees whose employment ends prior to retirement, the Trust provides benefits to those with 15 to 19 years of service (for members only) or 20 years of service (for family coverage).

County of Oakland
Notes to Basic Financial Statements
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In 2016, the County provided 2,742 retirees medical insurance and reimbursed 1,704 of them for Medicare premiums under the Trust. In 2016, the County disbursed \$31,635,863 for this purpose.

Postemployment benefits are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions. The plan covers the following classes of employees: General, Command Officers, and Deputies. The plan in all classes is now closed to new hires. The County has established a "Retirement Health Savings Plan" beginning January 1, 2007. General members hired on and after 1/1/95 (5/27/95 for Command Officers and Sheriff's deputies), the portion of healthcare costs paid by the Trust will be based on years of service at retirement. If a member has less than 15 years of service, there is no County paid retiree health coverage. If a member has 15 years of service at retirement, 60% of the healthcare premium will be paid by the Health Care Trust. The percent increases 4% per year of service over 15 with a 100% maximum coverage after 25 years of service. New employees are required to join the County's retiree health saving plan effective 1/1/06 for General Non-Union employees, 3/5/09 for Sheriff Command Officers, 1/1/10 for Sheriff Corrections Deputies, and 2/9/12 for Sheriff Road Patrol Deputies. Employees will receive a cash payment upon retirement from which they can purchase their own health insurance. At September 30, 2015, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,382 retirees and beneficiaries currently receiving benefits, 2,177 active employees, and 227 terminated employees entitled to benefits but not yet receiving them.

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB asset for the current and two preceding years were as follows:

| | Fiscal year ended September 30 | | |
|-------------------------------|--------------------------------|---------------|---------------|
| | 2016 | 2015 | 2014 |
| Annual OPEB cost (ARC) | \$ 5,766,783 | \$ 5,605,849 | \$ 29,545,126 |
| Percentage of ARC contributed | 0% | 0% | 0% |
| Net OPEB asset | \$157,325,849 | \$163,092,632 | \$168,698,481 |

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. In 2016, the annual required contribution (ARC) as determined by the actuary was \$800,184 and there were no County contributions, given the VEBA was fully funded.

County of Oakland
Notes to Basic Financial Statements
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The funding progress of the plan as of September 30, 2015, the most recent actuarial valuation report, is as follows:

| | |
|--|-------------------------|
| Retirees and beneficiaries | \$ 481,702,280 |
| Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries | 57,828,702 |
| Active employees and beneficiaries | <u>358,777,508</u> |
| Actuarial accrued liability | 898,308,490 |
| Actuarial value of assets | <u>1,118,327,367</u> |
| Unfunded AAL (Overfunded AAL) | <u>\$ (220,018,877)</u> |
| Funded ratio | 124.5% |
| Annual covered payroll | \$ 144,715,626 |
| Overfunded AAL as a percentage of payroll | 152.4% |
| Actuarial Required Contribution (ARC) | \$ 800,184 |
| Adjustment to the ARC | 9,648,684 |
| Interest on net OPEB asset | <u>(4,682,085)</u> |
| Annual OPEB cost | 5,766,783 |
| Contributions | - |
| Decrease in net OPEB asset | <u>5,766,783</u> |
| OPEB asset - Beginning of year | <u>163,092,632</u> |
| OPEB asset - End of year | <u>\$ 157,325,849</u> |

The County contributions are based on a 10-year open amortization of the unfunded actuarial accrued liabilities (UAL) for the over-funded divisions. In addition, the County reports an other post-employment benefits asset for the funding provided by the previous sale of certificates of participation. The remaining amortization period of this asset as of September 30, 2016 was 20 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about investment return, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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Notes to Basic Financial Statements
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In the September 30, 2015 actuarial valuation, the date of the most recent actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 3.00 percent per year plus a long-term rate of inflation of 4.5 percent per year and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is equal to the reported market value of assets at the valuation date. The UAAL for the groups was amortized over a 10-year open level dollar method for the over-funded divisions. Active member payroll was assumed to increase 4.5 percent per year for the purpose of determining the level percent contributions.

The following are condensed financial statements as of and including September 30, 2016 (the OPEB Plan includes the VEBA and Superseding Trusts):

Statement of Net Position

| | |
|----------------------|-------------------------|
| Cash and investments | \$ 1,151,527,570 |
| Other assets | <u>2,734,610</u> |
| Total assets | <u>1,154,262,180</u> |
| Liabilities | <u>3,101,747</u> |
| Net position | <u>\$ 1,151,160,433</u> |

Statement of Changes in Net Position

| | |
|---|-------------------------|
| Additions: | |
| Contributions | \$ 146,723 |
| Investment income | 101,598,028 |
| Other revenue | <u>2,586,853</u> |
| Total additions | <u>104,331,604</u> |
| Deductions: | |
| Benefits | 31,635,863 |
| Other expenses | <u>3,216,203</u> |
| Total deductions | <u>34,852,066</u> |
| Change in net position | 69,479,538 |
| Net position held in trust, beginning of year | <u>1,081,680,895</u> |
| Net position held in trust, end of year | <u>\$ 1,151,160,433</u> |

The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2014, the date of the most recent actuarial valuation, membership consisted of 706 retirees and beneficiaries currently receiving benefits, 280 vested active employees, and 62 nonvested active employees. For the year ended September 30, 2016, the Road Commission's adjusted annual required contribution to the Trust was \$12,497,647 with interest of \$1,058,756 on the prior year net OPEB obligation. The Road Commission contributed \$1,824,591 to the Trust during the year and paid \$7,058,280 directly

County of Oakland
Notes to Basic Financial Statements
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toward insurance premiums and medical costs for retirees during fiscal year 2016, leaving a net OPEB obligation of \$28,201,451 at September 30, 2016.

15. Deferred Compensation Plan

In fiscal year 1998, both the County and the Road Commission adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. During fiscal year 1999, as required by the statement, the County and the Road Commission each placed all Deferred Compensation Plan assets with a trustee, relinquishing all fiduciary accountability for the assets. Accordingly, the related assets and liabilities of the plan are not reported in the County and Road Commission financial statements.

16. Risk Management

The County is exposed to various risks of loss related to property, employee injuries, general liability claims, and torts, as well as medical benefits provided to employees. The County has purchased a commercial property policy for its building and contents, electronic data processing equipment, boats and motors, ATV/snowmobiles, and automobile catastrophe physical damage coverage. The policy is subject to a maximum per occurrence catastrophic loss limit of \$350,000,000. Policy limits (subject to the maximum \$350,000,000 per occurrence catastrophic loss limit) are: building and contents in the amount of \$682,612,699, electronic data processing equipment in the amount of \$43,894,889, boats and motors in the amount of \$569,000, ATV/snowmobiles in the amount of \$66,000, automobile catastrophe physical damage in the amount of \$2,000,000, flood coverage in the amount of \$50,000,000 (subject to limitations in some flood zones), earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for helicopters' hull physical damage in the amount of \$3,139,792, and helicopters' additional equipment physical damage in the amount of \$1,354,800. Liability insurance has been purchased for: airport operations in the amount of \$50,000,000, helicopter operations in the amount of \$100,000,000, automobile fleet operations in the amount of \$5,000,000, fiduciary liability in the amount of \$25,000,000, employee dishonesty/faithful performance in the amount of \$3,000,000, travel accident in the amount of \$100,000 per person/\$500,000 aggregate, N.E.T. law enforcement liability in the amount of \$5,000,000, workers' compensation statutory coverage in excess of \$1,000,000 for each occurrence, and self-insured retention and employers' liability in the amount of \$1,000,000. In FY 2016, the County added Excess Liability with limits of \$10,000,000 over a \$3,000,000 SIR/deductible and Cyber Liability with limits of \$5,000,000. The County is uninsured for all other risks except as noted. The Road Commission has similar risks and is uninsured for these claims within certain limits.

The County and the Road Commission estimate the liability for all of the above-mentioned claims that have been incurred through September 30, 2016, including both those claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses. Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses.

County of Oakland
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September 30, 2016

The County records estimates in the Fringe Benefits and the Building and Liability Insurance funds, both Internal Service funds, and the Road Commission records these estimates in the governmental fund type. Changes in the estimated claims liabilities are as follows:

| | September 30 | |
|---|----------------------|----------------------|
| | 2016 | 2015 |
| Primary Government | | |
| Beginning-of-period liability | <u>\$ 19,073,602</u> | <u>\$ 20,910,061</u> |
| Estimated claims incurred, claim adjustment expenses and changes in estimates | | |
| Provisions for current-year events | 42,405,776 | 48,513,809 |
| (Decrease) increase in provisions for prior-year events | <u>(2,017,018)</u> | <u>831,066</u> |
| Total incurred claims, claim adjustment expenses and changes in estimates | 40,388,758 | 49,344,875 |
| Claim payments and claim adjustment expenses | | |
| Related to current-year events | (41,635,925) | (44,219,801) |
| Related to prior-year events | <u>(1,853,808)</u> | <u>(6,961,533)</u> |
| Total claim payments and claim adjustment expenses | <u>(43,489,733)</u> | <u>(51,181,334)</u> |
| End-of-period liability | <u>\$ 15,972,627</u> | <u>\$ 19,073,602</u> |
| Road Commission - Component Unit | | |
| Beginning-of-year liability | \$ 2,146,200 | \$ 2,854,800 |
| Estimated claims incurred and changes in estimates | 12,149,943 | 11,524,812 |
| Claim payments | <u>(12,383,810)</u> | <u>(12,233,412)</u> |
| End-of-year liability | <u>\$ 1,912,333</u> | <u>\$ 2,146,200</u> |

17. Leases

The County (primary government) leases certain office facilities and other equipment under non-cancelable operating leases. Total costs for such leases for the County for the year ended September 30, 2016 were \$1,002,994. The future minimum lease payments as of September 30, 2016 are as follows:

| Fiscal year | Primary government |
|--------------------|---------------------------|
| 2017 | \$ 991,107 |
| 2018 | 885,223 |
| 2019 | 838,892 |
| 2020 | 742,107 |
| 2021 | 608,908 |
| 2022-2026 | <u>1,855,114</u> |
| Total | <u>\$ 5,921,351</u> |

Additionally, the County leases portions of certain buildings to various governmental agencies. The amount received from these leases for the fiscal year ended September 30, 2016 totaled \$92,994 recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

County of Oakland
Notes to Basic Financial Statements
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The County has also “loaned” its AAA bond rating to assist local communities in the ability to finance local projects by pledging full faith and credit on the debt issued through the Oakland County Building Authority. Debt is to be paid from payments from the benefiting community over the life of the debt issues, with the structures being collateral. A contract, or lease, receivable with a corresponding deferred revenue is shown in the Debt Service Fund financial statements of the County. Debt and receivables are reported for a Sheriff’s Sub-station in the City of Rochester Hills for \$5.2 million in 2002 (refunded for \$2,260,000 in 2012), Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007 (refunded for \$2,875,000 in 2014), Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010, City of Oak Park in the amount of \$2,500,000 in 2012, and Community Mental Health Authority Project in the amount of \$14,500,000 in 2012. The future minimum lease payments to be received as of September 30, 2016 are as follows:

| Fiscal year | Primary government |
|--------------------|-------------------------------|
| 2017 | \$ 1,734,023 |
| 2018 | 1,744,772 |
| 2019 | 1,729,385 |
| 2020 | 1,613,310 |
| 2021 | 1,393,735 |
| 2022 - 2026 | 6,499,915 |
| 2027 - 2031 | 4,207,041 |
| 2032 - 2036 | 1,107,950 |
| 2037 - 2041 | 419,200 |
| Total | <u>\$ 20,449,331</u> |

18. Commitments and Contingencies

The County, the Drainage Districts, and the Road Commission are involved in legal actions in which plaintiffs seek damages of indeterminable amounts which may exceed insurance coverage where applicable. Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted. Accordingly, a reasonable range of liability to the County, the Drainage Districts, or Road Commission pertaining to these matters cannot be determined. Management has taken steps to protect the County and believes any liability resulting from cases in which it is involved will not materially affect its financial position.

The County, the Drainage Districts, and the Road Commission received funds from various federal and state units to finance specific activities. The final determination of revenues is subject to the acceptance of project costs by the granting agency, usually after a compliance audit. To the extent that costs are disallowed by the granting agency, the County, the Drainage Districts, and the Road Commission resources would be required to reimburse the grant funds. Management believes that disallowed costs, if any, would be immaterial.

The County has outstanding construction commitments (contracts) under the jurisdiction of the Water Resources Commissioner, and has contracts for Act 342 projects at September 30, 2016 as follows: Evergreen-Farmington S.D.S – Middlebelt Road Tunnel Project contract with a cost of \$28,123,063 with a remaining balance of \$7,990,806; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Stonycroft Relief Sewer contract with a cost of \$1,282,282 with a remaining balance of \$11,178; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Wattles Road

County of Oakland
Notes to Basic Financial Statements
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Linear Storage Project with a cost of \$4,125,882 and remaining balance of \$260,417, and the Pontiac Water System Water Main Replacement and Improvements contracts with a cost of \$5,758,298 with a remaining balance of \$969,404. Building Authority Projects have a contract with a cost of \$13,429,604 for construction of the Animal Control and Pet Adoption Center with a remaining balance of \$12,737,071. There is a contract under the direction of the Facilities Management Department for Security Enhancements for Jail CCTV, Control Consoles & Intercom Upgrades with a cost of \$3,170,596 with a remaining balance of \$218,419 as of September 30, 2016.

The Drainage Districts' component unit has construction contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$96,365,274, with a remaining balance of \$10,462,061 as of September 30, 2016.

19. Statement of Net Position – Reconciliation of Internal Balances

The internal balances amount on the Statement of Net Position is reconciled as follows:

Governmental Activities

Governmental Funds

| | |
|----------------------|---------------|
| Due from other funds | \$ 13,424,308 |
| Advances receivable | 1,102,916 |
| Due to other funds | (13,422,765) |
| Advances payable | (1,102,916) |

Internal Service Funds

| | |
|--|----------|
| Due from other funds | 16,092 |
| Due to other funds | (1,484) |
| Current and long-term advances payable | (64,415) |

Governmental activities, internal balances

\$ (48,264)

Business-Type Activities

Proprietary Funds

| | |
|---|-----------|
| Current and long-term advances receivable | \$ 64,415 |
| Due to other funds | (16,151) |

Business-type activities, internal balances

\$ 48,264

EXHIBIT C
CHARTER TOWNSHIP OF BLOOMFIELD
LOCATION AND DESCRIPTION

The Charter Township of Bloomfield encompasses approximately 25 square miles in the southeastern portion of Oakland County, approximately 14 miles northwest of downtown Detroit.

FORM OF GOVERNMENT

The Township is governed by a Board of Trustees which is composed of seven members who are elected for four year terms. The Board is composed of a Supervisor, a Clerk, a Treasurer and four 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

| | |
|------------------|--------|
| 2010 U.S. Census | 41,070 |
| 2000 U.S. Census | 43,023 |
| 1990 U.S. Census | 42,473 |

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, except as described below. 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 minus any losses, multiplied by the lesser of 1.05 or the inflation rate, 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. 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.

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.

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 this Official Statement. Property granted tax abatements under the Michigan Plant Rehabilitation and Industrial Development District Act, 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 this Official Statement except as noted.

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 several tax appeals pending before the Tax Tribunal (including personal property appeals, none of which are expected to have a significant impact on the Township's State Equalized Valuation, Taxable Value or the resulting taxes.

INDUSTRIAL FACILITIES TAX

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 does not currently have any outstanding IFT certificates.

HISTORY OF PROPERTY VALUATIONS

| <u>Year</u> | <u>State Equalized Valuation</u> | <u>Taxable Value</u> |
|-------------|----------------------------------|----------------------|
| 2017 | \$4,677,280,760 | \$3,577,725,090 |
| 2016 | 4,497,242,280 | 3,470,928,740 |
| 2015 | 4,144,531,220 | 3,364,207,610 |
| 2014 | 3,724,060,750 | 3,245,848,860 |
| 2013 | 3,399,266,390 | 3,167,371,380 |
| 2012 | 3,254,592,251 | 3,096,798,011 |
| 2011 | 3,226,628,090 | 3,155,385,640 |
| 2010 | 3,485,076,600 | 3,404,549,680 |
| 2009 | 4,115,224,310 | 3,878,712,490 |
| 2008 | 4,492,380,886 | 3,945,259,831 |

Source: Michigan Department of Treasury

MICHIGAN PROPERTY TAX REFORM

On March 28 and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 is exempt from ad valorem taxes beginning in 2014. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time

in industrial processing or direct integrated support becomes exempt beginning in 2016. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions take effect. Pursuant to voter approval in August 2014, the 2014 legislation also includes a formula to reimburse local governments for lost personal property tax revenue. To provide the reimbursement, the legislation reduces the state use tax and creates a Local Community Stabilization Authority which will levy a local use tax component and distribute that revenue to qualifying local units. The final impact of this legislation cannot be determined at this time.

The ultimate nature, extent and impact of any other future amendments to Michigan's property tax laws on the Township's finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the Township.

An analysis of State Equalized Valuation is as follows:

| BY CLASS | | | |
|-------------------|------------------------|------------------------|------------------------|
| | 2017 | 2016 | 2015 |
| Real Property | \$4,596,412,570 | \$4,415,066,190 | \$4,067,802,760 |
| Personal Property | 80,868,190 | 82,176,090 | 76,728,460 |
| TOTAL | \$4,677,280,760 | \$4,497,242,280 | \$4,144,531,220 |
| BY USE | | | |
| | 2017 | 2016 | 2015 |
| Residential | \$4,270,087,210 | \$4,110,658,760 | \$3,781,762,430 |
| Commercial | 323,880,140 | 302,019,840 | 283,685,400 |
| Industrial | 2,445,220 | 2,387,590 | 2,354,930 |
| Personal Property | 80,868,190 | 82,176,090 | 76,728,860 |
| TOTAL | \$4,677,280,760 | \$4,497,242,280 | \$4,144,531,220 |

An analysis of Taxable Value is as follows:

| BY CLASS | | | |
|-------------------|------------------------|------------------------|------------------------|
| | 2017 | 2016 | 2015 |
| Real Property | \$3,496,856,900 | \$3,388,752,650 | \$3,287,478,750 |
| Personal Property | 80,868,190 | 82,176,090 | 76,728,860 |
| TOTAL | \$3,577,725,090 | \$3,470,928,740 | \$3,364,207,610 |
| BY USE | | | |
| | 2017 | 2016 | 2015 |
| Residential | \$3,243,595,690 | \$3,139,476,690 | \$3,041,571,240 |
| Commercial | 251,227,540 | 247,260,390 | 243,897,910 |
| Industrial | 2,033,670 | 2,015,570 | 1,978,000 |
| Personal Property | 80,868,190 | 82,176,090 | 76,728,860 |
| TOTAL | \$3,577,725,090 | \$3,364,207,610 | \$3,245,848,860 |

Source: Michigan Department of Treasury

MAJOR TAXPAYERS

According to Township officials the 2017 Taxable Value of each of the Township's major taxpayers is as follows:

| Name of Taxpayer | 2017 Taxable Value | % of Total Taxable Value |
|-----------------------------------|-------------------------------|---|
| DTE Electric Company | \$ 18,749,140 | 0.524% |
| Consumers Energy Company | 8,587,200 | 0.240% |
| Oakland Hills Country Club | 7,504,810 | 0.210% |
| New Bloomfield Plaza LLC | 7,197,520 | 0.201% |
| TEL-Square Realty LLC | 6,361,290 | 0.178% |
| Cole LA Bloomfield Hill MI LLC | 5,970,950 | 0.167% |
| Health Care REIT INC | 5,924,590 | 0.166% |
| LTF Lease Company LLC | 5,678,640 | 0.159% |
| Costco Wholesale Corporation | 5,347,450 | 0.149% |
| Bloomfield Place Apartments | 5,176,120 | 0.145% |

Source: Charter Township of Bloomfield

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

| | 2017 | | 2016 | | 2015 | |
|---|---------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | Principal Residence | Non Principal Residence | Principal Residence | Non Principal Residence | Principal Residence | Non Principal Residence |
| Charter Township of Bloomfield | | | | | | |
| Operating | 0.9662 | 0.9662 | 0.9751 | 0.9751 | 0.9873 | 0.9873 |
| Voted ⁽¹⁾ | 1.2628 | 1.2628 | 1.2744 | 1.2744 | 1.2903 | 1.2903 |
| Roads ⁽²⁾ | 0.6963 | 0.6963 | 0.7027 | 0.7027 | 0.7115 | 0.7115 |
| Public Safety ⁽³⁾ | 6.0517 | 6.0517 | 6.1075 | 6.1075 | 6.1838 | 6.1838 |
| Safety Path ⁽⁴⁾ | 0.4703 | 0.4703 | 0.4747 | 0.4747 | 0.4807 | 0.4807 |
| Senior Services ⁽⁶⁾ | 0.2370 | 0.2370 | 0.2392 | 0.2392 | 0.2422 | 0.2422 |
| Library Operating | 1.4170 | 1.4170 | 1.4301 | 1.4301 | 1.4480 | 1.4480 |
| Library Operating (voted) ⁽⁷⁾ | 0.5258 | 0.5258 | 0.5307 | 0.5307 | 0.5374 | 0.5374 |
| Library Debt ⁽⁶⁾ | 0.4700 | 0.4700 | 0.4800 | 0.4800 | 0.5000 | 0.5000 |
| Drains | 0.1200 | 0.1200 | 0.3300 | 0.3300 | 0.3900 | 0.3900 |
| Capital Improvement Debt ⁽⁵⁾ | 0.5700 | 0.5700 | 0.4600 | 0.4600 | 0.4800 | 0.4800 |
| County of Oakland | 4.2768 | 4.2768 | 4.2792 | 4.2792 | 4.3310 | 4.3310 |
| Bloomfield Hills School District | | | | | | |
| Local | | 18.0000 | | 18.0000 | | 18.0000 |
| Supplemental | 7.7116 | | 7.8484 | | 7.7260 | |
| Sinking Fund | 0.7165 | 0.7165 | 0.7239 | 0.7239 | 0.7326 | 0.7326 |
| Debt | 0.9500 | 0.9500 | 0.9500 | 0.9500 | 0.9500 | 0.9500 |
| State Education Tax | 6.0000 | 6.0000 | 6.0000 | 6.0000 | 6.0000 | 6.0000 |
| Oakland County Intermediate School District | 3.3079 | 3.3079 | 3.3398 | 3.3398 | 3.3633 | 3.3633 |
| Oakland County Community College | 1.5555 | 1.5555 | 1.5707 | 1.5707 | 1.5819 | 1.5819 |
| Huron-Clinton Metro Authority | 0.2140 | 0.2140 | 0.2146 | 0.2146 | 0.2146 | 0.2146 |
| S M A R T | 0.9863 | 0.9863 | 0.9941 | 0.9941 | 0.9998 | 0.9998 |
| Art Institute Authority | 0.1961 | 0.1961 | 0.1981 | 0.1981 | 0.1996 | 0.1996 |
| Zoo Authority | 0.0980 | 0.0980 | 0.0990 | 0.0990 | 0.0998 | 0.0998 |
| Total All Jurisdictions | 38.7998 | 49.0882 | 39.2222 | 49.3738 | 39.4498 | 49.7238 |

⁽¹⁾ Voted millage expires 2019

⁽²⁾ Voted millage expires 2026

⁽³⁾ Includes voted millages expiring 2022, 2023 and 2025

⁽⁴⁾ Voted millage expires 2018

⁽⁵⁾ Voted millage expires 2032

⁽⁶⁾ Voted millage expires 2023

⁽⁷⁾ Voted millage expires 2023

* Principal residence includes qualified agricultural property, qualified forest property and industrial personal property, which is excluded from taxes levied for school operating purposes. Moreover, commercial personal property is exempt from a portion of taxes levied for school operating purposes. Non Principal Residence is property not included in the above definition.

Source: Charter Township of Bloomfield

TAX RATE LIMITATIONS ⁽¹⁾

The Township is authorized pursuant to Act 359, Public Acts of Michigan, 1947, as amended (the "Charter Township Act") to levy the following tax rates:

| | Maximum | Maximum | |
|-------------------|-------------------|------------------------------------|------------------------|
| | Millage | Millage | Expiration |
| <u>Purpose</u> | <u>Authorized</u> | <u>To Be Levied ⁽²⁾</u> | <u>Date of Millage</u> |
| General Operating | 1.4100 | 0.9751 | In Perpetuity |

⁽¹⁾ 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.

⁽²⁾ See "PROPERTY VALUATIONS" and "CONSTITUTIONAL MILLAGE ROLL-BACK" herein

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.
3. Payment of valid judgments levied in accordance with State law.

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 Fraction unless reversed by a vote of the electorate of the local taxing unit.

TAX LEVIES AND COLLECTIONS

| Year | Tax Levy | Collections to March 1 of the Following Year | |
|------|----------------|---|--------|
| 2017 | \$ 48,000,000* | To be Collected | |
| 2016 | \$ 47,099,065 | \$ 45,317,158 | 96.22% |
| 2015 | \$ 46,460,678 | \$ 45,144,624 | 97.17% |
| 2014 | \$ 44,995,239 | \$ 43,610,066 | 96.92% |
| 2013 | \$ 42,329,811 | \$ 40,828,439 | 96.45% |
| 2012 | \$ 41,264,728 | \$ 39,754,293 | 96.34% |
| 2011 | \$ 41,694,060 | \$ 40,098,080 | 96.17% |
| 2010 | \$ 44,116,202 | \$ 42,167,507 | 95.58% |

Source: Charter Township of Bloomfield

*Estimate as of 1/1/2018

The Township's taxes are due and payable and a lien created upon the assessed property on July 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 revisions 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 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.

Oakland County has established a Delinquent Tax Revolving Fund which pays all real property taxes and special assessments 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 and special assessments levied against real property. If feasible, it is anticipated that the County will continue to reimburse the Township for any uncollected taxes and special assessments, 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 payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the Township can vary depending on the population of the Township and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On June 29, 2016, Governor Snyder signed into law the budget for fiscal year 2017. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$757.9 million. The budget continues the incentive-based revenue sharing program known as the City, Village, and Township Revenue Sharing (or "CVTRS") program begun in fiscal year 2015, similar to the Economic Vitality Incentive Program ("EVIP") that from fiscal year 2012 through fiscal year 2014 distributed revenue sharing to municipalities that complied with certain "best practices" such as increasing transparency. Under the fiscal year 2017 budget, approximately \$243 million, the same amount appropriated in fiscal year 2016, has been appropriated for revenue sharing to cities, villages and townships that meet requirements for accountability and transparency, including making a citizen's guide to its finances, a performance dashboard, a debt service report and a two-year budget projection available for public viewing. The fiscal year 2017 budget reinstates \$5.8 million, previously included in the fiscal year 2015 budget but eliminated in 2016, for distribution to cities, villages and townships as a one-time payment based on population. The fiscal year 2017 budget also maintains funding for the revenue sharing grant program for financially distressed communities at the fiscal year 2016 level of \$5 million. Any portion of the CVTRS payment that the Township would be eligible to receive would be subject to certain benchmarks that the Township would need to meet, and there can be no assurance of what amount, if any, the Township would receive under the CVTRS program. The Township received revenue sharing payments of \$3,217,480 * based on the State of Michigan fiscal year ended September 30, 2016, and anticipates meeting the requirements to receive \$3,165,624 * in revenue sharing payments for the State's fiscal year ending September 30, 2017 according to the Township's budget for fiscal year ending March 31, 2017.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the Township's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the Township from the State.

The following table sets forth the annual revenue sharing payments and other moneys received by the Township for the State of Michigan fiscal years ended September 30, 2015 through September 30, 2018.

| State Fiscal Year Ended September 30. | Constitutional Payments | Statutory Payments | EVIP/CVTRS Payments | Total |
|---|----------------------------|-----------------------|------------------------|--------------|
| 2018* | \$ 3,366,478 | \$ - | \$ 108,695 | \$ 3,475,173 |
| 2017 | \$ 3,306,431 | \$ - | \$ 108,695 | \$ 3,415,126 |
| 2016 | \$ 3,126,249 | \$ - | \$ 108,695 | \$ 3,234,944 |
| 2015 | \$ 3,129,255 | \$ - | \$ 108,695 | \$ 3,237,950 |

* Estimate

Source: <https://treas-secure.state.mi.us/apps/findrevshareinfo.asp>

LABOR AGREEMENTS

The Township has three employee bargaining units which have negotiated comprehensive salary, wage, fringe benefit and working conditions contracts with the Township. The duration of these agreements are as follows:

| Employee Group | Number of Employees | Expiration Date of Contract |
|--|---------------------|-----------------------------|
| Firefighters | 62 | March 31, 2020 |
| Police Employees (Commanding Officers) | 13 | March 31, 2020 |
| Police Employees (Patrolmen) | 51 | March 31, 2020 |

Source: Charter Township of Bloomfield Financial Statements and Supplementary Information for fiscal year ended March 31, 2017.

RETIREMENT PLAN

DEFINED BENEFIT PLAN *

The Township of Bloomfield Retirement Income Plan is a single-employer defined benefit plan. It is the responsibility of the Township pension employees' retirement system (PERS) to function as the investment and administrative agent for the Township with respect to the pension plan.

Based on state statutes, all full-time employees must be allowed to participate in the pension plan. However, as a defined contribution plan was created and effective April 1, 2005, new hires are no longer allowed to participate in the defined benefit plan. Under the provision of the Township's pension plan, pension benefits vest after eight years of full-time employment, except for the Township's police officers who vest after ten years of service. The plan pays upon retirement a benefit (depending on department) of 2.1 to 3.0% of final yearly earnings multiplied by years of credited service. Maximum benefits vary by department and tenure and range from 80% to 90% of final earnings. Retirement ages also vary by department and range from age 50 to age 62. Employees are also eligible for early retirement at reduced benefits. Retirement plan benefits for some departments are negotiated as part of collective bargaining agreements and may vary pursuant to these agreements.

Membership in the Plan consisted of the following at January 1, 2017, the latest actuarial valuation:

| | |
|---|------------|
| Active plan members | 163 |
| Retirees and beneficiaries receiving benefits | 274 |
| Terminated and inactive plan members entitled to but not yet receiving benefits | <u>15</u> |
| Total plan members | <u>452</u> |

The obligation to contribute to and maintain the Plan for the Township's employees was established by Board resolution.

Under provisions of the Plan, Library and Bloomfield Village Police Department employees contribute 5% of their gross earnings to the Plan. All other employees contribute between 1% and 3.5% of their gross earnings to the Plan. In addition, the Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by the Plan.

Total contributions to the Plan for the plan year beginning January 1, 2016, amounted to \$317,049 of which 100% were made by the Township employees on covered payroll of \$11,627,527 for the 2016 calendar year.

The Township's employer contributions for its fiscal year ending March 31, 2016, were \$0 due to the plan being fully funded. The pension contributions represent funding for normal cost and an additional contribution.

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|--------------------------|---------------------------|-----------------------------------|---------------------|--------------|-----------------|--------------------------------|
| 1/1/2012 | \$ 123,455,000 | \$ 152,669,000 | \$ 29,214,000 | 81% | \$ 15,339,979 | 190.5% |
| 1/1/2013 | 127,620,304 | 157,732,226 | 30,111,922 | 81% | 14,862,788 | 202.6% |
| 1/1/2014 | 218,093,625 | 215,164,942 | (2,928,683) | 101% | 14,159,863 | -20.7% |
| 1/1/2015 | 223,169,053 | 203,271,702 | (19,897,351) | 110% | 13,711,213 | -145.1% |
| 1/1/2016 | 205,807,266 | 208,236,229 | 2,425,963 | 99% | 13,118,137 | 18.5% |
| 1/1/2017 | 209,875,152 | 215,308,703 | 5,433,551 | 97% | 11,627,527 | 46.7% |

* See Note 9 contained in the Township's Audited Financial Statements, fiscal year ended March 31, 2017 for further information.

DEFINED CONTRIBUTION PLAN **

The Charter Township of Bloomfield 401(a) Plan is a defined contribution pension plan established by the Township to provide benefits at retirement for eligible employees. The plan was effective April 1, 2005 for new Township hires and effective on or after April 2, 2011 for Bloomfield Township Library eligible employees. At March 31, 2017 there were 105 plan members. A stand-alone financial report of the plan has not been issued.

The Township may make discretionary contributions of not more than 10% of the total compensation for all active participants for all plan members except bargained employees. Township contributions for bargained employees will be made in accordance with the collective bargaining agreement. Contributions are made bi-weekly. For the year ended March 31, 2017, contributions in the amount of \$718,720 were made to the plan by the Township. In addition, discretionary contributions in the amount of \$138,009 were made to the plan by Township employees.

** See Note 10 contained in the Township's Audited Financial Statements, fiscal year ended March 31, 2017 for further information.

OTHER POST EMPLOYMENT BENEFITS ***

In addition to the pension benefits described above the Township provides contributory and noncontributory medical, dental, vision and basic life insurance coverage for eligible retirees and their spouses. The benefits are paid to four groups of employees who are eligible for different retiree benefits based on their date of hire. Additionally, benefits for bargaining employees are specified by union contract while the Board of Trustees establishes those for non-bargaining employees. Bargaining and non-bargaining employees who retire at or after age 50 with at least 15 years of service are eligible for medical, dental and vision coverage. Bargaining and non-bargaining employees who retire at the appropriate attained age with at least 15 years of service are eligible for life insurance coverage in the amount of \$6,000-\$8,000 depending on their bargaining/non-bargaining status.

For this plan, contribution requirements of the plan members and the Township are established and may be amended by union contract for bargaining employees and for non-bargaining employees by the Board of Trustees. The Township's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding

that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Township's annual OPEB cost for the year ended March 31, 2017 and the related information for the plan are as follows:

| Contribution rates: | Primary Government | Component Unit |
|--|--------------------|----------------|
| Township – Actuarially determined | 0.0% | 0.0% |
| Plan Members | N/A | N/A |
| Annual required contribution (recommended) | \$13,238,120 | \$531,108 |
| Interest on net OPEB obligation | \$1,620,275 | \$486,228 |
| Adjustment to annual required contribution | \$(2,477,659) | \$(129,711) |
| Annual OPEB cost | \$12,380,736 | \$486,228 |
| Contributions made | \$(4,613,559) | \$(183,653) |
| Increase in net OPEB obligation | \$7,767,177 | \$302,575 |
| Net OPEB obligation, Beginning of year | \$40,511,273 | \$2,120,776 |
| Net OPEB obligation, End of the year | \$48,278,450 | \$2,423,351 |

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation, for the plan is as follows:

| Year End | Annual OPEB Cost | Percentage of OPEB Cost to Obligation | Net OPEB Obligation |
|--------------------|------------------|---------------------------------------|---------------------|
| 3/31/2017 | \$12,866,964 | 25.4% | \$50,701,801 |
| Primary Government | \$12,380,736 | 25.6% | \$48,278,450 |
| Component unit | \$486,228 | 20.1% | \$2,423,351 |

| | Year End | Annual OPEB Cost | Actual Employer Contribution | Percentage Contributed | Net Obligation |
|--------------------|-----------|------------------|------------------------------|------------------------|----------------|
| Primary Government | 3/31/2015 | \$11,801,608 | \$3,815,071 | 32.3% | \$37,842,447 |
| Primary Government | 3/31/2016 | \$12,579,469 | \$9,910,643 | 78.8% | \$40,511,273 |
| Primary Government | 3/31/2017 | \$12,380,736 | \$4,613,559 | 37.3% | \$48,278,450 |

| | Year End | Annual OPEB Cost | Actual Employer Contribution | Percentage Contributed | Net Obligation |
|----------------|-----------|------------------|------------------------------|------------------------|----------------|
| Component Unit | 3/31/2015 | \$517,090 | \$152,436 | 29.5% | \$1,791,887 |
| Component Unit | 3/31/2016 | \$499,266 | \$170,377 | 34.1% | \$2,120,776 |
| Component Unit | 3/31/2017 | \$486,228 | \$183,653 | 37.8% | \$2,423,351 |

The funded status of the plan as of July 1, 2015, was as follows:

| | |
|--------------------------------------|------------------------|
| Actuarial accrued liability | \$157,390,635 |
| Actuarial value of plan assets | <u>5,437,023</u> |
| Unfunded actuarial accrued liability | <u>(\$151,953,612)</u> |
| Township | <u>\$146,695,932</u> |
| Component Unit | <u>\$5,257,680</u> |
| Funded ratio | 3.45% |
| Covered payroll | \$15,279,000 |
| Unfunded actuarial accrued liability | 994.5% |

*** See Note 12 contained in the Township's Audited Financial Statements, fiscal year ended March 31, 2017 for further information.

Source: Charter Township of Bloomfield Financial Statements and Supplementary Information for fiscal year ended March 31, 2017.

GENERAL FUND-FUND BALANCE

The Township's General Fund, fund balance, for the last five fiscal years is as follows:

| <u>Fiscal Year Ended</u> <u>March 31,</u> | <u>Fund Balance</u> |
|--|---------------------|
| 2017 | \$12,778,850 |
| 2016 | 12,504,251 |
| 2015 | 11,838,362 |
| 2014 | 11,640,178 |
| 2013 | 11,498,694 |

Source: *Charter Township of Bloomfield Financial Statements and Supplementary Information*

{This space has been left intentionally blank.}

MAJOR EMPLOYERS

Major employers in the Township are as follows:

| <u>Employers</u> | <u>Product/Services</u> | <u>Approximate Number of Employees</u> |
|---|---|--|
| Bloomfield Hills Schools | Administration/Schools/Maint. | 1,190 |
| Bloomfield Township | Administration/Police/Fire/Library/Senior | 410 |
| Oakland Hills Country Club | Private Golf Club | 250 |
| Costco Warehouse | Misc General Merchandise | 249 |
| Kroger | Grocery Store | 202 |
| Birmingham Country Club | Private Golf Club | 200 |
| Hubbell, Roth & Clark | Civil Engineers (2 buildings) | 200 |
| | Automotive /Retail/High Performance | |
| Penske Automotive Group | Racing & Dealership (Honda) | 195 |
| Target | Retail Store | 175 |
| Lifetime Fitness | Fitness Center | 165 |
| Hearthland Health Care Center-Georgian Bloomfield | Assisted Living | 160 |
| Sunrise Senior Living | Assisted Living (2 locations) | 160 |
| Macquarie Equipment Finance LLC | Technology Equipment Leasing Co. | 145 |
| Golling Chrysler | Automotive Dealership | 136 |
| Research Data Analysis Inc. | Marketing Research (2 buildings) | 125 |
| Detroit Edison | Utility | 123 |
| Wabeek Country Club | Private Golf Club | 120 |
| Bloomfield Post Office | Mail Service (2 buildings) | 116 |
| Lowe's Home Improvement Store | Home Improvement Store Warehouse | 110 |
| Trader Joe's | Grocery Store | 75 |
| At Home Store | Retail Warehouse Store | 33 |

Source: Charter Township of Bloomfield

{ This space has been left intentionally blank. }

LABOR CHARACTERISTICS

The U.S. Census 2010 -2014 American Community Survey 5-Year Estimates lists the labor force characteristics for the Township, for employed persons 16 years and over, as follows:

| <u>By Occupation</u> | <u>Number of Employees</u> |
|--|--------------------------------|
| Management, business, science, and arts occupations | 12,049 |
| Service occupations | 1,772 |
| Sales and office occupations | 4,259 |
| Natural resources, construction, and maintenance occupations | 446 |
| Production, transportation, and material moving occupations | 677 |
| Total | <u>19,203</u> |

| <u>By Industry</u> | |
|--|---------------|
| Agriculture, forestry, fishing and hunting, and mining | 43 |
| Construction | 537 |
| Manufacturing | 2,788 |
| Wholesale trade | 639 |
| Retail trade | 1,574 |
| Transportation and warehousing, and utilities information | 211 |
| Information | 340 |
| Finance, insurance, real estate, and rental and leasing | 1,955 |
| Professional, scientific, management, administrative, and waste management service | 3,478 |
| Educational, health and social services | 5,512 |
| Arts, entertainment, recreation, accommodation and food services | 1,175 |
| Other services (except professional administration) | 564 |
| Public administration | 387 |
| Total | <u>19,203</u> |

UNEMPLOYMENT DATA

According to the Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information, the unemployment statistics for the State of Michigan and the Township during the current year and the last three calendar years are as follows:

Charter Township of Bloomfield

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-----------|-------------|-------------|-------------|-------------|
| January | 3.3% | 2.9% | 3.9% | 4.9% |
| February | 3.0% | 2.8% | 3.4% | 5.0% |
| March | 2.7% | 3.0% | 3.4% | 5.0% |
| April | 2.1% | 2.5% | 2.9% | 4.1% |
| May | 2.0% | 2.6% | 3.6% | 4.7% |
| June | 2.0% | 3.2% | 3.7% | 5.0% |
| July | 2.3% | 3.4% | 4.0% | 5.4% |
| August | 2.4% | 3.3% | 3.4% | 4.8% |
| September | 2.4% | 3.1% | 3.0% | 4.3% |
| October | 2.3% | 3.1% | 3.1% | 4.2% |
| November | 2.0% | 2.6% | 2.6% | 3.6% |
| December | 2.2% | 2.5% | 2.6% | 3.3% |

State of Michigan

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-----------|-------------|-------------|-------------|-------------|
| January | 5.70% | 5.10% | 6.60% | 8.40% |
| February | 5.70% | 5.10% | 6.10% | 8.50% |
| March | 4.80% | 5.30% | 5.90% | 8.30% |
| April | 3.70% | 4.50% | 5.10% | 7.00% |
| May | 3.70% | 4.50% | 5.80% | 7.50% |
| June | 4.00% | 5.20% | 5.90% | 7.60% |
| July | 4.90% | 5.80% | 6.30% | 8.40% |
| August | 4.60% | 5.20% | 5.20% | 7.30% |
| September | 4.50% | 4.80% | 4.60% | 6.50% |
| October | 4.20% | 4.80% | 4.70% | 6.30% |
| November | 4.00% | 4.20% | 4.30% | 5.80% |
| December | 4.40% | 4.50% | 4.40% | 5.60% |

Source: <http://milmi.org/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE>

BUILDING PERMITS

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

| | <u>2017</u> | | <u>2016</u> | | <u>2015</u> | |
|-----------------------------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| | Number of Permits | Estimated Value | Number of Permits | Estimated Value | Number of Permits | Estimated Value |
| Residential | 983 | \$84,430,872 | 935 | \$77,354,850 | 845 | \$76,176,600 |
| Commercial/ Industrial/Demolition | 73 | 8,426,403 | 104 | 25,447,347 | 86 | 26,634,308 |
| Total | 1,056 | \$92,857,275 | 1,039 | \$102,802,197 | 931 | \$102,810,197 |

Source: Charter Township of Bloomfield.

RESIDENTIAL CHARACTERISTICS

There are 17,799 housing units located within the Township according to the US Census 2010 Profile of General Population and Housing Characteristics, of which 87.3% are owner-occupied. A breakdown of the dwelling units according to the U.S. Census 2010-2014 American Community Survey 5-Year Estimates is as follows:

| | |
|---------------|-------|
| Single Family | 85.9% |
| Multi Family | 14.1% |
| Mobile Home | 0.0% |

According to the U.S. Census 2010 - 2014 American Community Survey 5-Year Estimates, the median value of an owner-occupied residence in the Township is \$338,300.

INCOME CHARACTERISTICS

There were 16,446 households in the Township, according to the U.S. Census 2010 - 2014 American Community Survey 5-Year Estimates of economic characteristics, which had a median household income of \$108,235. A breakdown of the income for the Township's households is as follows:

| <u>Income of Household</u> | <u>Number of Households</u> |
|----------------------------|-----------------------------|
| Less than \$10,000 | 499 |
| \$10,000 to \$14,999 | 326 |
| \$15,000 to \$24,999 | 722 |
| \$25,000 to \$34,999 | 943 |
| \$35,000 to \$49,999 | 1,259 |
| \$50,000 to \$74,999 | 2,006 |
| \$75,000 to \$99,999 | 1,701 |
| \$100,000 to \$149,999 | 3,041 |
| \$150,000 or more | 5,949 |

The per capita income for the Township according to the U.S. Census 2010 - 2014 American Community Survey 5-Year Estimates was \$63,030.

AGE STATISTICS

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

| | <u>1990 US Census Percentage</u> | <u>2000 US Census Percentage</u> | <u>2010 US Census Percentage</u> |
|----------------|--|--|--|
| Under 5 Years | 5% | 5% | 4% |
| 5 to 19 Years | 17% | 21% | 20% |
| 20 to 24 Years | 7% | 3% | 3% |
| 25 to 44 Years | 27% | 22% | 17% |
| 45 to 65 Years | 31% | 32% | 34% |
| Over 65 Years | 13% | 18% | 22% |

EDUCATIONAL CHARACTERISTICS

The primary and secondary educational needs of the residents of the Township are adequately handled by the Avondale, Birmingham, Bloomfield Hills and Pontiac public school districts which serve the Township. Higher educational opportunities are available at the following institutions, which are located within driving distance of the Township's residents:

College for Creative Studies
Eastern Michigan University
Lawrence Technological University
Madonna University
Oakland Community College
Oakland University
University of Michigan - Dearborn
University of Detroit/Mercy
Walsh College
Wayne State University

According to the U.S. Census 2010 -2014 American Community Survey 5-Year Estimates, the educational characteristics for the Township are as follows:

| <u>Years of School Completed</u> | <u>Persons 25 and Over</u> |
|----------------------------------|--------------------------------|
| Less than 9th grade | 1.1% |
| 9th to 12th grade no diploma | 1.6% |
| High School graduate | 9.5% |
| Some college, no degree | 13.2% |
| Associate degree | 5.1% |
| Bachelor degree | 34.8% |
| Graduate or professional degree | 34.7% |

UTILITIES

The Township operates its own water distribution system and purchases water from the City of Detroit. The Township also operates its own sewage collection and transmission system and purchases sewage treatment through the County of Oakland pursuant to a contract with the City of Detroit. Consumers Energy provides natural gas and DTE Energy provides electricity for the Township.

TRANSPORTATION

The Township is traversed in the north-south direction by Woodward Avenue, which connects with U.S. 24 and I-75 in the northern Township limits.

BANKING

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

Bank of America
Bank of Birmingham
Comerica Bank
Fidelity Bank
JPMorgan Chase Bank, N.A.

Source: Charter Township of Bloomfield.

CHARTER TOWNSHIP OF BLOOMFIELD
DEBT STATEMENT - AS OF JANUARY 12, 2018
(Not Including this Offering)

DIRECT DEBT:

General Obligation

| | | | | |
|------------|--|----|------------|-----------------------|
| 11/1/2007 | Capital Improvements, UT | \$ | 700,000 | |
| 3/1/2008 | Capital Improvements, Water Series 2008A, LT | | 280,000 | |
| 3/1/2008 | Capital Improvements, Sewer Series 2008B, LT | | 200,000 | |
| 4/27/2011 | Capital Improvements, Water/Sewer, LT | | 2,450,000 | |
| 8/9/2012 | Library, UT Refunding | | 10,940,000 | |
| 4/23/2013 | Capital Improvements, Water, LT | | 2,850,000 | |
| 9/4/2013 | Street Improvements (SA), LT | | 515,000 | |
| 11/7/2013 | Pension Obligation (LT) | | 66,080,000 | |
| 8/14/2014 | Street Improvements (SA), LT, 2014 | | 2,980,000 | |
| 12/18/2014 | Refunding Bonds, Series 2014 (LT) | | 2,555,000 | |
| 9/15/2015 | Street Improvements (SA), LT, 2015 | | 1,130,000 | |
| 8/17/2016 | Street Improvements (SA), LT, 2016 | | 580,000 | |
| 12/28/2016 | Refunding Bonds, Series 2016, UT | | 18,340,000 | |
| 1/3/2017 | Refunding Bonds, Series 2017A, LT | | 3,110,000 | |
| 1/3/2017 | Refunding Bonds, Series 2017B, LT | | 2,710,000 | |
| | | | | \$ 115,420,000 |
| | Share of County Issued Bonds | | | \$ 11,925,105 |
| | Drain, Water and Sewer | | | |
| | NET DIRECT DEBT | | | \$ 127,345,105 |

OVERLAPPING DEBT

School District

| | | | | | |
|--------|------------------|----|-------------|----|------------|
| 6.64% | Avondale | \$ | 84,003,194 | \$ | 5,577,812 |
| 21.05% | Birmingham | | 204,575,000 | | 43,063,038 |
| 63.15% | Bloomfield Hills | | 53,570,000 | | 33,829,455 |
| 10.18% | Pontiac | | 33,485,830 | | 3,408,857 |

County

| | | | | | |
|-------|---------|--|-------------|--|------------|
| 6.53% | Oakland | | 364,189,225 | | 23,781,556 |
|-------|---------|--|-------------|--|------------|

Intermediate School District

| | | | | | |
|-------|---------------|--|------------|--|-----------|
| 6.56% | Oakland I/S/D | | 45,495,000 | | 2,984,472 |
|-------|---------------|--|------------|--|-----------|

Community College

| | | | | | |
|-------|---------------------------|--|---------|--|--------|
| 6.58% | Oakland Community College | | 820,000 | | 53,956 |
|-------|---------------------------|--|---------|--|--------|

| | | | | |
|-------------------------------|--|--|--|-----------------------|
| TOTAL OVERLAPPING DEBT | | | | \$ 112,699,146 |
|-------------------------------|--|--|--|-----------------------|

| | | | | |
|--|--|--|--|-----------------------|
| NET DIRECT AND OVERLAPPING DEBT | | | | \$ 240,044,251 |
|--|--|--|--|-----------------------|

DEBT RATIOS

| | | |
|--|----|------------|
| Per Capita 2017 State Equalized Valuation | \$ | 113,885.58 |
| Per Capita 2017 True Cash Value | \$ | 227,771.16 |
| Per Capita Net Direct Debt | \$ | 3,100.68 |
| Per Capita Net Direct and Overlapping Debt | \$ | 5,844.76 |
| Percent of Net Direct Debt of 2017 State Equalized Valuation | | 2.72% |
| Percent of Net Direct and Overlapping Debt of 2016 State Equalized Valuation | | 5.13% |
| Percent of Net Direct Debt of 2017 True Cash Value | | 1.36% |
| Percent of Net Direct and Overlapping Debt of 2017 True Cash Value | | 2.57% |

CHARTER TOWNSHIP OF BLOOMFIELD
SCHEDULE OF BOND MATURITIES
(as of January 12, 2018)
(Not Including this Offering)

| Year | General Obligation Bonds | Share of County Issued Bonds | Total |
|-------|--------------------------------|------------------------------------|----------------|
| 2018 | 7,160,000 | 611,166 | 7,771,166 |
| 2019 | 7,480,000 | 621,915 | 8,101,915 |
| 2020 | 7,690,000 | 642,664 | 8,332,664 |
| 2021 | 7,710,000 | 663,413 | 8,373,413 |
| 2022 | 7,885,000 | 682,998 | 8,567,998 |
| 2023 | 8,195,000 | 700,973 | 8,895,973 |
| 2024 | 8,545,000 | 724,697 | 9,269,697 |
| 2025 | 7,265,000 | 750,446 | 8,015,446 |
| 2026 | 7,625,000 | 700,697 | 8,325,697 |
| 2027 | 7,740,000 | 722,508 | 8,462,508 |
| 2028 | 7,145,000 | 578,440 | 7,723,440 |
| 2029 | 7,605,000 | 601,112 | 8,206,112 |
| 2030 | 7,725,000 | 623,784 | 8,348,784 |
| 2031 | 7,655,000 | 650,292 | 8,305,292 |
| 2032 | 7,995,000 | 480,000 | 8,475,000 |
| 2033 | | 500,000 | 500,000 |
| 2034 | | 515,000 | 515,000 |
| 2035 | | 535,000 | 535,000 |
| 2036 | | 305,000 | 305,000 |
| 2037 | | 315,000 | 315,000 |
| Total | \$ 115,420,000 | \$ 11,925,105 | \$ 127,345,105 |

SB 1/12/18
las.exl.BLOOM-TCCP

DEBT HISTORY: There is no record of default.

CHARTER TOWNSHIP OF BLOOMFIELD
STATEMENT OF LEGAL DEBT MARGIN- AS OF JANUARY 12, 2018
(Not Including this Offering)

2017 State Equalized Valuation \$ 4,677,280,760

Debt Limited 10% of State Equalized Valuation (1) 467,728,076

| | | |
|--|----------------|-------------|
| Amount of Outstanding Debt | \$127,345,105 | |
| Less: (2-a) Special Assessment Bonds | 5,205,000 | |
| Less: (2-d) Share of County Issued Bonds | 11,925,105 | 110,215,000 |
| LEGAL DEBT MARGIN | \$ 357,513,076 | 357,513,076 |

(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.

CHARTER TOWNSHIP OF BLOOMFIELD

FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED MARCH 31, 2017

[WILL BE PROVIDED UPON REQUEST]

UIIY, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in the report. UIIY, LLP also has not performed any procedures relating to this official statement.

FINANCIAL INFORMATION

The following financial information has been compiled from information provided in the Charter Township of Bloomfield audited Financial Statements for the fiscal years ended March 31, 2017, 2016 and 2015. These audited annual 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 Financial Statements in the Nearly Final Official Statement nor the final Official Statement and have not conducted any subsequent review of such audited Financial Statements or of the information presented in this Appendix.

Beginning July 1, 2009, municipal bond issuers, obligors or their designated agents must provide continuing disclosure documents and related information to the MSRB for posting on the EMMA website. These continuing disclosure documents, which include annual financial statements and events notices, will be posted on the EMMA website generally within an hour of receipt.

By Mail:MSRB
1900 Duke St., Suite 600
Alexandria, VA 22313
www.msrb.org

| | |
|--|----------------|
| By Phone: | (703) 797-6600 |
| By Fax: | (703) 797-6700 |
| Professional Qualifications: | (703) 797-6702 |
| Accounting: | (703) 797-6703 |
| Municipal Securities Information Library: | (703) 797-6704 |
| Transaction Report: | (703) 797-6703 |
| www.emma.msrb.org | |

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

| <u>ASSETS</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 270,009 | \$ 135,200 | \$ 172,652 |
| Marketable Securities | 8,708,118 | 9,124,816 | 8,572,394 |
| Receivables (net) | | | |
| Delinquent Taxes | 1,836,003 | 1,415,726 | 1,435,470 |
| Component Unit | 264,025 | 274,110 | 244,506 |
| Other | 1,429,502 | 1,524,034 | 1,293,008 |
| Prepaid Items | 218,402 | 154,262 | 163,630 |
| Inventories | 292,467 | 270,138 | 259,515 |
| TOTAL ASSETS | <u><u>\$ 13,018,526</u></u> | <u><u>\$ 12,898,286</u></u> | <u><u>\$ 12,141,175</u></u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | |
| Liabilities | | | |
| Payables and accrued expenses | \$ 239,676 | \$ 394,035 | \$ 302,813 |
| Deferred Revenue | - | - | - |
| TOTAL LIABILITIES | <u>239,676</u> | <u>394,035</u> | <u>302,813</u> |
| Fund Balances | | | |
| Nonspendable: | | | |
| Inventory and prepaid items | \$ 510,869 | \$ 424,400 | \$ 423,145 |
| Long-term advances receivable | 91,250 | 96,250 | 101,250 |
| Reserved for Inventory | | - | - |
| Unassigned | <u>12,176,731</u> | <u>11,983,601</u> | <u>11,313,967</u> |
| TOTAL FUND BALANCES | <u>12,778,850</u> | <u>12,504,251</u> | <u>11,838,362</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 13,018,526</u></u> | <u><u>\$ 12,898,286</u></u> | <u><u>\$ 12,141,175</u></u> |

The notes included in the Financial Statements and Supplementary Information are an integral part of these financial statements.
Source: Charter Township of Bloomfield Financial Statements and Supplementary Information.

**CHARTER TOWNSHIP OF BLOOMFIELD
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
FOR YEARS ENDED MARCH 31**

| REVENUES | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|
| Taxes and assessments | \$ 7,829,276 | \$ 7,741,008 | \$ 7,470,245 |
| Grants | 52,310 | - | - |
| State shared revenues | 3,274,737 | 3,194,699 | 3,195,366 |
| Charges for services | 700,199 | 665,823 | 585,186 |
| Licenses, permits and fees | 1,012,798 | 1,038,179 | 992,224 |
| Investment | 353,901 | 33,190 | 254,112 |
| Fines and forfeitures | 1,770,270 | 1,914,885 | 1,757,956 |
| Rent | 1,191,424 | 1,163,983 | 1,156,579 |
| Miscellaneous | 398,236 | 510,783 | 365,154 |
| Reimbursements | 171,297 | 146,427 | 143,326 |
| Total Revenues | 16,754,448 | 16,408,977 | 15,920,148 |
| EXPENDITURES | | | |
| Operating | | | |
| Legislative | 24,852 | 22,255 | 20,553 |
| Judicial | 2,097,906 | 2,012,970 | 1,864,078 |
| General government | 6,271,103 | 5,933,052 | 5,742,904 |
| Public Safety | 238,429 | 228,620 | 210,542 |
| Community enrichment | | | |
| and development | 328,493 | 307,473 | 295,830 |
| Other | 327,791 | 197,202 | 157,682 |
| Capital outlay | 57,011 | 307,618 | 48,977 |
| TOTAL EXPENDITURES | 9,345,585 | 9,009,190 | 8,340,546 |
| REVENUES OVER (UNDER) EXPENDITURES | 7,408,863 | 7,399,787 | 7,579,602 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 41,145 | - |
| Transfers out | (7,134,264) | (6,775,043) | (7,381,418) |
| TOTAL OTHER FINANCING SOURCES (USES) | (7,134,264) | (6,733,898) | (7,381,418) |
| NET CHANGE IN FUND BALANCES | 274,599 | 665,889 | 198,184 |
| FUND BALANCES - Begin- ning of Year | 12,504,251 | 11,838,362 | 11,640,178 |
| FUND BALANCES - End of Year | \$ 12,778,850 | \$ 12,504,251 | \$ 11,838,362 |

The notes included in the Financial Statements and Supplementary Information are an integral part of these financial statements.

Source: Charter Township of Bloomfield Financial Statements and Supplementary Information.

Exhibit D



500 WOODWARD AVENUE, SUITE 4000
DETROIT, MI 48226-3425
TELEPHONE: (313) 223-3500
FACSIMILE: (844) 670-6009
<http://www.dickinsonwright.com>

_____, 2018

Drainage Board for the
Bloomfield Township CSO Drain
Oakland County, Michigan

We have acted as bond counsel to the Bloomfield Township CSO Drainage District, Oakland County, Michigan (the "Drainage District") in connection with the issuance by the Drainage District of \$ _____ Drain Refunding Bonds, Series 2018, dated as of February 1, 2018 (the "Bonds"). We have examined the law and such certified copies of the proceedings and other papers as we deem necessary to render this opinion.

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

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and legally binding obligations of the Drainage District payable from the collection of the several installments of special assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain (an intra-county drain).

2. The full faith and credit of the Drainage District and the County have been pledged for the payment of the principal of and interest on the Bonds when due.

3. The tax levying officials of the public corporations assessed are obligated to levy sufficient taxes to pay assessment installments and interest as the same become due, unless there have been set aside moneys sufficient therefor. In addition, by reason of its pledge of full faith and credit as recited in the Bonds, the County is authorized and obligated to levy ad valorem taxes upon all taxable property within its limits in amounts sufficient to provide funds to advance to the Drainage District in the event the Township or the County shall fail or neglect to pay any special assessment installment and interest when due. Taxes levied by the Township are subject to constitutional, statutory and charter tax limitations and taxes levied by the County are subject to constitutional and statutory tax limitations.

4. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition of the Bonds.

Drainage Board for the
Bloomfield Township CSO Drain
_____, 2018

Page 2

5. The interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth in this paragraph is subject to the condition that the Drainage District comply with all requirements of the Internal Revenue Code of 1986, as amended, 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 certain of 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 Drainage District has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Troy 9007-431 2006187v1

ARIZONA

FLORIDA

KENTUCKY

MICHIGAN

NEVADA

OHIO

TENNESSEE

TEXAS

TORONTO

WASHINGTON DC

Exhibit E

OFFICIAL NOTICE OF SALE

\$2,315,000*

*(Subject to adjustment as described below)

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
COUNTY OF OAKLAND, STATE OF MICHIGAN
DRAIN REFUNDING BONDS, SERIES 2018

SEALED BIDS for the purchase of the above bonds will be received on behalf of the Bloomfield Township CSO Drainage District (the "District") at the offices of the Municipal Advisory Council of Michigan (the "MAC"), Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan 48226, on Wednesday, the 14th day of February, 2018, at 2:30 p.m., Eastern Standard Time, at which time and place said bids will be publicly opened and read. Signed bids may be submitted by fax to the MAC at fax number (313) 963-0943, but no bid will be received after the time for receiving bids specified above, and the bidder bears all risks of transmission failure.

IN THE ALTERNATIVE: Bids may be submitted electronically via PARITY pursuant to this Notice on the same date and until the same time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact Municipal Financial Consultants Incorporated at (313) 782-3011 or PARITY at (212) 849-5021.

BOND DETAILS: The bonds will be fully registered bonds of the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof, dated as of February 1, 2018, and will bear interest from their date payable on October 1, 2018, and semiannually thereafter.

The bonds will mature on the first day of April as follows:

| <u>YEAR</u> | <u>AMOUNT</u> | <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------|-------------|---------------|
| 2019 | \$145,000 | 2026 | \$180,000 |
| 2020 | 145,000 | 2027 | 185,000 |
| 2021 | 150,000 | 2028 | 200,000 |
| 2022 | 160,000 | 2029 | 205,000 |
| 2023 | 160,000 | 2030 | 215,000 |
| 2024 | 170,000 | 2031 | 230,000 |
| 2025 | 170,000 | | |

TERM BOND OPTION: Bidders shall have the option of designating bonds maturing in the year 2024 and thereafter as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown above for the years 2024 through final maturity represents a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond designated. In any event, the above principal amount scheduled for the years 2024 through final maturity shall be represented by either serial bond maturities or

mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

PRIOR REDEMPTION:

A. **MANDATORY REDEMPTION.** Bonds designated as term bonds shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities hereinbefore set forth. The bonds or portions of bonds to be redeemed shall be selected by lot.

B. **OPTIONAL REDEMPTION.** Bonds maturing prior to April 1, 2026, are not subject to optional redemption prior to maturity. Bonds maturing on and after April 1, 2026, are subject to redemption prior to maturity, at the option of the District, in such order as determined by the District, in whole or in part, on any date, on or after April 1, 2025, in integral multiples of \$5,000 and by lot within a maturity, at the par value of the bond or portion of the bond called to be redeemed, plus accrued interest to the redemption date.

C. **NOTICE OF REDEMPTION.** Not less than thirty nor more than sixty days' notice of redemption shall be given by first class mail to the registered owner at the registered address. Failure to receive notice of redemption shall not affect the validity of the proceedings for redemption. Bonds or portions of bonds called for redemption shall not bear interest after the redemption date; provided, funds are on hand with the bond registrar and paying agent to redeem the bonds called for redemption.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one bond shall be at one rate only, and all bonds maturing in any one year must carry the same interest rate. The interest rate borne by bonds maturing in any one year shall not be less than the interest rate borne by bonds maturing in the preceding year. No proposal for the purchase of less than all of the bonds or at a price less than 99% nor more than 101% of their par value will be considered.

BOOK-ENTRY-ONLY: The bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased. The book-entry-only system is described further in the Preliminary Official Statement for the bonds.

BOND REGISTRAR AND PAYING AGENT: The bonds shall be payable as to principal in lawful money of the United States upon surrender thereof at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent. Interest shall be paid to the registered owner of each bond as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address. As long as

DTC, or its nominee Cede & Co., is the registered owner of the bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the bonds is the responsibility of DTC participants and indirect participants as described in the preliminary official statement for the bonds. The District from time to time as required may designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The bonds are to be issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), to provide moneys, together with other available funds, to refund the District's Drain Bonds, Series 2010, dated December 1, 2010 (the "Prior Bonds"), maturing in the years 2025 and 2031 (the "Prior Bonds To Be Refunded"). The Prior Bonds were issued pursuant to the provisions of Act 34 and Act 40, Public Acts of Michigan, 1956, as amended, for the purpose of defraying part of the cost of acquiring and constructing the Bloomfield Township CSO Drain Rehabilitation Project. The bonds are to be issued in anticipation of, and are primarily payable from, the collection of the several installments of special assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain. The special assessment installments and interest thereon are sufficient to pay the principal of and interest on the bonds when due. The tax levying officials of the Township and the County shall levy sufficient taxes to pay assessment installments and interest as the same become due unless there have been set aside moneys sufficient therefor. In addition, by reason of its pledge of full faith and credit as recited in the bonds, the County is authorized and obligated to levy ad valorem taxes upon all taxable property within its limits in amounts sufficient to provide funds to advance to the District in the event the Township or the County shall fail or neglect to pay any special assessment installment and interest when due. Taxes levied by the Township are subject to constitutional, statutory and charter tax limitations and taxes levied by the County are subject to constitutional and statutory tax limitations.

ADJUSTMENT IN PRINCIPAL AMOUNT: The aggregate principal amount of the bonds has been determined as the amount necessary to refund the Prior Bonds To Be Refunded and pay the costs of issuing the bonds, assuming certain conditions exist at the date of sale. Following receipt of bids and prior to final award, the District reserves the right to increase or decrease the principal amount of the bonds by any amount. Such adjustment, if necessary, will be made in increments of \$5,000 per maturity and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the increase or decrease in the principal amount of the bonds, but the interest rates specified by the successful bidder will not change. The successful bidder may not withdraw its bid as a result of any changes made within the foregoing limits.

GOOD FAITH: A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$46,300 payable to the order of the County Treasurer will be required of the winning bidder. The winning bidder is required to submit its good faith deposit to the District not later than Noon, Eastern Standard Time, on the next business day following the sale. The good faith deposit will be applied to the purchase price of the bonds, and payment for the balance of the purchase price of the bonds shall be made at the closing. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the District. No interest shall be allowed on the good faith deposit.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost to the District. True interest cost shall be computed by determining the annual interest rate (compounded semiannually) necessary to discount the debt service payments on the bonds from the payment dates thereof to February 28, 2018, and to the price bid.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, the original of which will be furnished without expense to the purchaser at the delivery of the bonds. The fees of Dickinson Wright PLLC for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the above bonds, Dickinson Wright PLLC has made no inquiry as to any financial information, statements or material contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds and, accordingly, will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

TAX MATTERS: The approving opinion will include an opinion to the effect that under existing law as enacted and construed on the date of the initial delivery of the bonds, the interest on the bonds is excluded from gross income for federal income tax purposes. Interest on the bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above will be subject to the condition that the District 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 certain of 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 District has covenanted to comply with all such requirements. The opinion will express no opinion regarding other federal tax consequences arising with respect to the bonds.

The District has not designated the bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

If the winning bidder will obtain a municipal bond insurance policy or other credit enhancement for the bonds in connection with their original issuance, the winning bidder will be required, as a condition of delivery of the bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

In addition, the approving opinion will include an opinion to the effect that under existing law as enacted and construed on the date of the initial delivery of the bonds, the bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

ISSUE PRICE: The winning bidder shall assist the District in establishing the issue price of the bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the bonds, together with the supporting pricing wires or equivalent communications, substantially in the form provided by Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the bonds may be taken on behalf of the District by the District’s municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District’s municipal advisor.

The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the bonds) will apply to the initial sale of the bonds (the “competitive sale requirements”) because:

- (1) the District is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the bonds to the bidder who submits a firm offer to purchase the bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the bonds, as specified in the bid.

In the event that competitive sale requirements are satisfied, the winning bidder shall be expected to certify as to the reasonably expected initially offering price of the bonds to the public.

In the event that the competitive sale requirements are not satisfied, the District shall so advise the winning bidder. The District shall treat (i) the first price at which 10% of a maturity of the bonds (the “10% test”) is sold to the public as of the sale date as the issue price of that maturity and (ii) the initial offering price to the public as of the sale date of any maturity of the bonds not satisfying the 10% test as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The

winning bidder shall advise the District if any maturity of the bonds satisfies the 10% test as of the date and time of the award of the bonds. Any maturity of the bonds (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) that does not satisfy the 10% test as of the date and time of the award of the bonds shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that any maturity of the bonds is subject to the hold-the-offering-price rule. Bidders should prepare their bids on the assumption that some or all of the maturities of the bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the bonds.

By submitting a bid, each bidder confirms that, except as otherwise provided in its bid, it has an established industry reputation for underwriting new issuances of municipal bonds, and, further, the winning bidder shall (i) confirm that the underwriters have offered or will offer the bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the bonds, that the underwriters will neither offer nor sell unsold bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the District when the underwriters have sold 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the bonds to the public),
- (iii) a purchaser of any of the bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the bonds are awarded by the District to the winning bidder.

OFFICIAL STATEMENT: A copy of the District’s official statement relating to the bonds may be obtained by contacting Municipal Financial Consultants Incorporated at the address referred to below. The official statement is in a form deemed final by the District for purposes of

paragraph (b)(1) of SEC Rule 15c2-12 (the “Rule”), but is subject to revision, amendment and completion in a final official statement.

After the award of the bonds, the District will provide on a timely basis copies of a final official statement, as that term is defined in paragraph (e)(3) of the Rule, at the District’s expense in sufficient quantity to enable the successful bidder or bidders to comply with paragraphs (b)(3) and (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board. Requests for such additional copies of the final official statement shall be made to Municipal Financial Consultants Incorporated at the address set forth below within 24 hours of the award of the bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with paragraph (b)(5) of the Rule, the District will undertake, pursuant to a resolution adopted by its governing body and a continuing disclosure certificate, to provide annual reports and notices of certain events. A description of these undertakings is set forth in the preliminary official statement and will also be set forth in the final official statement.

CUSIP: CUSIP numbers will be imprinted on all bonds of this issue at the District’s expense. An improperly printed number will not constitute basis for the purchaser to refuse to accept delivery. The purchaser shall be responsible for requesting assignment of numbers and for payment of any charges for the assignment of numbers.

BIDDER CERTIFICATION: NOT “IRAN-LINKED BUSINESS”. By submitting a bid, the bidder shall be deemed to have certified that it is not an “Iran-Linked Business” as defined in Act No. 517, Public Acts of Michigan, 2012; MCL 129.311 et seq.

DELIVERY OF BONDS: The District will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York. The usual closing documents, including a continuing disclosure certificate and a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of the delivery of the bonds. If the bonds are not tendered for delivery by twelve o’clock noon, Eastern Standard Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the winning bidder on that day, or any time thereafter until delivery of the bonds, may withdraw its proposal by serving notice of cancellation, in writing, on the undersigned, in which event the District shall return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked “Proposal for Bonds.”

FURTHER INFORMATION: Further information regarding the bonds may be obtained from Municipal Financial Consultants Incorporated, 400 North Main Street, #304, Milford, MI 48381, Telephone (313) 884-1550 or (313) 782-3011, Financial Consultant to the District.

Jim Nash, Oakland County Water Resources
Commissioner

Appendix A

CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF OAKLAND

§ _____

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Oakland, Michigan (the "County") in connection with the issuance by the Bloomfield Township CSO Drainage District (the "Issuer") of its Drain Refunding Bonds, Series 2018 (the "Bonds"). The County covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the County for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the County and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report of the County provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"Bondholder" shall mean the registered owner of any Bonds.

"Dissemination Agent" shall mean the County or any successor Dissemination Agent appointed in writing by the County and which has filed with the County a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 797-6700

"Official Statement" shall mean the final Official Statement for the Bonds dated _____, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

Section 3. Provision of Annual Reports.

(a) Each year, the County shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven months after the end of the County's fiscal year, commencing with the County's Annual Report for its fiscal year ending September 30, 2017, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). Currently, the County's fiscal year commences on October 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the County are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the County shall be included in the Annual Report.

(b) If the County is unable to provide to the MSRB an Annual Report of the County by the date required in subsection (a), the County shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the County's fiscal year changes, the County shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the County, the Dissemination Agent shall file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the County) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

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

(a) The audited financial statements of the County for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the County of the same nature as that contained in the following sections and tables in Exhibit A to the Official Statement: "County Tax Rates," "County Operating Tax Collection Record," "Collection Record of County Wide Tax Levy, 2007-2016," "Largest Taxpayers," "County Labor Contracts," "Revenue Sharing from the State of Michigan," "Pensions," "Other Post-Employment Benefits (OPEB)," "History of State Equalized Valuation (SEV)," "History of County Wide Tax Delinquencies," "Short Term Financing," "Oakland County Net Direct Debt – Unaudited," "Oakland County Schedule of Bond Maturities - County Credit and Limited Tax," "Oakland County Schedule of Drain Bond Maturities – County Credit and Limited Tax," "Oakland County Schedule of Bond Maturities with Limited County Pledge - Taxable," "Oakland County Schedule of Principal and Interest Requirements," and "Oakland County Statement of Legal Debt Margin."

The County's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The County shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The County covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the County shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The County covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the County determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the County shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the County shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the County), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The County acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the County is liable.

(f) The County acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the County does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

Section 7. Termination of Reporting Obligation.

(a) The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the County's obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the County, and the County shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the County (i) receives an opinion of Securities Counsel, addressed to the County, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

Section 8. Dissemination Agent. The County, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a

successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the County) shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County, or type of business conducted by the County;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the County shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include 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 shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the County or the Dissemination Agent (if other than the County) at the written direction of the County with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County 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 Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include

any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County 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 Listed Event.

Section 11. Failure to Comply. In the event of a failure of the County or the Dissemination Agent (if other than the County) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the County or the Dissemination Agent (if other than the County) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the County to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the County shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the County or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the County or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 15. Additional Disclosure Obligations. The County acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the County, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

Section 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

COUNTY OF OAKLAND, MICHIGAN

By: _____
ANDREW E. MEISNER
Its: Treasurer

Dated: _____, 2018

EXHIBIT A
NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: County of Oakland, Michigan
Name of Bond Issue: Drain Refunding Bonds, Series 2018
Date of Bonds: _____, 2018

NOTICE IS HEREBY GIVEN that the County of Oakland has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. County of Oakland anticipates that the Annual Report will be filed by _____.

COUNTY OF OAKLAND, MICHIGAN

By: _____

Its _____

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN COUNTY'S FISCAL YEAR

Name of Obligated Person: County of Oakland, Michigan

Name of Bond Issue: Drain Refunding Bonds, Series 2018

Date of Bonds: _____, 2018

NOTICE IS HEREBY GIVEN that the County of Oakland's fiscal year has changed. Previously, the County of Oakland's fiscal year ended on _____. It now ends on _____.

COUNTY OF OAKLAND, MICHIGAN

By: _____

Its _____

Dated: _____

EXHIBIT C
ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: _____

Number of pages of the attached Annual Report or portion thereof: _____

Name of Bond Issue to which the attached Annual Report relates: _____

Date of such Bonds: _____

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____

Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

EXHIBIT D

EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: _____

Number of pages of the attached Event Notice: _____

Description of the attached Event Notice (Check One):

- | | | |
|-----|-------|--|
| 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TIEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security |
| 7. | _____ | Modifications to rights of securities holders |
| 8. | _____ | Bond calls |
| 9. | _____ | Defeasances |
| 10. | _____ | Release, substitution, or sale of property securing repayment of the securities |
| 11. | _____ | Rating changes |
| 12. | _____ | Tender offers |
| 13. | _____ | Bankruptcy, insolvency, receivership or similar event of an obligated person |
| 14. | _____ | The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms |
| 15. | _____ | Appointment of a successor or additional trustee, or the change of name of a trustee |
| 16. | _____ | Failure to provide annual financial information as required |
| 17. | _____ | Other material event notice (specify) _____ |

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.

Troy 9007-431 2006246v1

Appendix B

CONTINUING DISCLOSURE CERTIFICATE

CHARTER TOWNSHIP OF BLOOMFIELD

§ _____

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Charter Township of Bloomfield, Michigan (the "Township") in connection with the issuance by the Bloomfield Township CSO Drainage District (the "Issuer") of its Drain Refunding Bonds, Series 2018 (the "Bonds"). The Township covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Township for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Township and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Township shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report of the Township provided by the Township pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"Bondholder" shall mean the registered owner of any Bonds.

"Dissemination Agent" shall mean the Township or any successor Dissemination Agent appointed in writing by the Township and which has filed with the Township a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 797-6700

"Official Statement" shall mean the final Official Statement for the Bonds dated _____, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

Section 3. Provision of Annual Reports.

(a) Each year, the Township shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven months after the end of the Township's fiscal year, commencing with the Township's Annual Report for its fiscal year ending March 31, 2018, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Township shall provide the Annual Report to the Dissemination Agent (if other than the Township). Currently, the Township's fiscal year commences on April 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Township are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Township shall be included in the Annual Report.

(b) If the Township is unable to provide to the MSRB an Annual Report of the Township by the date required in subsection (a), the Township shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Township's fiscal year changes, the Township shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the Township, the Dissemination Agent shall file a report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Township) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

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

(a) The audited financial statements of the Township for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Issuer of the same nature as that contained in the following tables in Exhibit C to the Official Statement: Population; History of Property Valuations; Analysis of Taxable Value by Class and Use; Major Taxpayers; Tax Rates (Per \$1,000 of Taxable Value); Tax Rate Limitations; Tax Levies and Collections; Revenues from the State of Michigan; Labor Agreements; Retirement Plan; Other Post Employment Benefits; General Fund – Fund Balance; Debt Statement; Schedule of Bond Maturities and Statement of Legal Debt Margin.

The Township's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Township shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Township covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;

- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Township obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the Township shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Township covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Township determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the Township shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially

the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Township shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Township), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Township acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Township is liable.

(f) The Township acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Township does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

Section 7. Termination of Reporting Obligation.

(a) The Township's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the Township's obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Township, and the Township shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Township (i) receives an opinion of Securities Counsel, addressed to the Township, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

Section 8. Dissemination Agent. The Township, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Township) shall not be responsible in any manner for the content of any notice or report prepared by the Township pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Township, or type of business conducted by the Township;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Township shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include 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 shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Township or the Dissemination Agent (if other than the Township) at the written direction of the Township with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Township 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 Listed Event, in addition to that which is required by this Disclosure Certificate. If the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Township 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 Listed Event.

Section 11. Failure to Comply. In the event of a failure of the Township or the Dissemination Agent (if other than the Township) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Township or the Dissemination Agent (if other than the Township) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the Township to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Township shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Township, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Township or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Township or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 15. Additional Disclosure Obligations. The Township acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Township, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Township under such laws.

Section 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

CHARTER TOWNSHIP OF BLOOMFIELD

By: _____
LEO C. SAVOIE
Its: Supervisor

And: _____
JANET M. RONCELLI
Its: Clerk

Dated: _____, 2018

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: Charter Township of Bloomfield, Michigan

Name of Bond Issue: Drain Refunding Bonds, Series 2018

Date of Bonds: _____, 2018

NOTICE IS HEREBY GIVEN that the Charter Township of Bloomfield has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Charter Township of Bloomfield anticipates that the Annual Report will be filed by _____.

CHARTER TOWNSHIP OF BLOOMFIELD

By: _____

Its _____

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN TOWNSHIP'S FISCAL YEAR

Name of Obligated Person: Charter Township of Bloomfield, Michigan

Name of Bond Issue: Drain Refunding Bonds, Series 2018

Date of Bonds: _____, 2018

NOTICE IS HEREBY GIVEN that the Charter Township of Bloomfield's fiscal year has changed. Previously, the Charter Township of Bloomfield's fiscal year ended on _____. It now ends on _____.

CHARTER TOWNSHIP OF BLOOMFIELD

By: _____

Its _____

Dated: _____

EXHIBIT C
ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: _____

Number of pages of the attached Annual Report or portion thereof: _____

Name of Bond Issue to which the attached Annual Report relates: _____

Date of such Bonds: _____

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____

Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

COUNTY OF OAKLAND

COUNTY OFFICIALS

L. BROOKS PATTERSON, *County Executive*
ANDREW E. MEISNER, *County Treasurer*
LISA BROWN, *Clerk and Register of Deeds*
JESSICA COOPER, *Prosecuting Attorney*
MICHAEL J. BOUCHARD, *Sheriff*
JIM NASH, *Water Resources Commissioner*
KEITH LERMINIAUX, *Corporation Counsel*

BOARD OF COMMISSIONERS

MICHAEL J. GINGELL, *Chairperson*

| | |
|----------------------|----------------------|
| TOM J. BERMAN | CHRISTINE LONG |
| DAVID BOWMAN | GARY MCGILLIVRAY |
| HUGH D. CRAWFORD | THOMAS F. MIDDLETON |
| WILLIAM DWYER | NANCY QUARLES |
| WADE FLEMING | MICHAEL SPISZ |
| MARCIA GERSHENSON | SHELLEY GOODMAN TAUB |
| ROBERT HOFFMAN | DOUG TIETZ |
| JANET JACKSON | PHILIP WEIPERT |
| ADAM L. KOCHENDERFER | DAVID WOODWARD |
| EILEEN T. KOWALL | HELAINÉ ZACK |

SUPPLEMENTAL ORDER NO. 1 RELATING TO
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
REFUNDING BONDS, SERIES 2018
REGARDING REFUNDING BONDS SPECIAL ASSESSMENT ROLL
FOR THE BLOOMFIELD TOWNSHIP CSO DRAIN
(An Intra-County Drain in Oakland County, Michigan)

AMOUNT TO BE ASSESSED: \$2,260,000.00

| <u>Public Corporations</u> | <u>Percentages</u> | <u>Amount Assessed</u> |
|--------------------------------|--------------------|------------------------|
| Charter Township of Bloomfield | 76.718% | \$1,733,826.80 |
| County of Oakland | 23.282% | 526,173.20 |
| | | \$2,260,000.00 |

The amounts assessed against the public corporations shall be payable in installments as follows:

INSTALLMENTS:

| <u>Installment Due March 1</u> | <u>Charter Township of Bloomfield</u> | <u>County of Oakland</u> | <u>Total</u> |
|--------------------------------|---------------------------------------|--------------------------|-----------------------|
| 2019 | 111,241.10 | 33,758.90 | 145,000.00 |
| 2020 | 111,241.10 | 33,758.90 | 145,000.00 |
| 2021 | 115,077.00 | 34,923.00 | 150,000.00 |
| 2022 | 122,748.80 | 37,251.20 | 160,000.00 |
| 2023 | 122,748.80 | 37,251.20 | 160,000.00 |
| 2024 | 130,420.60 | 39,579.40 | 170,000.00 |
| 2025 | 130,420.60 | 39,579.40 | 170,000.00 |
| 2026 | 138,092.40 | 41,907.60 | 180,000.00 |
| 2027 | 138,092.40 | 41,907.60 | 180,000.00 |
| 2028 | 153,436.00 | 46,564.00 | 200,000.00 |
| 2029 | 153,436.00 | 46,564.00 | 200,000.00 |
| 2030 | 153,436.00 | 46,564.00 | 200,000.00 |
| 2031 | 153,436.00 | 46,564.00 | 200,000.00 |
| | <u>\$ 1,733,826.80</u> | <u>\$ 526,173.20</u> | <u>\$2,260,000.00</u> |

Interest on unpaid installments to begin on March 1, 2018, and to accrue at a rate not to exceed an amount sufficient to pay the interest on the Refunding Bonds. Interest is payable on September 1, 2018 and March 1, 2019, and thereafter on March 1 of each year.

A handwritten signature in black ink, appearing to read "Jim Nash", written over a horizontal line.

JIM NASH, Chairman
Drainage Board for the Bloomfield Township
CSO Drain

Dated: February 28, 2018

Troy 9007-431 2026974v1

ESCROW AGREEMENT

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT DRAIN REFUNDING BONDS, SERIES 2018

THIS ESCROW AGREEMENT (the "Agreement") dated as of the 28th day of February, 2018, made by and between the Bloomfield Township CSO Drainage District, Oakland County, Michigan, and The Huntington National Bank, Grand Rapids, Michigan.

WITNESSETH:

WHEREAS, there are presently outstanding \$2,355,000 in principal amount of the Bloomfield Township CSO Drain Bonds, Series 2010, dated as of December 1, 2010, which bonds mature serially in such years and bear interest at such rates as set forth on Exhibit A attached hereto and made a part hereof; and

WHEREAS, the Issuer (hereinafter defined) has adopted a resolution authorizing the issuance of the Refunding Bonds (hereinafter defined) for the purpose of providing amounts sufficient to provide for the payment of the principal of and interest on the Refunded Bonds (hereinafter defined) on the date and in the amounts shown on Exhibit B attached hereto; and

WHEREAS, the Issuer desires to provide for the deposit of part of the proceeds of the Refunding Bonds with the Escrow Agent (hereinafter defined) to provide for such payment of the principal of and interest on the Refunded Bonds; and

WHEREAS, the Issuer desires to enter into an escrow agreement with the Escrow Agent to provide for the safekeeping, investment, reinvestment, administration and disposition of such deposit upon the terms and conditions herein set forth; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Bonds to the purchasers thereof, a portion of the proceeds of the Refunding Bonds, together with other available funds, shall be applied to purchase certain 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 and interest on which are fully secured by the foregoing, for deposit to the credit of the Escrow Fund (hereinafter defined) created pursuant to the terms of this Agreement and to establish a beginning cash balance in the Escrow Fund; and

WHEREAS, the Escrowed Securities (hereinafter defined) shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with the cash balance on deposit in the Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Bonds at redemption; and

WHEREAS, pursuant to the Resolution (hereinafter defined) the Chairperson of the Issuer is authorized to enter into this Escrow Agreement, a certified copy of which Resolution has been filed with the Escrow Agent.

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of the principal of and interest on the Refunded Bonds, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

SECTION 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Agreement" means this Escrow Agreement dated February 28, 2018, made by and between the Bloomfield Township CSO Drainage District, Oakland County, Michigan and The Huntington National Bank, Grand Rapids, Michigan.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder.

"Escrow Agent" means The Huntington National Bank, Grand Rapids, Michigan, and its successors as Escrow Agent under this Agreement.

"Escrow Fund" means the Bloomfield Township CSO Drainage District Drain Refunding Bonds, Series 2018 Escrow Fund created and described in Section 3.01 of this Agreement.

"Escrowed Securities" means those securities described on Exhibit C attached to this Agreement.

"Issuer" means the Bloomfield Township CSO Drainage District, County of Oakland, Michigan.

"Prior Bonds" means the Bloomfield Township CSO Drain Bonds, Series 2010, dated as of December 1, 2010, all of which are more fully described on Exhibit A.

"Prior Bond Resolution" means the resolution duly adopted by the Drainage Board of the Issuer on October 19, 2010 and the order of the Chairperson of the Issuer dated November 30, 2010, authorizing the issuance, sale and delivery of the Prior Bonds.

"Prior Bonds Paying Agent" means The Huntington National Bank, Grand Rapids, Michigan.

"Refunded Bonds" means the Prior Bonds maturing in the years 2025 and 2031.

"Refunding Bonds" means the Issuer's Drain Refunding Bonds, Series 2018, dated February 1, 2018.

"Resolution" means the resolution duly adopted by the Drainage Board of the Issuer on January 23, 2018 and the Order of the Chairperson of the Issuer dated February 14, 2018, authorizing the issuance, sale and delivery of the Refunding Bonds and, among other things, authorizing the Chairperson of the Issuer to enter into this Agreement.

SECTION 1.02. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROWED SECURITIES

SECTION 2.01. The Issuer has deposited, or caused to be deposited, in the Escrow Fund the following money and securities:

- (a) \$0.93 as the beginning cash balance for the Escrow Fund; and
- (b) the Escrowed Securities described on Exhibit C attached hereto.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

SECTION 3.01. Escrow Fund. The Escrow Agent has created on its books a special and irrevocable escrow fund to be known as the "Bloomfield Township CSO Drainage District Drain Refunding Bonds, Series 2018 Escrow Fund". The Escrow Agent hereby acknowledges that there has been deposited to the credit of the Escrow Fund the beginning cash balance and the Escrowed Securities described in Section 2.01. The Escrowed Securities and all proceeds therefrom, including assets acquired with such proceeds, shall be the property of the Escrow Fund and shall be applied only in strict conformity with the terms and conditions of this Agreement. All of the Escrowed Securities, all proceeds therefrom, including assets acquired with such proceeds, and all cash balances from time to time on deposit in the Escrow Fund are hereby pledged irrevocably to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers to the Prior Bonds Paying Agent in such amounts and at such times as are provided for in Section 3.02 hereof. When the final transfers

have been made to the Prior Bonds Paying Agent for the payment of the principal of and interest on the Refunded Bonds in accordance with Exhibit B, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent thereupon shall be discharged from any further duties hereunder.

SECTION 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer to the Prior Bonds Paying Agent from the cash balances from time to time on deposit in the Escrow Fund the amounts required to pay the principal of and interest on the Refunded Bonds in the amounts and at the times shown on Exhibit B attached hereto.

SECTION 3.03. Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Prior Bonds Paying Agent at the times and in the amounts required to pay the principal of and interest on the Refunded Bonds upon the redemption of the Refunded Bonds, all as more fully set forth on Exhibit B attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Prior Bonds Paying Agent to make the payments set forth in Section 3.02 hereof, the Issuer shall deposit in the Escrow Fund, from lawfully available funds, additional funds in the amounts required to make such payments when due. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Issuer's failure to make additional deposits thereto.

SECTION 3.04. Escrow Fund. The Escrow Agent at all times shall hold the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund as special trust funds but need not segregate such funds and securities except to the extent required by law; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund always shall be maintained by the Escrow Agent as escrow funds for the benefit of the holders of the Refunded Bonds, and a special account thereof at all times shall be maintained on the books of the Escrow Agent. The holders of the Refunded Bonds shall be entitled to a preferred claim and first lien upon the Escrowed Securities, the proceeds thereof and all other assets of the Escrow Fund to which they were entitled as holders of the Refunded Bonds against the payments made by the Townships under the applicable finance and service agreement as described in the related Refunded Bonds Resolution. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except in its capacity as Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or by the Prior Bonds Paying Agent.

SECTION 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be secured continuously by a pledge of direct obligations of, or

obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV

REDEMPTION OF REFUNDED BONDS

SECTION 4.01. Duties of Escrow Agent in Connection with Redemption of Refunded Bonds. The Escrow Agent shall take all steps required by the Prior Bonds Resolution (a copy of which resolution has been furnished to the Escrow Agent) to cause the Prior Bonds to be called for redemption on April 1, 2018. The Escrow Agent is hereby authorized by the Issuer to take all action on its behalf legally required to effect the call of such bonds for redemption on such date.

ARTICLE V

LIMITATION ON INVESTMENTS

SECTION 5.01. General Prohibition. Moneys in the Escrow Fund and the proceeds of the Escrowed Securities shall not be invested or reinvested except as provided in this Article V.

SECTION 5.02. Investment or Reinvestment of Moneys. At the direction of the Issuer, the Escrow Agent shall invest or reinvest the moneys held in the Escrow Fund in direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America provided that the investments shall mature on or one day prior to the due date of the payments to be made therefrom and provided that the Issuer delivers to the Escrow Agent the following:

(a) an opinion by an independent certified public accountant that after such investment or reinvestment the principal amount of the securities in the Escrow Fund together with the interest thereon and other available moneys will be sufficient to pay, as the same become due in accordance with Exhibit B, the principal of and interest on the Refunded Bonds which have not been paid previously; and

(b) an opinion of nationally recognized municipal bond counsel, which may be rendered in reliance upon an opinion by an independent certified public accountant with respect to the yield of the Refunding Bonds and the yield of the securities in the Escrow Fund, to the effect that (1) such investment will not cause the Refunding Bonds or the Prior Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder in effect on the date of such investment or otherwise make the interest on the Refunding Bonds or the Prior Bonds subject to federal income taxation, and (2) such investment or reinvestment complies with the Constitution and laws of the State of Michigan and with all relevant documents relating to the issuance of the Refunding Bonds and Prior Bonds.

SECTION 5.03. Transfer of Excess Amounts. If at any time through redemption or cancellation of the Refunded Bonds or through deposit of additional moneys or non-callable direct obligations of the United States of America or by reason of an investment or reinvestment pursuant to Section 5.02 of this Agreement there exists or will exist excesses of cash or interest on or maturing principal of the securities in the Escrow Fund hereunder for the Refunded Bonds, the Escrow Agent may transfer such excess amounts to or on the order of the Issuer provided that the Issuer delivers to the Escrow Agent the following:

(a) an opinion by an independent certified public accountant that after the transfer of such excess the principal amount of securities in the Escrow Fund, together with the interest thereon and other available moneys, will be sufficient to pay, as the same become due in accordance with Exhibit B, the principal of and interest on the Refunded Bonds which have not been paid previously; and

(b) an opinion of nationally recognized municipal bond counsel, which may be rendered in reliance upon an opinion by an independent certified public accountant with respect to the yield of the Refunding Bonds and the yield of the securities in the Escrow Fund, to the effect that (1) such transfer will not cause the Refunding Bonds or the Prior Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder in effect on the date of such transfer or otherwise make the interest on the Refunding Bonds or the Prior Bonds subject to Federal income taxation, and (2) such transfer complies with the Constitution and laws of the State of Michigan and with all relevant documents relating to the issuance of the Prior Bonds and the Refunding Bonds.

SECTION 5.04. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause the Prior Bonds or the Refunding Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

ARTICLE VI

RECORDS AND REPORTS

SECTION 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited in the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the holders of the Refunded Bonds.

SECTION 6.02. Reports. For the period beginning on the date hereof and ending on April 30, 2018, and for each twelve (12) month period thereafter while this Agreement remains in effect, the Escrow Agent shall prepare and send to the Issuer within thirty (30) days following the end of such period a written report summarizing all transactions relating to the

Escrow Fund during such period, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund to the Prior Bonds Paying Agent for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Securities, and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII.

CONCERNING THE ESCROW AGENT

SECTION 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein and that it will carry out all of its obligations hereunder.

SECTION 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds to the Prior Bonds Paying Agent for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall not have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the Resolution and is not responsible for nor bound by any of the provisions thereof. In its capacity as Escrow Agent it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in the exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, gross negligence or willful default, nor for any loss unless the same shall have been through its gross negligence or willful misconduct.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement and to take all action necessary to effect the call of the Refunded Bonds for redemption as provided in Article IV of this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or gross negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

SECTION 7.03. Compensation. The Issuer has caused to be paid to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the sum of Seven Hundred Fifty Dollars (\$750) the receipt and sufficiency of which are hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent or in any other capacity, or for reimbursement for any of its expenses.

SECTION 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as Escrow Agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate resolution, shall promptly appoint a successor Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the holders of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such holders or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the holder of any Prior Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation or association organized and doing business under the laws of the United States or the State of Michigan, authorized under such laws

to exercise corporate trust powers, having its principal office and place of business in the State of Michigan, having a combined capital and surplus of at least \$25,000,000 and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Notice. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

To the Issuer:

Oakland County Treasurer
1200 North Telegraph Road
Pontiac, MI 48341

To the Escrow Agent:

The Huntington National Bank
Corporate Trust – MI231
40 Pearl Street NW
Grand Rapids, MI 49503
Attention: Patrick O'Donnell, Vice President

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other party not less than ten (10) days prior notice thereof.

SECTION 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the holders of the Refunded Bonds or any other person or persons in connection with this Agreement.

SECTION 8.03. Binding Agreement; Counterparts. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Bonds, the Issuer, the Escrow Agent and their respective successors and legal representatives. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.


SECTION 8.05. Michigan Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Michigan.

SECTION 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

SECTION 8.07. Rights of Holders of Refunded Bonds. This Agreement shall not be terminated nor amended in any manner that would affect adversely the rights of the holders of the Refunded Bonds and may be amended only to correct errors, clarify ambiguities or increase the rights of the holders of the Refunded Bonds.

EXECUTED as of the date first written above.

BLOOMFIELD TOWNSHIP CSO DRAINAGE
DISTRICT, Oakland County, Michigan

By: 
Its: Chairperson of Drainage Board

THE HUNTINGTON NATIONAL BANK


By: 
Its: Vice President

EXHIBIT A

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Bloomfield Township CSO Drain Bonds, Series 2010
dated December 1, 2010

| <u>PRINCIPAL MATURITY</u> <u>DUE APRIL 1</u> | <u>PRINCIPAL AMOUNT</u> | <u>INTEREST RATE</u> |
|---|-------------------------|----------------------|
| 2018 | \$ 120,000 | 4.45% |
| 2025 | 1,010,000 | 5.75% |
| 2031 | 1,225,000 | 6.50% |

Paying Agent: The Huntington National Bank, Grand Rapids, Michigan

EXHIBIT B

ESCROW FUND REQUIREMENTS

| <u>DATE</u> | <u>REDEEMED PRINCIPAL</u> | <u>INTEREST</u> | <u>REDEMPTION PREMIUM</u> | <u>TOTAL</u> |
|-------------|-------------------------------|-----------------|-------------------------------|----------------|
| 04/01/18 | \$2,235,000.00 | \$68,850.00 | -0- | \$2,303,850.00 |

EXHIBIT C

ESCROWED SECURITIES

| <u>TYPES OF SECURITY</u> | <u>MATURITY DATE</u> | <u>PAR AMOUNT</u> | <u>COUPON RATE</u> |
|--------------------------|----------------------|-------------------|--------------------|
| SLGS | April 1, 2018 | \$2,301,186.00 | 1.320% |

February 28, 2018

Bloomfield Township CSO Drainage District
Oakland County, Michigan

We have acted as bond counsel to the Bloomfield Township CSO Drainage District, Oakland County, Michigan (the "Drainage District") in connection with the issuance by the Drainage District of \$2,260,000 Drain Refunding Bonds, Series 2018, dated as of February 1, 2018 (the "Bonds"). We have examined the law and such certified copies of the proceedings and other papers as we deem necessary to render this opinion.

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

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and legally binding obligations of the Drainage District payable from the collection of the several installments of special assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain (an intra-county drain).
2. The full faith and credit of the Drainage District and the County have been pledged for the payment of the principal of and interest on the Bonds when due.
3. The tax levying officials of the public corporations assessed are obligated to levy sufficient taxes to pay assessment installments and interest as the same become due, unless there have been set aside moneys sufficient therefor. In addition, by reason of its pledge of full faith and credit as recited in the Bonds, the County is authorized and obligated to levy ad valorem taxes upon all taxable property within its limits in amounts sufficient to provide funds to advance to the Drainage District in the event the Township or the County shall fail or neglect to pay any special assessment installment and interest when due. Taxes levied by the Township are subject to constitutional, statutory and charter tax limitations and taxes levied by the County are subject to constitutional and statutory tax limitations.
4. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition of the Bonds.

Bloomfield Township CSO Drainage District
February 28, 2018
Page 2

5. The interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth in this paragraph is subject to the condition that the Drainage District comply with all requirements of the Internal Revenue Code of 1986, as amended, 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 certain of 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 Drainage District has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,



Troy 9007-431 2006187v1

NONARBITRAGE AND TAX COMPLIANCE CERTIFICATE

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
COUNTY OF OAKLAND
STATE OF MICHIGAN

\$2,260,000

Drain Refunding Bonds, Series 2018

Pursuant to Section 1.148-2(b)(2) of the Treasury Regulations on Income Tax, the undersigned hereby certifies with respect to the Drain Refunding Bonds, Series 2018 in the aggregate principal amount of \$2,260,000 (the "Bonds"), issued and delivered by the Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Issuer"), pursuant to a resolution adopted by the Drainage Board of the Issuer on January 23, 2018 (the "Resolution") and an Order of the Chairperson of the Drainage Board dated February 14, 2018, that on the date hereof the following exist or are reasonably expected to occur:

1. Due Inquiry. The undersigned is the Chairperson of the Drainage Board and has made due inquiry with respect to and is fully informed as to the matters set out in this Certificate.

2. Issue Date. The Bonds are being delivered to the original purchasers thereof on the date hereof (the "Issue Date").

3. Purpose of Issue.

(a) The Bonds are authorized and issued for the purpose of providing funds to be used together with other available funds (i) to current refund and defease the outstanding bonds of the Issuer's Bloomfield Township CSO Drain Bonds, Series 2010, dated December 1, 2010 (the "Prior Bonds"), maturing in the years 2025 and 2031 (the "Prior Bonds to be Refunded"), and (ii) to pay the costs of issuing the Bonds.

(b) The Prior Bonds were issued December 16, 2010, in the original aggregate principal amount of \$3,000,000 and remain outstanding as of the Issue Date in the aggregate principal amount of \$2,355,000, consisting of the Prior Bonds maturing April 1, 2018 in the aggregate principal amount of \$120,000 and the Prior Bonds To Be Refunded in the aggregate principal amount of \$2,235,000. The Prior Bonds were issued for the purpose of providing funds to be used (i) to defray the cost of locating, establishing and constructing the Bloomfield Township CSO Drain Rehabilitation Project in the County of Oakland, Michigan (the "Project"), and (ii) to pay the costs of issuing the Prior Bonds.

4. Amount of Proceeds.

(a) The Issuer expects to receive from the original purchasers of the Bonds the sum of \$2,286,341.71 representing the aggregate principal amount of the Bonds (\$2,260,000)

less an underwriting discount of \$22,107.24 plus net original issue premium of \$43,693.95 and preissuance accrued interest of \$4,755.00.

(b) The total proceeds received by the Issuer for the Bonds and anticipated investment proceeds thereof do not exceed the amounts necessary for the purposes described in paragraph 3 above.

5. Use of Proceeds of Bonds. The \$2,286,341.71 amount to be received from the original purchasers of the Bonds will be used as follows:

(a) \$4,755.00, the preissuance accrued interest paid by the original purchasers of the Bonds, will be deposited in the Principal and Interest Fund and will be used to pay interest on the Bonds on October 1, 2018, the first interest payment date. Such amount will be invested without restriction as to yield, subject, however, to the applicable requirements of the memorandum attached hereto as Exhibit A relating to the rebating of certain excess investment earnings to the United States (the "Rebate Memorandum").

(b) \$2,232,336.93 will be deposited in the Escrow Fund for disposition as described in paragraph 7(b) of this Certificate.

(c) \$49,249.78, together with all investment proceeds thereof, if any, will be expended with due diligence, and in all events within 13 months of the Issue Date, to pay costs of issuing the Bonds. Such amount will be invested without restriction as to yield, subject, however, to the applicable requirements of the Rebate Memorandum.

6. Disposition of Gross Proceeds of Prior Bonds to be Refunded. All gross proceeds of the Prior Bonds to be Refunded have been expended except the sum of \$68,850.00 in the Principal and Interest Fund for the Prior Bonds to be Refunded, which will be transferred on the Issue Date to the Escrow Fund for disposition as described in paragraph 7(b) of this Certificate. As a result of the foregoing, all unexpended gross proceeds of the Prior Bonds to be Refunded and other amounts available for the governmental purpose of the Bonds will be applied to that governmental purpose as described in this Certificate.

7. Escrow Fund.

(a) The amounts in the Escrow Fund will be used to pay the principal of and interest on the Prior Bonds To Be Refunded on April 1, 2018, on which date the Escrow Agent, pursuant to irrevocable instructions from the Issuer in the Escrow Agreement, will use money in the Escrow Fund to pay the redemption price of the Prior Bonds To Be Refunded, having arranged for the mailing of the appropriate redemption notice for the Prior Bonds To Be Refunded.

(b) The aggregate \$2,301,186.93 amount deposited in the Escrow Fund as described in paragraphs 5(b) and 6 of this Certificate will be used to make an initial cash deposit of \$0.93 and to purchase for an aggregate price of \$2,301,186.00 the United States Treasury Securities—State and Local Government Series (the "Escrowed Securities"), shown in Exhibit C to the Escrow Agreement. The Escrowed Securities used to refund the Prior Bonds To Be

Refunded will be invested without restriction as to yield pursuant to Treas. Reg. § 1.148-9(d)(2)(ii)(A) subject however, to the applicable requirements of the Rebate Memorandum.

(c) The Escrow Fund will be fully depleted by allocation of all amounts therein to expenditures on April 1, 2018.

8. Principal and Interest Fund. Special assessment payments made by the Charter Township of Bloomfield and the County of Oakland to the Issuer will be immediately deposited upon receipt by the Issuer in the Principal and Interest Fund and will be invested without restriction as to yield and expended within 13 months of the date of deposit to pay principal of and interest on the Bonds; provided, however, that any amounts deposited to the Principal and Interest Fund to pay principal of the Bonds other than at maturity or to pay redemption premiums on the Bonds will be expended within 30 days of the date of such deposit to pay principal of or redemption premiums on the Bonds or will be invested at a yield (determined without regard to yield reduction payments pursuant to Treas. Reg. § 1.148-5(c)) not exceeding the yield on the Bonds by more than 0.001 percentage points. Investment earnings on amounts in the Principal and Interest Fund will be redeposited thereto and used within 13 months of the date of receipt to pay principal of or interest on the Bonds. The Principal and Interest Fund will be primarily used to achieve a proper matching of revenues with principal and interest payments on the Bonds in each bond year, and will be depleted each year except for a reasonable carryover amount not exceeding the greater of (i) the earnings on the Principal and Interest Fund for the immediately preceding bond year or (ii) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year.

9. Issue Price; Yield on the Bonds.

(a) In accordance with Treas. Reg. § 1.148-1(f)(2)(iv), the issue price for the Bonds was calculated by using the reasonably expected initial offering price to the Public of the Bonds in accordance with the special rule for competitive sales of Treas. Reg. § 1.148-1(f)(2)(iii). The winning bidder of the Bonds was Robert W. Baird & Co., Inc. ("Baird"). Baird certified in its Issue Price Certificate dated the Issue Date, which is attached as Exhibit B, that the price for each Maturity of the Bonds listed in Schedule A to its Issue Price Certificate are the reasonably expected initial offering prices to the Public of the Bonds. The Issuer offered the Bonds in a written Notice of Sale that was widely disseminated by publication in *The Bond Buyer* on February 7, 2018 and by electronic dissemination to potential Underwriters through the www.i-dealprospectus.com website. As set forth in the Certificate of Municipal Advisor, dated the Issue Date, of Municipal Financial Consultants Incorporated ("MFCI"), (i) each potential Underwriter had an equal opportunity to bid on the Bonds, and (ii) the Issuer received firm bids for four potential Underwriters which have an established industry reputation for underwriting new issuances of municipal bonds. The firm bid submitted by Baird to purchase the Bonds was the lowest overall interest cost. Accordingly, Baird was awarded the Bonds. A copy of the Certificate of Municipal Advisor is attached as Exhibit C. For purposes of this paragraph, capitalized terms used but not defined have the meaning ascribed such terms in the Issue Price Certificate.

(b) The issue price of the Bonds has been determined in accordance with the special rule for bonds issued for money in a competitive sale of Treas. Reg. § 1.148-1(f)(2)(iii) in reliance on the Issue Price Certificate of Baird and the Certificate of Municipal Advisor of MFCI. The issue price of the Bonds is \$2,303,693.95.

(c) The yield on the Bonds is calculated in the manner provided in Treas. Reg. §1.148-4(b) and in reliance on the Issue Price Certificate and Certificate of Municipal Advisor. The yield on the Bonds, so calculated, as of the Issue Date, is 2.6258407% per annum.

(d) The yield on the Prior Bonds, as reported in the Nonarbitrage and Tax Compliance Certificate for the Prior Bonds, is 3.2603061% per annum. The composite yield on the Escrowed Securities is calculated in the manner provided in Treas. Reg. § 1.148-5(b). The yield on the Escrowed Securities, so calculated is 1.328% per annum. The yield on the Escrowed Securities does not exceed the yield on the Prior Bonds.

10. Replacement Proceeds.

(a) No funds or accounts other than the Principal and Interest Fund will be pledged directly or indirectly to pay principal of or interest on the Bonds such that there is a reasonable assurance that amounts deposited therein will be available to pay principal of or interest on the Bonds, even if the Issuer encounters financial difficulties.

(b) The Bonds have a weighted average maturity of 7.51 years, which does not exceed 120 percent of the remaining average reasonably expected economic life of the Project.

(c) The proceeds of the Bonds will not replace any funds of the Issuer invested at a yield materially higher than the yield on the Bonds, since no funds of the Issuer have been designated for the governmental purposes for which the Bonds are issued such that those amounts would have been used for those governmental purposes if the proceeds of the Bonds were not used or to be used for those governmental purposes.

11. Minor Portion. At no time after the Issue Date and prior to the final payment of the Bonds will the Issuer have on hand in the Escrow Fund or in the Principal and Interest Fund, or otherwise, an aggregate amount in excess of \$100,000 invested at a yield (determined without regard to yield reduction payments to the United States pursuant to Treas. Reg. §1.148-5(c)) materially in excess of the yield on the Bonds and comprised of:

(a) any proceeds of the sale of the Bonds or investment proceeds thereof in the Escrow Fund after April 1, 2018;

(b) any proceeds of the sale of the Bonds or investment proceeds thereof that are held for more than 13 months after the Issue Date to pay costs of issuing the Bonds;

(c) any amount in the Principal and Interest Fund not expended to pay the principal of or interest on the Bonds within 13 months of the date of receipt; and any amount in the Principal and Interest Fund longer than 30 days that is not expected to be expended to pay the principal of or interest on the Bonds within 13 months of the date of receipt.

12. Rebate of Arbitrage Earnings. The Rebate Memorandum attached hereto as Exhibit A sets forth the procedures for rebating arbitrage earnings on the Bonds to the United States. The Issuer agrees to cause such procedures to be followed and such payments to be made on a timely basis pursuant to its covenant in paragraph 17 of the Resolution.

13. Additional Tax Compliance Representations.

(a) No Private Activity Bonds. No more than 10 percent of the proceeds of the Bonds or the Prior Bonds, has been or will be used directly or indirectly in a trade or business carried on by any person other than a governmental unit (a "private business use"). No more than 5 percent of the proceeds of the Bonds or the Prior Bonds, has been or will be used for any private business use that is not related to a governmental purpose of the Issuer, or that, although related to governmental purposes of the Issuer, exceeds the amount of such proceeds used for governmental purposes of the Issuer other than a related private business use. No more than 5 percent of the proceeds of the Bonds or the Prior Bonds, has been or will be used directly or indirectly to make or finance loans to persons other than governmental units or loans for purposes other than enabling a borrower to finance any governmental tax or assessment of general application for a specific essential governmental function.

(b) No Federally Guaranteed Bonds. The payment of principal or interest with respect to the Bonds is not guaranteed in whole or in part by the United States or any agency or instrumentality thereof. The Bonds will not constitute an issue 5 percent or more of the proceeds of which is to be used in making loans the payment of principal or interest with respect to which is to be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof, or invested directly or indirectly in federally insured deposits or accounts, other than those proceeds invested during applicable temporary periods or as investments in bona fide debt service funds or investments in permissible reserves or in obligations issued by the United States Treasury. The payment of principal of or interest on the Bonds is not otherwise indirectly guaranteed in whole or in part by the United States or any agency or instrumentality thereof within the meaning of Section 149(b) of the Code.

(c) No Hedge Bonds. As of the date of issuance of the Prior Bonds, the Issuer reasonably expected that at least 85 percent of the spendable proceeds of Prior Bonds would be used to carry out the governmental purposes of the Prior Bonds within the 3-year period beginning on the date of issuance of the Prior Bonds. No more than 50 percent of the proceeds of the original bonds of Prior Bonds has been or will be invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more. The Bonds are being issued for a significant governmental purpose to realize debt service savings and not otherwise to hedge against future increases in interest rates.

(d) Reimbursement Allocations.

(1) Except for preliminary expenditures for architectural, engineering, soil testing, bond issuance, and similar costs (not including costs of land acquisition, site preparation, and similar costs incident to the commencement of construction) that were incurred prior to the commencement of acquisition, construction or rehabilitation of the facilities financed

from the proceeds of the Prior Bonds and did not exceed 20 percent of the aggregate issue price of the Prior Bonds, and except for other amounts not exceeding the lesser of \$100,000 or 5 percent of the proceeds of the Prior Bonds, no proceeds of the Prior Bonds have been or will be allocated to the reimbursement of an expenditure for costs of the Project paid more than 60 days prior to June 15, 2010, on which date the Issuer declared its official intent to issue the Prior Bonds. Except for preliminary expenditures and other amounts not exceeding the lesser of \$100,000 or 5 percent of the proceeds of the Prior Bonds described in the preceding sentence, no proceeds of the Prior Bonds have been or will be allocated to the reimbursement of any expenditure more than 18 months after the later of the date on which such expenditure was paid or the Project was placed in service, or, in any event, more than 3 years after the date on which such expenditure was paid.

(2) Within one year after the date of issuance of the Prior Bonds, and within one year after the Issue Date, funds corresponding to the proceeds of the Prior Bonds or the Bonds, as the case may be, for which a reimbursement allocation was or will be made, if any, were not, and will not be, used in a manner that results in the creation of replacement proceeds of the Prior Bonds, the Bonds or another issue. For this purpose, replacement proceeds are created if amounts are so allocated to an issue or to the governmental purpose of an issue such that those amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose.

(e) Change of Use. Any change of use of any facilities of the Project will conform with the requirements of Treas. Reg. §1.141-12 and the Rebate Memorandum.

(f) Information Reporting. The IRS Form 8038-G with respect to the Bonds is true, accurate and complete.

14. Matters Relating to Certificate.


(a) To the best of the knowledge and belief of the undersigned, the expectations of the Issuer as set forth in this Certificate are reasonable.

(b) It is intended that this Certificate meet the requirements of Section 148 of the Code and Sections 1.148-0 through -11 of the Treasury Regulations on Income Tax, and the terms used herein shall be construed consistently therewith. Paragraph 13 addresses additional matters under the Code in furtherance of the Issuer's tax compliance covenant in the Resolution.

(c) Capitalized terms used in this Certificate have the meanings specified in this Certificate or in the Resolution.

BLOOMFIELD TOWNSHIP CSO DRAINAGE
DISTRICT

County of Oakland, Michigan

By: 
JIM NASH, Chairperson of Drainage Board

Dated: February 28, 2018

EXHIBIT A

MEMORANDUM

TO: Bloomfield Township CSO Drainage District, County of Oakland, Michigan
(the "Issuer")

FROM: Dickinson Wright PLLC ("Bond Counsel")

RE: \$2,260,000 Drain Refunding Bonds, Series 2018

DATE: February 28, 2018

This Memorandum specifies procedures designed to comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the rebating of arbitrage earnings to the United States so as to establish and maintain the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation. Compliance with these procedures by the Issuer is mandated by the Issuer's tax covenant in Section 17 of the Bond Resolution. All terms and references from the Issuer's Nonarbitrage and Tax Compliance Certificate dated as of even date herewith relating to the Bonds are hereby incorporated by reference.

1. Rebate Requirements. An amount equal to the sum of the excess of the aggregate amount earned from the Issue Date on all nonpurpose investments to which gross proceeds of the Bonds are allocated as described herein over the amount that would have been earned if the yield on such nonpurpose investments had been equal to the yield on the Bonds, plus any income attributable to such excess, must be calculated as described in Section 4 of this Memorandum, and must be paid to the United States as described in Section 4 hereof by the Issuer. Nonpurpose investments for this purpose include investments of gross proceeds of the Bonds in the Escrow Fund, investments of gross proceeds held to pay costs of issuing the Bonds, and, except as provided in Section 2 hereof, investments of gross proceeds in the Principal and Interest Fund. All amounts in the foregoing funds and accounts are treated as gross proceeds of the Bonds.

2. Exceptions to Rebate Requirements.

(a) Bona Fide Debt Service Fund. Earnings from the investment of amounts in the Principal and Interest Fund in any Bond Year (as defined in Section 4(a) of this Memorandum) that are allocable to gross proceeds of the Bonds are not subject to the rebate requirements of Section 1 of this Memorandum, unless the Principal and Interest Fund does not satisfy the requirements of paragraph 8 of the Nonarbitrage and Tax Compliance Certificate in that Bond Year.

(b) Spending Exception.

(1) 6-Month Exception. The rebate requirements of Section 1 will be considered to have been satisfied with respect to the gross proceeds of the Bonds if all gross proceeds of the Bonds are allocated to expenditures for the governmental purposes of the Bonds within the 6-month period beginning on the Issue Date. The 6-month period is extended for an additional 6 months if all gross proceeds are expended within the initial 6-month period except for a failure to spend an amount not exceeding 5 percent of the proceeds of the Bonds. Solely for purposes of determining whether all gross proceeds are allocated to expenditures within the initial 6-month period, the gross proceeds do not include (i) gross proceeds of the Bonds in the Principal and Interest Fund that qualify for the exception described in subparagraph (a) above, and (ii) subsequently arising gross proceeds of the Bonds described in Section 3 of this Memorandum that arise more than 6 months after the Issue Date. The rebate requirements of Section 1 apply to the amounts described in the foregoing clause (ii), notwithstanding the 6-month spending exception.

(2) Effect of Prepayments. In determining whether gross proceeds have been properly located to expenditures, a prepayment is treated as an investment, and not as an expenditure, if a principal purpose for prepaying is to receive an investment return from the time the prepayment is made until the time payment otherwise would be made. However, a prepayment is treated as an expenditure, and not as an investment, if (i) prepayments on substantially the same terms are made by a substantial percentage of persons who are similarly situated to the Issuer or the County but who are not beneficiaries of tax-exempt financing, (ii) the prepayment is made within 90 days of the reasonably expected date of delivery of all of the property or services for which the prepayment is made, or (iii) the prepayment meets certain special rules that are applicable only to State and local government natural gas and electric utilities.

(3) Spending Exception Not Mandatory. The 6-month spending exception is not mandatory. For example, in computing the rebate requirements with respect to investments allocable to gross proceeds of the Bonds in the Principal and Interest Fund or to any subsequently arising gross proceeds of the Bonds described in Section 3 of this Memorandum, you may include investments allocable to gross proceeds of the Bonds in the Escrow Fund or held for payments of costs of issuing the Bonds, even if a spending exception applies.

(4) Accounting for Expenditures; 18-Month Rule. For purposes of the 6-month spending exception, and for purposes of determining the dates of receipts on non-purpose investments for the purposes described in Section 4(c)(2) of this Memorandum, you may use any reasonable accounting method for allocating funds from different sources to expenditures for costs of refunding the Prior Bonds To Be Refunded and costs of issuing the Bonds, including any of the following methods, if consistently applied: a specific tracing method; a gross proceeds spent first method; a first-in, first-out method; or a ratable allocation method. However, an allocation of gross proceeds of the Bonds to an expenditure must involve a current outlay of cash for costs of the refunding the Prior Bonds To Be Refunded or costs of issuing the Bonds occurring not later than 5 banking days after the date as of which the allocation of gross proceeds to the expenditure is made. You must account for the allocation of proceeds to expenditures not later than 18 months after the date the expenditure is paid. This allocation must be made in any event by

the date 60 days after the First Required Payment Date (as defined in Section 4(a) of this Memorandum). If you do not maintain books and records sufficient to establish that a particular allocation method was used, you will be deemed to have used a specific tracing method.

3. Subsequently Arising Gross Proceeds. While it may not be anticipated that amounts other than the amounts described in Section 1 hereof will be deemed gross proceeds of the Bonds, if any amounts do become gross proceeds of the Bonds in the future (for example, upon a receipt of sale or insurance proceeds upon the sale or destruction of the Prior Projects and deposit of those proceeds in the Principal and Interest Fund, such that the Principal and Interest Fund does not qualify for the exception described in Section 2(a) of this Memorandum), the excess of the actual aggregate amount earned on such resulting gross proceeds over the amount that would have been earned if the resulting gross proceeds of the Bonds had been invested at a yield equal to the yield on the Bonds, plus any income attributable to such excess, must also be rebated to the United States.

4. Rebate Procedures.

(a) Computation Dates.

The procedures for satisfying the statutory rebate requirements under Section 148(f) of the Code described in Section 1 above are set forth in final regulations at Treas. Reg. §§1.148-0 through -11 published in the Federal Register on June 18, 1993, as amended (the "Arbitrage Regulations"). In order to satisfy the minimum procedural requirements of the Arbitrage Regulations, you must compute the amount required to be paid to the United States as of the last day of each fifth Bond Year and as of the date on which the Bonds are finally retired, i.e., assuming that the Bonds remain outstanding to maturity, as of September 30, 2022, September 30, 2027, and April 1, 2031 (each a "Computation Date").¹ The period between two successive Computation Dates (or between the Issue Date and the first Computation Date) is referred to in this Memorandum as a "Computation Period").

Under the Code and the Arbitrage Regulations, the first rebate installment payment must be made for a Computation Date that is not later than 5 years after the Issue Date (the "First Required Payment Date"). Subsequent rebate installment payments must be made for respective Computation Dates each of which is not later than 5 years after the previous Computation Date for which an installment payment was made (subsequent "Required Payment Dates"). In this case, the First Required Payment Date is September 20, 2022 and the subsequent Required Payment Dates, assuming that the Bonds remain outstanding to maturity, are September 30,

¹ A "Bond Year" is any consistently applied annual period designated by you. The first and last Bond Years may be short periods. This Memorandum describes a Bond Year coinciding with the Issuer's fiscal year. You may also make more frequent provisional computations, e.g., as of the last day of each Bond Year, beginning September 30, 2018 and treat the date of each such computation as an additional "Computation Date." Annual computations are generally advisable and may be required by accounting standards relating to disclosure of contingent liabilities.

2027, and April 1, 2031.² Each rebate payment must be made no later than 60 days after the Required Payment Date to which it relates, and, if made within that 60-day period, is treated as made on that Required Payment Date.

(b) Yield on the Bonds.

The yield on the Bonds is 2.6258407% per annum, based on semiannual compounding and a 360-day year composed of twelve 30-day months, as shown in paragraph 9(a) of the Nonarbitrage and Tax Compliance Certificate. That yield applies for all purposes of this Memorandum and may not be recomputed to take into account any subsequent events, including, without limitation, any early redemption or any after-acquired credit enhancement. An exception exists only in the case of a transfer, waiver, modification, or similar transaction with respect to any right that is part of the terms of a bond of the Bonds or is otherwise associated with a bond of the Bonds (e.g., a redemption right), in a transaction that is separate and apart from the original sale of the Bonds. Notwithstanding the foregoing, an interest rate swap or other hedge transaction could cause the Bonds to be treated as a variable yield issue, which would require a redetermination of the yield as of each Computation Date.

(c) Payments and Receipts on Nonpurpose Investments.

You should establish a bookkeeping system for recording all payments and receipts on nonpurpose investments of amounts treated as gross proceeds of the Bonds as described above. The following special rules apply with respect to payments and receipts on nonpurpose investments:

(1) Payments. The following payments are taken into account in the rebate computation: (i) amounts actually or constructively paid to acquire a nonpurpose investment (or treated as paid to a commingled fund); (ii) for a nonpurpose investment that is first allocated to the Bonds on a date after it is actually acquired (e.g., an investment that becomes allocated to the Bonds on the Issue Date), or that becomes subject to the rebate requirement with respect to the Bonds on a date after it is actually acquired (same example), the fair market value of the investment on that date; (iii) for a nonpurpose investment that was allocated to the Bonds at the end of the preceding Computation Period, an amount equal to the value of that investment at the beginning of the Computation Period; (iv) on the last day of each Bond Year during which there are amounts allocated to the Bonds that are subject to the rebate requirement, and on the final maturity date (including a date on which all of the Bonds are

² You may also treat an earlier Computation Date as the First Required Payment Date. For example, you may treat September 30, 2018 as the first Required Payment Date, in which case the remaining Required Payment Dates, assuming that the Bonds remain outstanding to maturity, would be September 30, 2023, September 30, 2028, and April 1, 2031.

redeemed prior to maturity), a computation credit of \$1,000³; and (v) any yield reduction payments on nonpurpose investments made pursuant to Treas. Reg. §1.148-5(c).⁴

(2) Receipts. The following receipts are taken into account in the rebate computation: (i) amounts actually or constructively received from a nonpurpose investment (including amounts treated as received from a commingled fund), such as earnings and return of principal; (ii) for an investment that ceases to be allocated to the Bonds before its disposition or redemption date (e.g., in the case of a partial refunding of the Bonds) or that ceases to be subject to the rebate requirement on a date earlier than its disposition or redemption date (e.g., an investment transferred to the Principal and Interest Fund), the fair market value of that nonpurpose investment on that date; and (iii) for a nonpurpose investment that is held at the end of a Computation Period, the value of that investment at the end of that Computation Period.

(3) Value of Investments. The value of an investment (including a payment or receipt on the investment) on a date must be determined using one of the following valuation methods:

(i) Outstanding Principal Amount. A "plain par investment" may be valued at its outstanding stated principal amount, plus any accrued unpaid interest. A "plain par investment" is defined with particularity in the Arbitrage Regulations and generally includes any conventional investment not issued with an original issue discount or premium exceeding 2 percent or acquired with a market discount or premium exceeding 2 percent.

(ii) Present Value. A fixed rate investment may be valued at its present value. Yield-restricted investments such as the Escrowed Securities must be valued at their present value.

(iii) Fair Market Value. Except for yield-restricted investments, any investment may be valued at its fair market value, as more particularly described in Section 5 of this Memorandum (certain other exceptions apply that are not expected to be applicable to the Bonds).

(4) Qualified Administrative Costs. Qualified administrative costs are taken into account in determining payments and receipts on nonpurpose investments (i.e., as increasing payments or decreasing receipts). Qualified administrative costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling

³ Under proposed regulations issued September 26, 2007, the \$1,000 computation credit would increase to \$1,400, further increased by a cost of living adjustment. Issuers may currently apply this proposed change to bond years ending after September 26, 2007.

⁴ Treas. Reg. §1.148-5(c) permits certain yield restriction requirements with respect to gross proceeds of a bond issue to be satisfied by making periodic yield reduction payments, similar to rebate payments, to the United States. Yield reduction payments have the effect of reducing the amount of rebatable arbitrage, as described here. However, yield reduction payments have limited application to refunding issues and are not expected to be available in connection with the Bonds.

commissions, but not legal and accounting fees, record keeping, custody, and similar costs. General overhead costs and similar indirect costs such as employee salaries and office expenses are not qualified administrative costs (except in the case of investments in regulated investment companies, which may pass through such indirect costs). Costs associated with computing the rebate amount also are not qualified administrative costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than gross proceeds of tax-exempt bonds. A broker's commission or similar fee with respect to a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow is reasonable to the extent that (i) the amount of the fee that the Issuer treats as a qualified administrative cost does not exceed the lesser of (A) \$30,000 and (B) 0.2% of the computation base or, if more, \$3,000, and (ii) for the Bonds, the Issuer does not treat as qualified administrative costs more than \$85,000 in brokers' commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with gross proceeds of the Bonds. The "computational base" is (i) for a guaranteed investment contract, the amount of gross proceeds the Issuer reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract, and (ii) for investments (other than guaranteed investment contracts) to be deposited in a yield restricted defeasance escrow, the amount of gross proceeds initially invested in those investments. Certain cost of living adjustments described in Treas. Reg. §1.148-5(e)(2)(iii)(B)(3) apply to the foregoing dollar amounts.

(d) Computation of Rebate Amount.

The rebate amount with respect to the Bonds as of each Computation Date is equal to the excess of the future value, as of that date, of all receipts on nonpurpose investments over the future value, as of that date, of all payments on nonpurpose investments. The future value is determined using the economic accrual method (i.e., compounding interest at the end of each compounding period) and equals the value of the payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the yield on the Bonds, compounding semiannually and calculating interest consistently with the Bonds.

(e) Payments to the United States.

(1) Amount of Payments. The amount required to be paid to the United States within 60 days after the First Required Payment Date is equal to 90 percent of the rebate amount as of the First Required Payment Date. The amount required to be paid to the United States within 60 days after each succeeding Required Payment Date, except the final Required Payment Date, is equal to the amount that, when added to the future value (determined as described in (d) above, as of that Required Payment Date, of previous rebate payments made for the Bonds (treating such payments as made on the respective Required Payment Dates to which they relate, if the payments were timely), is equal to 90 percent of the rebate amount as of that Required Payment Date. The amount required to be paid to the United States within 60 days after the final Required Payment Date is equal to the amount that, when added to the future value, as of the final Required Payment Date, of previous rebate payments made for the Bonds, is

equal to 100 percent of the rebate amount as of the final Required Payment Date. There is no provision for rounding of payments.

(2) Where and How to Make Payments. Each payment to the United States should be filed with the Internal Revenue Service Center, Ogden, Utah 84201, accompanied by Form 8038-T.

5. Fair Market Value.

(a) In General. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the nonpurpose investment becomes binding (i.e., the trade date rather than the settlement date). Except as provided below for certificates of deposit and guaranteed investment contracts and investments purchased for yield restricted defeasance escrows, an investment that is not of a type that is traded on an established securities market is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(b) United States Treasury Obligations. The fair market value of a United States Treasury Obligation that is purchased directly from the United States Treasury (e.g., a State and Local Government Series) is its purchase price.

(c) Certificates of Deposit. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal is treated as its fair market value on the purchase date if the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States and (ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(d) Guaranteed Investment Contracts and Investments Purchased for Yield Restricted Defeasance Escrows. The purchase price of a guaranteed investment contract (which includes any nonpurpose investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply investments on two or more future dates, e.g., a forward supply contract) and the purchase price of an investment purchased for a yield restricted defeasance escrow is treated as its fair market value of the investment if all of the following requirements are satisfied:

(1) The Issuer makes a bona fide solicitation for the purchase of the investment. A bona fide solicitation is a solicitation that satisfies all of the following requirements:

(i) The bid specifications are in writing and are timely forwarded to potential providers.

(ii) The bid specifications include all material terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the investment.

(iii) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements of paragraph (2)(i) or (ii) below.

(iv) The terms of the bid specifications are commercially reasonable. A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the investment. For example, for solicitations of investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the Issuer reasonably requires.

(v) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the Issuer's reasonably expected deposit and drawdown schedule for the amounts to be invested.

(vi) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (i.e., a last look) before providing a bid.

(vii) At least three reasonably competitive providers are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(2) The bids received by the Issuer meet all of the following requirements:

(i) The Issuer receives at least three bids from providers that the Issuer solicited under a bona fide solicitation meeting the requirements of paragraph (1) above and that do not have a material financial interest in the Bonds. The lead underwriter is deemed to have a material financial interest in the Bonds until 15 days after the Issue Date. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the Bonds. A provider that is a related party to a provider that has a material financial interest in the Bonds is deemed to have a material financial interest in the Bonds.

(ii) At least one of the three bids described in subparagraph (i) above is from a reasonably competitive provider, within the meaning of paragraph (1)(vii) above.

(iii) If the Issuer uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(3) The winning bid meets the following requirements:

(i) Guaranteed Investment Contracts. If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(ii) Other Investments. If the investment is not a guaranteed investment contract, the following requirements are met:

(A) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest cost bid is either the lowest cost bid for the portfolio or, if the Issuer compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the Issuer from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting the requirements of this subsection (c) is taken into account in determining the lowest cost bid.

(B) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications.

(C) If State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt are not available for purchase on the day that bids are required to be submitted pursuant to terms of the bid specifications because sales of those securities have been suspended, the cost comparison under (B) above is not required.

(4) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the investment.

(5) The Issuer retains the following records with the bond documents until three years after the last outstanding bond of the Bonds is redeemed:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of investments other than guaranteed investment contracts, the purchase agreement or confirmation.

(ii) The receipt or other record of the amount actually paid by the Issuer for the investments, including a record of any administrative costs paid by the Issuer, and the certification under paragraph (4) above.

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation. For example, if the Issuer purchases a portfolio of investments for a yield restricted defeasance escrow and, in order to satisfy the yield restriction requirements of Section 148 of the Code, an investment in the winning bid is replaced with an investment with a lower yield, the Issuer must retain a record of the substitution and how the price of the substitute investment was determined. If the Issuer replaces an investment in the winning bid portfolio with another investment, the purchase price of the new investment is not covered by the safe harbor unless the investment is bid under a bidding procedure meeting the requirements of this subsection (c).

(v) For purchases of investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted pursuant to the terms of the bid specifications.

6. Modification of Requirements.

None of the requirements of this Memorandum need be observed if the Issuer receives an opinion or opinions of nationally recognized bond counsel, in form and substance reasonably satisfactory to the Issuer, that the failure to observe the procedures set forth in this Memorandum will not cause the Bonds to become arbitrage bonds under Section 148 of the Code or otherwise adversely affect the exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation. Conversely, it may become necessary in the future to follow additional or modified procedures described in the writing by nationally recognized bond counsel in order to ensure that the interest on the Bonds will not be included in gross income for purposes of federal income taxation.

Please call us from time to time if you have questions relating to arbitrage rebate rules and procedures.

EXHIBIT B

\$2,260,000

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
COUNTY OF OAKLAND, STATE OF MICHIGAN
DRAIN REFUNDING BONDS, SERIES 2018**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Robert W. Baird & Co., Inc. ("Baird"), hereby certifies as set forth below with respect to the sale of the above-captioned obligation (the "**Bonds**") by Bloomfield Township CSO Drainage District, Oakland County, Michigan (the "**Issuer**").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Baird are the prices listed in Schedule A (the "**Expected Offering Prices**"). The Expected Offering Prices are the prices for the Bonds used by Baird in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Baird to purchase the Bonds.

(b) Baird was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Baird constituted a firm bid to purchase the Bonds.

2. Defined Terms.

(a) "**Issue Date**" means February 28, 2018.

(b) "**Maturity**" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

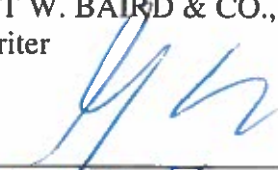
(c) "**Public**" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "**Sale Date**" means the first day on which there is a binding contract in writing for the sale or exchange the Bonds. The Sale Date of the Bonds is February 14, 2018.

(e) "**Underwriter**" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Baird's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Nonarbitrage and Tax Compliance Certificate of the Issuer of even date herewith and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dickinson Wright PLLC, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

ROBERT W. BAIRD & CO., INC., as
Underwriter

By: 
Name: Gubff Kurczmariski

Dated: February 28, 2018

SCHEDULE A
EXPECTED OFFERING PRICES

| Bonds Maturing <u>April 1</u> | <u>Issue Price</u> |
|--|---------------------------|
| 2019 | 100.593% |
| 2020 | 100.716% |
| 2021 | 100.658% |
| 2022 | 104.189% |
| 2023 | 104.323% |
| 2024 | 104.420% |
| 2025 | 104.221% |
| 2026 | 103.427% |
| 2027 | 102.573% |
| 2028 | 101.922% |
| 2030 | 100.000% |
| 2031 | 98.928% |

SCHEDULE B
COPY OF UNDERWRITER'S BID

(Attached)

| | | | |
|-------------------|----------|--------|-------|
| Upcoming Calendar | Overview | Result | Excel |
|-------------------|----------|--------|-------|

Robert W. Baird & Co., Inc. - Milwaukee , WI's Bid



**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

For the aggregate principal amount of \$2,315,000.00, we will pay you \$2,335,855.75, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2019 | 145M | 2.0000 |
| 04/01/2020 | 145M | 2.0000 |
| 04/01/2021 | 150M | 2.0000 |
| 04/01/2022 | 160M | 3.0000 |
| 04/01/2023 | 160M | 3.0000 |
| 04/01/2024 | 170M | 3.0000 |
| 04/01/2025 | 170M | 3.0000 |
| 04/01/2026 | 180M | 3.0000 |
| 04/01/2027 | 185M | 3.0000 |
| 04/01/2028 | 200M | 3.0000 |
| 04/01/2029 | | |
| 04/01/2030 | 420M | 3.0000 |
| 04/01/2031 | 230M | 3.0000 |

Total Interest Cost: \$525,941.67
 Premium: \$20,855.75
 Net Interest Cost: \$505,085.92
 TIC: 2.806615
 Time Last Bid Received On: 02/14/2018 2:22:44 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Milwaukee , WI
 Contact: Peter Anderson
 Title:
 Telephone: 414-765-7331
 Fax:

Issuer Name: Bloomfield Township CSO Drainage District

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____

EXHIBIT C

\$2,260,000

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT DRAIN REFUNDING BONDS, SERIES 2018

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned, on behalf of Municipal Financial Consultants Incorporated (the "**Municipal Advisor**"), as the municipal advisor to the Bloomfield Township CSO Drainage District, County of Oakland, Michigan (the "**Issuer**") in connection with the issuance of the above-captioned obligations (the "**Bonds**"), has assisted the Issuer in soliciting and receiving bids from potential underwriters in connection with the sale of the Bonds in a competitive bidding process in which bids were requested for the purchase of the Bonds at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Bonds:

1. The Bonds were offered for sale at specified written terms more particularly described in the Notice of Sale. A copy of the final Notice of Sale that was distributed to potential bidders is attached to this Certificate as **Attachment 1**.

2. As required by applicable Michigan law, the Notice of Sale was disseminated to potential underwriters by publishing the Notice of Sale in *The Bond Buyer* newspaper on February 7, 2018. In addition, the Notice of Sale, which was included in Exhibit D of the Nearly Final Official Statement for the Bonds, was disseminated to potential underwriters electronically through www.i-dealprospectus.com. The foregoing methods of distribution of the Notice of Sale are regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders.

3. To the knowledge of the Municipal Advisor, all bidders were offered an equal opportunity to bid to purchase the Bonds. No bidders were afforded any opportunity to review other bids before providing a bid.

4. The Issuer received bids from at least four bidders, Robert W. Baird & Co., Inc., Fifth Third Securities, Inc., Bernardi Securities, Inc., and Raymond James & Associates, Inc., who, by submitting a bid pursuant to the Notice of Sale, were each deemed to have represented that they have established industry reputations for underwriting new issuances of municipal bonds. Based upon the Municipal Advisor's knowledge and experience in acting as the municipal advisor for other municipal issues, the Municipal Advisor believes those representations to be accurate. Copies of each bid received to purchase the Bonds are attached to this Certificate as **Attachment 2**.

5. The winning bidder was Robert W. Baird & Co., Inc. (the "**Underwriter**"), whose bid was determined to be the best conforming bid in accordance with the terms set forth in

the Notice of Sale, as shown in the bid tabulation attached as **Attachment 3** to this Certificate. The Issuer awarded the Bonds to the Underwriter.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Municipal Advisor's interpretation of any laws, including specifically Section 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Nonarbitrage and Tax Compliance Certificate of the Issuer of even date herewith and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dickinson Wright PLLC, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. No other persons may rely on the representations set forth in this certificate without the prior written consent of the Municipal Advisor.

MUNICIPAL FINANCIAL CONSULTANTS
INCORPORATED, as Municipal Advisor

By: 

Name: Steven Burke, President

Dated: February 28, 2018

ATTACHMENT 1
NOTICE OF SALE

(Attached)

Competitive Sales Notices

Wednesday, February 7, 2018

The Bond Buyer

OFFICIAL NOTICE OF SALE

\$2,315,000*

*(Subject to adjustment as described below)

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT COUNTY OF OAKLAND, STATE OF MICHIGAN DRAIN REFUNDING BONDS, SERIES 2018

SEALED BIDS for the purchase of the above bonds will be received on behalf of the Bloomfield Township CSO Drainage District (the "District") at the offices of the Municipal Advisory Council of Michigan (the "MAC"), Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan 48226, on Wednesday, the 14th day of February, 2018, at 2:30 p.m., Eastern Standard Time, at which time and place said bids will be publicly opened and read. Signed bids may be submitted by fax to the MAC at fax number (313) 963-0943, but no bid will be received after the time for receiving bids specified above, and the bidder bears all risks of transmission failure.

IN THE ALTERNATIVE: Bids may be submitted electronically via PARITY pursuant to this Notice on the same date and until the same time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact Municipal Financial Consultants Incorporated at (313) 782-3011 or PARITY at (212) 849-5021.

BOND DETAILS: The bonds will be fully registered bonds of the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof, dated as of February 1, 2018, and will bear interest from their date payable on October 1, 2018, and semiannually thereafter.

The bonds will mature on the first day of April as follows:

| YEAR | AMOUNT | YEAR | AMOUNT |
|------|-----------|------|-----------|
| 2019 | \$145,000 | 2026 | \$180,000 |
| 2020 | 145,000 | 2027 | 185,000 |
| 2021 | 150,000 | 2028 | 200,000 |
| 2022 | 160,000 | 2029 | 205,000 |
| 2023 | 160,000 | 2030 | 215,000 |
| 2024 | 170,000 | 2031 | 230,000 |
| 2025 | 170,000 | | |

TERM BOND OPTION: Bidders shall have the option of designating bonds maturing in the year 2024 and thereafter as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown above for the years 2024 through final maturity represents a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond designated. In any event, the above principal amount scheduled for the years 2024 through final maturity shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

PRIOR REDEMPTION:

A. MANDATORY REDEMPTION: Bonds designated as term bonds shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities hereinbefore set forth. The bonds or portions of bonds to be redeemed shall be selected by lot.

B. OPTIONAL REDEMPTION: Bonds maturing prior to April 1, 2026, are not subject to optional redemption prior to maturity. Bonds maturing on and after April 1, 2026, are subject to redemption prior to maturity at the option of the District, in such order as determined by the District, in whole or in part, on any date, on or after April 1, 2025, in integral multiples of \$5,000 and by lot within a maturity, at the par value of the bond or portion of the bond called to be redeemed, plus accrued interest to the redemption date.

C. NOTICE OF REDEMPTION: Not less than thirty nor more than sixty days' notice of redemption shall be given by first class mail to the registered owner at the registered address. Failure to receive notice of redemption shall not affect the validity of the proceedings for redemption. Bonds or portions of bonds called for redemption shall not bear interest after the redemption date; provided, funds are on hand with the bond registrar and paying agent to redeem the bonds called for redemption.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one bond shall be at one rate only, and all bonds maturing in any one year must carry the same interest rate. The interest rate borne by bonds maturing in any one year shall not be less than the interest rate borne by bonds maturing in the preceding year. No proposal for the purchase of less than all of the bonds or at a price less than 99% nor more than 101% of their par value will be considered.

BOOK-ENTRY-ONLY: The bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cerde & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased. The book-entry-only system is described further in the Preliminary Official Statement for the bonds.

BOND REGISTRAR AND PAYING AGENT: The bonds shall be payable as to principal in lawful money of the United States upon surrender thereof at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent. Interest shall be paid to the registered owner of each bond as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address. As long as DTC, or its nominee Cerde & Co., is the registered owner of the bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the bonds is the responsibility of DTC participants and indirect participants as described in the preliminary official statement for the bonds. The District from

time to time as required may designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The bonds are to be issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), to provide moneys, together with other available funds, to refund the District's Drain Bonds, Series 2010, dated December 1, 2010 (the "Prior Bonds"), maturing in the years 2023 and 2031 (the "Prior Bonds To Be Refunded"). The Prior Bonds were issued pursuant to the provisions of Act 34 and Act 40, Public Acts of Michigan, 1996, as amended, for the purpose of defraying part of the cost of acquiring and constructing the Bloomfield Township CSO Drain Rehabilitation Project. The bonds are to be issued in anticipation of, and are primarily payable from, the collection of the several installments of special assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain. The special assessment installments and interest thereon are sufficient to pay the principal of and interest on the bonds when due. The tax levying officials of the Township and the County shall levy sufficient taxes to pay assessment installments and interest as the same become due unless there have been set aside moneys sufficient therefor. In addition, by reason of its pledge of full faith and credit as recited in the bonds, the County is authorized and obligated to levy ad valorem taxes upon all taxable property within its limits in amounts sufficient to provide funds to advance to the District in the event the Township or the County shall fail or neglect to pay any special assessment installment and interest when due. Taxes levied by the Township are subject to constitutional, statutory and charter tax limitations and taxes levied by the County are subject to constitutional and statutory tax limitations.

ADJUSTMENT IN PRINCIPAL AMOUNT: The aggregate principal amount of the bonds has been determined as the amount necessary to refund the Prior Bonds To Be Refunded and pay the costs of issuing the bonds, assuming certain conditions exist at the date of sale. Following receipt of bids and prior to final award, the District reserves the right to increase or decrease the principal amount of the bonds by any amount. Such adjustment, if necessary, will be made in increments of \$5,000 per maturity and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the increase or decrease in the principal amount of the bonds, but the interest rates specified by the successful bidder will not change. The successful bidder may not withdraw its bid as a result of any changes made within the foregoing limits.

GOOD FAITH: A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$46,300 payable to the order of the County Treasurer will be required of the winning bidder. The winning bidder is required to submit its good faith deposit to the District not later than Noon, Eastern Standard Time, on the next business day following the sale. The good faith deposit will be applied to the purchase price of the bonds, and payment for the balance of the purchase price of the bonds shall be made at the closing. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the District. No interest shall be allowed on the good faith deposit.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost to the District. True interest cost shall be computed by determining the annual interest rate (compounded semiannually) necessary to discount the debt service payments on the bonds from the payment dates thereof to February 28, 2018, and to the price bid.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, the original of which will be furnished without expense to the purchaser at the delivery of the bonds. The fees of Dickinson Wright PLLC for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the above bonds, Dickinson Wright PLLC has made no inquiry as to any financial information, statements or material contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds and, accordingly, will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

TAX MATTERS: The approving opinion will include an opinion to the effect that under existing law as enacted and construed on the date of the initial delivery of the bonds, the interest on the bonds is excluded from gross income for federal income tax purposes. Interest on the bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above will be subject to the condition that the District 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 certain of 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 District has covenanted to comply with all such requirements. The opinion will express no opinion regarding other federal tax consequences arising with respect to the bonds.

The District has not designated the bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

If the winning bidder will obtain a municipal bond insurance policy or other credit enhancement for the bonds in connection with their original issuance, the winning bidder will be required, as a condition of delivery of the bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

In addition, the approving opinion will include an opinion to the effect that under existing law as enacted and construed on the date of the initial delivery of the bonds, the bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

ISSUE PRICE: The winning bidder shall assist the District in establishing the issue price of the bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the bonds, together with the supporting pricing wires or equivalent communications, substantially in the form provided by Bond Counsel, with such modifications as may be appropriate or necessary.

continued on next page

Competitive Sales Notices

Wednesday, February 7, 2018

www.bondbuyer.com

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continued from previous page

in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

The District intends that the provisions of Treasury Regulation Section 1.148-1(d)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the bonds) will apply to the initial sale of the bonds (the "competitive sale requirements") because:

(1) the District is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the District anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the District anticipates awarding the sale of the bonds to the bidder who submits a firm offer to purchase the bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the bonds, as specified in the bid.

In the event that competitive sale requirements are satisfied, the winning bidder shall be expected to certify as to the reasonably expected initial offering price of the bonds to the public.

In the event that the competitive sale requirements are not satisfied, the District shall so advise the winning bidder. The District shall treat (i) the first price at which 10% of a maturity of the bonds (the "10% test") is sold to the public as of the sale date as the issue price of that maturity and (ii) the initial offering price to the public as of the sale date of any maturity of the bonds not satisfying the 10% test as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District if any maturity of the bonds satisfies the 10% test as of the date and time of the award of the bonds. Any maturity of the bonds (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) that does not satisfy the 10% test as of the date and time of the award of the bonds shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that any maturity of the bonds is subject to the hold-the-offering-price rule. Bidders should prepare their bids on the assumption that some or all of the maturities of the bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the bonds.

By submitting a bid, each bidder confirms that, except as otherwise provided in its bid, it has an established industry reputation for underwriting new issuances of municipal bonds, and, further, the winning bidder shall (i) confirm that the underwriters have offered or will offer the bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the bonds, that the underwriters will neither offer nor sell unsold bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the District when the underwriters have sold 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the bonds to the public),

(iii) a purchaser of any of the bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power

or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the bonds are awarded by the District to the winning bidder.

OFFICIAL STATEMENT: A copy of the District's official statement relating to the bonds may be obtained by contacting Municipal Financial Consultants Incorporated at the address referred to below. The official statement is in a form deemed final by the District for purposes of paragraph (b)(1) of SEC Rule 15c2-12 (the "Rule"), but is subject to revision, amendment and completion in a final official statement.

After the award of the bonds, the District will provide on a timely basis copies of a final official statement, as that term is defined in paragraph (e)(3) of the Rule, at the District's expense in sufficient quantity to enable the successful bidder or bidders to comply with paragraphs (b)(3) and (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board. Requests for such additional copies of the final official statement shall be made to Municipal Financial Consultants Incorporated at the address set forth below within 24 hours of the award of the bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with paragraph (b)(5) of the Rule, the District will undertake, pursuant to a resolution adopted by its governing body and a continuing disclosure certificate, to provide annual reports and notices of certain events. A description of these undertakings is set forth in the preliminary official statement and will also be set forth in the final official statement.

CUSIP: CUSIP numbers will be imprinted on all bonds of this issue at the District's expense. An improperly printed number will not constitute basis for the purchaser to refuse to accept delivery. The purchaser shall be responsible for requesting assignment of numbers and for payment of any charges for the assignment of numbers.

BIDDER CERTIFICATION: NOT "IRAN-LINKED BUSINESS." By submitting a bid, the bidder shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act No. 517, Public Acts of Michigan, 2012; MCL 129.311 et seq.

DELIVERY OF BONDS: The District will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York. The usual closing documents, including a continuing disclosure certificate and a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of the delivery of the bonds. If the bonds are not tendered for delivery by twelve o'clock noon, Eastern Standard Time, on the 15th day following the date of sale, or the first business day thereafter if said 15th day is not a business day, the winning bidder on that day, or any time thereafter until delivery of the bonds, may withdraw its proposal by serving notice of cancellation, in writing, on the undersigned, in which event the District shall return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

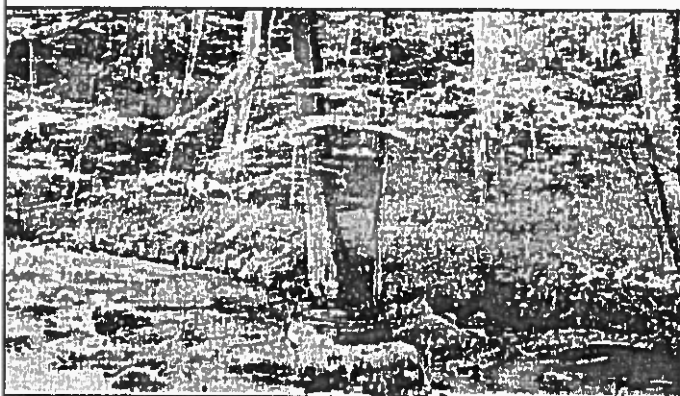
THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for Bonds."

FURTHER INFORMATION: Further information regarding the bonds may be obtained from Municipal Financial Consultants Incorporated, 400 North Main Street, #304, Milford, MI 48381, Telephone (313) 884-1550 or (313) 782-3011, Financial Consultant to the District.

Jim Nash, Oakland County Water Resources
Commissioner

**It's more than a bond deal —
You're creating a cleaner, safer environment.**



Price matters — get the best yield.

Advertise your Competitive Sale in *The Bond Buyer*.

For more information, contact Kerry-Ann C. Parkes
at 1.212.803.8436 or at naa@sourcemedia.com.

ATTACHMENT 2

BIDS RECEIVED

(Attached)

| | | | |
|-------------------|----------|--------|-------|
| Upcoming Calendar | Overview | Result | Excel |
|-------------------|----------|--------|-------|

Robert W. Baird & Co., Inc. - Milwaukee , WI's Bid



**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

For the aggregate principal amount of \$2,315,000.00, we will pay you \$2,335,855.75, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2019 | 145M | 2.0000 |
| 04/01/2020 | 145M | 2.0000 |
| 04/01/2021 | 150M | 2.0000 |
| 04/01/2022 | 160M | 3.0000 |
| 04/01/2023 | 160M | 3.0000 |
| 04/01/2024 | 170M | 3.0000 |
| 04/01/2025 | 170M | 3.0000 |
| 04/01/2026 | 180M | 3.0000 |
| 04/01/2027 | 185M | 3.0000 |
| 04/01/2028 | 200M | 3.0000 |
| 04/01/2029 | | |
| 04/01/2030 | 420M | 3.0000 |
| 04/01/2031 | 230M | 3.0000 |

Total Interest Cost: \$525,941.67
 Premium: \$20,855.75
 Net Interest Cost: \$505,085.92
 TIC: 2.806615
 Time Last Bid Received On: 02/14/2018 2:22:44 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Milwaukee , WI
 Contact: Peter Anderson
 Title:
 Telephone: 414-765-7331
 Fax:

Issuer Name: Bloomfield Township CSO Drainage District

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____

| | | | |
|-------------------|----------|--------|-------|
| Upcoming Calendar | Overview | Result | Excel |
|-------------------|----------|--------|-------|

Fifth Third Securities, Inc. - Cincinnati, OH's Bid



**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

For the aggregate principal amount of \$2,315,000.00, we will pay you \$2,335,129.55, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2019 | 145M | 2.0000 |
| 04/01/2020 | 145M | 2.0000 |
| 04/01/2021 | 150M | 2.0000 |
| 04/01/2022 | 160M | 3.0000 |
| 04/01/2023 | 160M | 3.0000 |
| 04/01/2024 | 170M | 3.0000 |
| 04/01/2025 | 170M | 3.0000 |
| 04/01/2026 | 180M | 3.0000 |
| 04/01/2027 | 185M | 3.0000 |
| 04/01/2028 | 200M | 3.0000 |
| 04/01/2029 | 205M | 3.0000 |
| 04/01/2030 | 215M | 3.0000 |
| 04/01/2031 | 230M | 3.0000 |

Total Interest Cost: \$525,941.67
 Premium: \$20,129.55
 Net Interest Cost: \$505,812.12
 TIC: 2.811279
 Time Last Bid Received On: 02/14/2018 2:17:30 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Fifth Third Securities, Inc., Cincinnati, OH
 Contact: Geoff Kobayashi
 Title:
 Telephone: 513-534-5535
 Fax:

Issuer Name: Bloomfield Township CSO Drainage District

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____

| | | | |
|-------------------|----------|--------|-------|
| Upcoming Calendar | Overview | Result | Excel |
|-------------------|----------|--------|-------|

Bernardi Securities, Inc. - Chicago , IL's Bid



**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

For the aggregate principal amount of \$2,315,000.00, we will pay you \$2,336,965.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2019 | 145M | 2.0000 |
| 04/01/2020 | 145M | 2.0000 |
| 04/01/2021 | 150M | 2.5000 |
| 04/01/2022 | 160M | 3.0000 |
| 04/01/2023 | 160M | 3.0000 |
| 04/01/2024 | 170M | 3.0000 |
| 04/01/2025 | 170M | 3.0000 |
| 04/01/2026 | 180M | 3.0000 |
| 04/01/2027 | 185M | 3.0000 |
| 04/01/2028 | 200M | 3.0000 |
| 04/01/2029 | 205M | 3.0000 |
| 04/01/2030 | 215M | 3.0000 |
| 04/01/2031 | 230M | 3.0000 |

Total Interest Cost: \$528,316.67
 Premium: \$21,965.00
 Net Interest Cost: \$506,351.67
 TIC: 2.813649
 Time Last Bid Received On: 02/14/2018 2:26:05 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Bernardi Securities, Inc., Chicago , IL
 Contact: Lou Lamberti
 Title: Sr. VP
 Telephone: 312-281-2022
 Fax: 312-281-2039

Issuer Name: Bloomfield Township CSO Drainage District

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____

| | | | |
|-------------------|----------|--------|-------|
| Upcoming Calendar | Overview | Result | Excel |
|-------------------|----------|--------|-------|

Raymond James & Associates, Inc. - St. Petersburg , FL's Bid



**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

For the aggregate principal amount of \$2,315,000.00, we will pay you \$2,322,837.50, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

| Maturity Date | Amount \$ | Coupon % |
|---------------|-----------|----------|
| 04/01/2019 | 145M | 2.5000 |
| 04/01/2020 | 145M | 2.5000 |
| 04/01/2021 | 150M | 2.5000 |
| 04/01/2022 | 160M | 2.5000 |
| 04/01/2023 | 160M | 3.0000 |
| 04/01/2024 | 170M | 3.0000 |
| 04/01/2025 | 170M | 3.0000 |
| 04/01/2026 | 180M | 3.0000 |
| 04/01/2027 | 185M | 3.0000 |
| 04/01/2028 | 200M | 3.0000 |
| 04/01/2029 | 205M | 3.0000 |
| 04/01/2030 | 215M | 3.0000 |
| 04/01/2031 | 230M | 3.0000 |

Total Interest Cost: \$527,400.00
 Premium: \$7,837.50
 Net Interest Cost: \$519,562.50
 TIC: 2.899376
 Time Last Bid Received On: 02/14/2018 2:25:14 EST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Raymond James & Associates, Inc., St. Petersburg , FL
 Contact: Robbie Specter
 Title: Managing Director
 Telephone: 727-567-1293
 Fax:

Issuer Name: Bloomfield Township CSO Drainage District

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____

ATTACHMENT 3
BID TABULATION

(Attached)



2:57:10 p.m. EDT

[Upcoming Calendar](#) [Overview](#) [Compare](#) [Summary](#)

Bid Results

**Bloomfield Twp CSO Drain Dt
\$2,315,000 Drain Refunding Bonds, Series 2018**

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

| Bid Award* | Bidder Name | TIC |
|--|--|----------|
| <input checked="" type="checkbox"/> Reoffering | Robert W. Baird & Co., Inc. | 2.806615 |
| <input type="checkbox"/> | Fifth Third Securities, Inc. | 2.811279 |
| <input type="checkbox"/> | Bernard Securities, Inc. | 2.813649 |
| <input type="checkbox"/> | Raymond James & Associates, Inc. | 2.899376 |

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF OAKLAND

\$2,260,000

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Oakland, Michigan (the "County") in connection with the issuance by the Bloomfield Township CSO Drainage District (the "Issuer") of its Drain Refunding Bonds, Series 2018 (the "Bonds"). The County covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the County for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the County and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report of the County provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"Bondholder" shall mean the registered owner of any Bonds.

"Dissemination Agent" shall mean the County or any successor Dissemination Agent appointed in writing by the County and which has filed with the County a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 797-6700

"Official Statement" shall mean the final Official Statement for the Bonds dated February 14, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

Section 3. Provision of Annual Reports.

(a) Each year, the County shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven months after the end of the County's fiscal year, commencing with the County's Annual Report for its fiscal year ending September 30, 2017, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). Currently, the County's fiscal year commences on October 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the County are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the County shall be included in the Annual Report.

(b) If the County is unable to provide to the MSRB an Annual Report of the County by the date required in subsection (a), the County shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the County's fiscal year changes, the County shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the County, the Dissemination Agent shall file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the County) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

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

(a) The audited financial statements of the County for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the County of the same nature as that contained in the following sections and tables in Exhibit A to the Official Statement: "County Tax Rates," "County Operating Tax Collection Record," "Collection Record of County Wide Tax Levy, 2007-2016," "Largest Taxpayers," "County Labor Contracts," "Revenue Sharing from the State of Michigan," "Pensions," "Other Post-Employment Benefits (OPEB)," "History of State Equalized Valuation (SEV)," "History of County Wide Tax Delinquencies," "Short Term Financing," "Oakland County Net Direct Debt – Unaudited," "Oakland County Schedule of Bond Maturities - County Credit and Limited Tax," "Oakland County Schedule of Drain Bond Maturities – County Credit and Limited Tax," "Oakland County Schedule of Bond Maturities with Limited County Pledge - Taxable," "Oakland County Schedule of Principal and Interest Requirements," and "Oakland County Statement of Legal Debt Margin."

The County's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The County shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The County covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the County shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The County covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the County determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the County shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the County shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the County), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The County acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the County is liable.

(f) The County acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the County does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

Section 7. Termination of Reporting Obligation.

(a) The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the County's obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the County, and the County shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the County (i) receives an opinion of Securities Counsel, addressed to the County, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

Section 8. Dissemination Agent. The County, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a

successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the County) shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County, or type of business conducted by the County;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the County shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include 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 shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the County or the Dissemination Agent (if other than the County) at the written direction of the County with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County 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 Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include

any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County 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 Listed Event.

Section 11. Failure to Comply. In the event of a failure of the County or the Dissemination Agent (if other than the County) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the County or the Dissemination Agent (if other than the County) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the County to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the County shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.


Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the County or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the County or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 15. Additional Disclosure Obligations. The County acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the County, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

Section 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

COUNTY OF OAKLAND, MICHIGAN

By: 

ANDREW E. MEISNER
Its: Treasurer

Dated: February 28, 2018

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: County of Oakland, Michigan
Name of Bond Issue: \$2,260,000 Bloomfield Township CSO Drainage District, Drain
Refunding Bonds, Series 2018
Date of Bonds: February 28, 2018

NOTICE IS HEREBY GIVEN that the County of Oakland has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. County of Oakland anticipates that the Annual Report will be filed by _____.

COUNTY OF OAKLAND, MICHIGAN

By: _____

Its _____

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN COUNTY'S FISCAL YEAR

Name of Obligated Person: County of Oakland, Michigan

Name of Bond Issue: \$2,260,000 Bloomfield Township CSO Drainage District, Drain
Refunding Bonds, Series 2018

Date of Bonds: February 28, 2018

NOTICE IS HEREBY GIVEN that the County of Oakland's fiscal year has changed.
Previously, the County of Oakland's fiscal year ended on _____. It now ends on _____
_____.

COUNTY OF OAKLAND, MICHIGAN

By: _____

Its _____

Dated: _____

EXHIBIT C

ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: _____

Number of pages of the attached Annual Report or portion thereof: _____

Name of Bond Issue to which the attached Annual Report relates: _____

Date of such Bonds: _____

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____

Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

EXHIBIT D

EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: _____
Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: _____

Number of pages of the attached Event Notice: _____
Description of the attached Event Notice (Check One): _____

- | | | |
|-----|-------|--|
| 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security |
| 7. | _____ | Modifications to rights of securities holders |
| 8. | _____ | Bond calls |
| 9. | _____ | Defeasances |
| 10. | _____ | Release, substitution, or sale of property securing repayment of the securities |
| 11. | _____ | Rating changes |
| 12. | _____ | Tender offers |
| 13. | _____ | Bankruptcy, insolvency, receivership or similar event of an obligated person |
| 14. | _____ | The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms |
| 15. | _____ | Appointment of a successor or additional trustee, or the change of name of a trustee |
| 16. | _____ | Failure to provide annual financial information as required |
| 17. | _____ | Other material event notice (specify) _____ |

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____
Name: _____ Title: _____
Employer: _____
Address: _____
City, State, Zip Code: _____
Voice Telephone Number: _____

Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.

Troy 9007-431 2006246v1

CONTINUING DISCLOSURE CERTIFICATE

CHARTER TOWNSHIP OF BLOOMFIELD

\$2,260,000

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Charter Township of Bloomfield, Michigan (the "Township") in connection with the issuance by the Bloomfield Township CSO Drainage District (the "Issuer") of its Drain Refunding Bonds, Series 2018 (the "Bonds"). The Township covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Township for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Township and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Township shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report of the Township provided by the Township pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"Bondholder" shall mean the registered owner of any Bonds.

"Dissemination Agent" shall mean the Township or any successor Dissemination Agent appointed in writing by the Township and which has filed with the Township a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 797-6700

"Official Statement" shall mean the final Official Statement for the Bonds dated February 14, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

Section 3. Provision of Annual Reports.

(a) Each year, the Township shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven months after the end of the Township's fiscal year, commencing with the Township's Annual Report for its fiscal year ending March 31, 2018, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Township shall provide the Annual Report to the Dissemination Agent (if other than the Township). Currently, the Township's fiscal year commences on April 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Township are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Township shall be included in the Annual Report.

(b) If the Township is unable to provide to the MSRB an Annual Report of the Township by the date required in subsection (a), the Township shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Township's fiscal year changes, the Township shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the Township, the Dissemination Agent shall file a report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Township) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

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

(a) The audited financial statements of the Township for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Issuer of the same nature as that contained in the following tables in Exhibit C to the Official Statement: Population; History of Property Valuations; Analysis of Taxable Value by Class and Use; Major Taxpayers; Tax Rates (Per \$1,000 of Taxable Value); Tax Rate Limitations; Tax Levies and Collections; Revenues from the State of Michigan; Labor Agreements; Retirement Plan; Other Post Employment Benefits; General Fund – Fund Balance; Debt Statement; Schedule of Bond Maturities and Statement of Legal Debt Margin.

The Township's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Township shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Township covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;

- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Township obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the Township shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Township covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Township determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the Township shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially

the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Township shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Township), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Township acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Township is liable.

(f) The Township acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Township does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

Section 7. Termination of Reporting Obligation.

(a) The Township's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the Township's obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Township, and the Township shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Township (i) receives an opinion of Securities Counsel, addressed to the Township, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

Section 8. Dissemination Agent. The Township, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Township) shall not be responsible in any manner for the content of any notice or report prepared by the Township pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Township, or type of business conducted by the Township;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Township shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include 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 shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Township or the Dissemination Agent (if other than the Township) at the written direction of the Township with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Township 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 Listed Event, in addition to that which is required by this Disclosure Certificate. If the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Township 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 Listed Event.

Section 11. Failure to Comply. In the event of a failure of the Township or the Dissemination Agent (if other than the Township) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Township or the Dissemination Agent (if other than the Township) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the Township to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Township shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Township, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

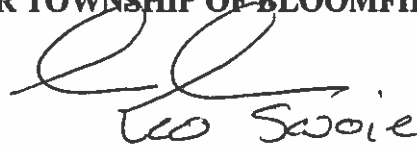
Section 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Township or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Township or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 15. Additional Disclosure Obligations. The Township acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Township, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Township under such laws.

Section 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

CHARTER TOWNSHIP OF BLOOMFIELD

By:



LEO C. SAVOIE

Its: Supervisor

And:



JANET M. RONCELLI

Its: Clerk

Dated: February 28, 2018

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: Charter Township of Bloomfield, Michigan

Name of Bond Issue: \$2,260,000 Bloomfield Township CSO Drainage District, Drain
Refunding Bonds, Series 2018

Date of Bonds: February 28, 2018

NOTICE IS HEREBY GIVEN that the Charter Township of Bloomfield has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Charter Township of Bloomfield anticipates that the Annual Report will be filed by _____.

CHARTER TOWNSHIP OF BLOOMFIELD

By: _____

Its _____

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN TOWNSHIP'S FISCAL YEAR

Name of Obligated Person: Charter Township of Bloomfield, Michigan

Name of Bond Issue: \$2,260,000 Bloomfield Township CSO Drainage District, Drain
Refunding Bonds, Series 2018

Date of Bonds: February 28, 2018

NOTICE IS HEREBY GIVEN that the Charter Township of Bloomfield's fiscal year has changed. Previously, the Charter Township of Bloomfield's fiscal year ended on _____. It now ends on _____.

CHARTER TOWNSHIP OF BLOOMFIELD

By: _____

Its _____

Dated: _____

EXHIBIT C

ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: _____

Number of pages of the attached Annual Report or portion thereof: _____

Name of Bond Issue to which the attached Annual Report relates: _____

Date of such Bonds: _____

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____

Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

EXHIBIT D

EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: _____

Number of pages of the attached Event Notice: _____

Description of the attached Event Notice (Check One):

- | | | |
|-----|-------|--|
| 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security |
| 7. | _____ | Modifications to rights of securities holders |
| 8. | _____ | Bond calls |
| 9. | _____ | Defeasances |
| 10. | _____ | Release, substitution, or sale of property securing repayment of the securities |
| 11. | _____ | Rating changes |
| 12. | _____ | Tender offers |
| 13. | _____ | Bankruptcy, insolvency, receivership or similar event of an obligated person |
| 14. | _____ | The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms |
| 15. | _____ | Appointment of a successor or additional trustee, or the change of name of a trustee |
| 16. | _____ | Failure to provide annual financial information as required |
| 17. | _____ | Other material event notice (specify) _____ |

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.

Troy 9007-431 2006746v1

CERTIFICATE OF TOWNSHIP CLERK

The undersigned hereby certifies as follows:

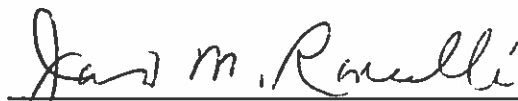
1. I am the duly qualified and acting Clerk of the Charter Township of Bloomfield, County of Oakland, Michigan (the "Township").

2. The foregoing is a complete and correct transcript of the proceedings, records and other documents, the original or certified copies or photocopies of which are on file in the office of the Township Clerk, relating to the issuance by the Bloomfield Township CSO Drainage District, Oakland County, Michigan (the "Issuer") of its Drain Refunding Bonds, Series 2018, dated February 1, 2018, in the aggregate principal amount of \$2,260,000 (the "Bonds"). The said proceedings, records and documents have not been amended, modified or supplemented except as set forth in said transcript and that the time for reconsideration of such proceedings for filing notice thereof has expired.

3. At the times of the taking of the various proceedings and the execution of the various documents by the Township that are contained in the foregoing transcript, the persons named therein (including me) as being or acting for members or officers of the Township were such duly designated, qualified and acting members or officers.

4. No litigation of any nature is now pending, or to my knowledge threatened against the Township that seeks to restrain or enjoin the issuance and delivery of the Bonds or the imposition and collection of taxes, assessments or charges, as the case may be, to be used by the Township to pay the principal and interest thereon, or that in any manner questions (i) the proceedings and authority under which the Bonds are issued; (ii) the validity of the Bonds; (iii) the legal existence or boundaries of the Township or the title of its present officers to their respective offices; or (iv) the ability of the Township to operate or that may materially affect the financial condition of the Township; and no authority or proceeding for the issuance of the Bonds has been annulled, repealed, revoked, rescinded or amended.

5. From February 14, 2018, to the date hereof, there has been no material adverse change in the condition, financial or otherwise of the Township from that set forth in the Official Statement dated February 14, 2018, prepared in connection with the issuance of the Bonds.



JANET M. RONCELLI, Clerk
Charter Township of Bloomfield

Dated: February 28, 2018

CERTIFICATE OF CHAIRPERSON OF THE DRAINAGE BOARD

I hereby certify that:

1. I am the duly elected Water Resources Commissioner of the County of Oakland in the State of Michigan and I am the Chairperson of the Drainage Board for the Bloomfield Township CSO Drain.

2. The Bloomfield Township CSO Drainage District has been established as an intra county drainage district pursuant to the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended.


3. The foregoing is a complete and correct transcript of all the proceedings and records of the Drainage Board for the Bloomfield Township CSO Drain and the Board of Commissioners of the County of Oakland, the originals or certified copies of which are on file in my office, relating to the issuance and sale by the Bloomfield Township CSO Drainage District of its Drain Refunding Bonds, Series 2018, dated February 1, 2018, in the principal amount of \$2,260,000.

4. Said proceedings have not been rescinded, amended or modified in any manner whatsoever, except as set forth in said transcript, and that the time for reconsideration of such proceedings or filing notice thereof has expired.

5. The facsimile signatures of Jim Nash and Michael J. Gingell appearing on the Bonds are those of the Chairperson and Member of the Drainage Board for the Bloomfield Township CSO Drain.

6. The Official Statement dated February 14, 2018 (the "Official Statement"), is the Drainage District's "final official statement" as defined in paragraph (e)(3) of SEC Rule 15c2-12. From February 14, 2018, to the date hereof, there has been no material adverse change in the condition, financial or otherwise, of the County from that set forth in the Official Statement.

In providing this certificate, the undersigned has not undertaken to verify independently information obtained or derived from various federal, state, county and private publications and sources as presented in the Official Statement.


JIM NASH, Oakland County Water Resources
Commissioner and Chairperson of the Drainage
Board for the Bloomfield Township CSO Drain

Dated: February 28, 2018

Troy 9007-431 2020146v1

CERTIFICATE OF COUNTY CLERK

LISA BROWN hereby certifies that:

1. I am the duly elected County Clerk of the County of Oakland in the State of Michigan.
2. Miscellaneous Resolution #18014 adopted by the Board of Commissioners of the County of Oakland (the "Board") on February 1, 2018, the original of which is on file in my office, relating to the issuance and sale by the Bloomfield Township CSO Drainage District (the "District") of its \$2,260,000 Drain Refunding Bonds, Series 2018, dated February 1, 2018 (the "Bonds"), has not been rescinded, amended or modified in any manner.
3. At the time of the adoption of the proceedings described in paragraph 2 hereof, the persons named therein as being members of the Board were the duly qualified and acting members of the Board.
4. To my knowledge, no litigation of any nature is now pending, or to my knowledge threatened, seeking to restrain or enjoin the issuance and delivery by the District of the Bonds or the imposition and collection of the special assessments by the District for payment of the principal of and interest on the Bonds, the imposition of taxes by the County of Oakland for the payment of the principal of and interest on the Bonds, or in any manner questioning the proceedings and authority under which the Bonds are issued, or the validity of the Bonds.
5. To my knowledge, neither the corporate existence or boundaries of the District or the County of Oakland nor the title of the present officers of the District or the County Oakland to their respective offices is being contested and that no authority or proceedings for the issuance of the Bonds has been annulled, repealed, revoked, rescinded or amended.



LISA BROWN, Clerk
County of Oakland, State of Michigan

Dated: February 28, 2018

CERTIFICATE AND RECEIPT OF COUNTY TREASURER

I hereby certify that:

1. I am the Treasurer of the County of Oakland, Michigan (the "County").
2. The current valuation of all the taxable property in the County as equalized by the State of Michigan is \$69,008,352,209.
3. The taxable value of all taxable property in the County is \$54,723,743,027.
4. The County has pledged its full faith and credit for the payment of contractual obligations to the Oakland County Building Authority and bonds and notes issued by the County and by drainage districts, which contractual obligations, bonds and notes are now outstanding in an aggregate amount not exceeding \$715,407,148.
5. The Huntington National Bank, Grand Rapids, Michigan, is designated bond registrar and paying agent for the Bloomfield Township CSO Drainage District Drain Refunding Bonds, Series 2018, dated February 1, 2018 (the "Bonds") and escrow agent pursuant to the Escrow Agreement dated as of February 28, 2018.
6. The Bonds were delivered to Robert W. Baird & Co., Inc., the purchaser thereof, on this date, that the bonds have been paid for in full by the purchaser in accordance with the terms of sale and that the said purchaser has fully complied with its contract for the purchase of the Bonds.
7. I have reviewed the information pertaining to the County contained in the Official Statement dated February 14, 2018, prepared in connection with the Bonds, and the information contained therein was true, complete and accurate as of the date thereof. From February 14, 2018 to the date hereof, there has been no material adverse change in the condition, financial or otherwise of the County from that set forth in the Official Statement.



ANDREW E. MEISNER, Treasurer

Dated: February 28, 2018


RECEIPT OF ESCROW AGENT

The Huntington National Bank (the "Escrow Agent"), as escrow agent under an escrow agreement dated February 28, 2018, between the Bloomfield Township CSO Drainage District, Oakland County, Michigan and the Escrow Agent, relating to the Drain Refunding Bonds, Series 2018 (the "Escrow Agreement"), hereby acknowledges receipt of (i) \$0.93 as the beginning cash balance for the Escrow Fund (as defined in the Escrow Agreement), (ii) the escrowed securities described in Exhibit C to the Escrow Agreement, and (iii) the Escrow Agent's fee pursuant to Section 7.03 of the Escrow Agreement in the amount of \$750.

THE HUNTINGTON NATIONAL BANK

By: _____

Its: _____


Vice President

Dated: February 28, 2018



\$2,260,000.00

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Bloomfield Township CSO Drain Refunding Bonds, Series 2018

Debt Service Schedule

| Calendar Year | Coupon Date | Principal Payment | Coupon Rate | Interest Payment | Credit Enhancements | Periodic Debt Service | Fiscal Debt Service | Outstanding Debt |
|--------------------------------|-------------|-------------------|-------------|------------------|--|-----------------------|---------------------|------------------|
| 2019 | 10/1/2018 | | | 42,266.66 | - | 42,266.66 | 42,266.66 | 2,260,000.00 |
| | 4/1/2019 | 145,000.00 | 2.000 | 31,700.00 | - | 176,700.00 | - | 2,115,000.00 |
| | 10/1/2019 | | | 30,250.00 | - | 30,250.00 | 206,950.00 | 2,115,000.00 |
| 2020 | 4/1/2020 | 145,000.00 | 2.000 | 30,250.00 | - | 175,250.00 | - | 1,970,000.00 |
| | 10/1/2020 | | | 28,800.00 | - | 28,800.00 | 204,050.00 | 1,970,000.00 |
| 2021 | 4/1/2021 | 150,000.00 | 2.000 | 28,800.00 | - | 178,800.00 | - | 1,820,000.00 |
| | 10/1/2021 | | | 27,300.00 | - | 27,300.00 | 206,100.00 | 1,820,000.00 |
| 2022 | 4/1/2022 | 160,000.00 | 3.000 | 27,300.00 | - | 187,300.00 | - | 1,660,000.00 |
| | 10/1/2022 | | | 24,900.00 | - | 24,900.00 | 212,200.00 | 1,660,000.00 |
| 2023 | 4/1/2023 | 160,000.00 | 3.000 | 24,900.00 | - | 184,900.00 | - | 1,500,000.00 |
| | 10/1/2023 | | | 22,500.00 | - | 22,500.00 | 207,400.00 | 1,500,000.00 |
| 2024 | 4/1/2024 | 170,000.00 | 3.000 | 22,500.00 | - | 192,500.00 | - | 1,330,000.00 |
| | 10/1/2024 | | | 19,950.00 | - | 19,950.00 | 212,450.00 | 1,330,000.00 |
| 2025 | 4/1/2025 | 170,000.00 | 3.000 | 19,950.00 | - | 189,950.00 | - | 1,160,000.00 |
| | 10/1/2025 | | | 17,400.00 | - | 17,400.00 | 207,350.00 | 1,160,000.00 |
| 2026 | 4/1/2026 | 180,000.00 | 3.000 | 17,400.00 | - | 197,400.00 | - | 980,000.00 |
| | 10/1/2026 | | | 14,700.00 | - | 14,700.00 | 212,100.00 | 980,000.00 |
| 2027 | 4/1/2027 | 180,000.00 | 3.000 | 14,700.00 | - | 194,700.00 | - | 800,000.00 |
| | 10/1/2027 | | | 12,000.00 | - | 12,000.00 | 206,700.00 | 800,000.00 |
| 2028 | 4/1/2028 | 200,000.00 | 3.000 | 12,000.00 | - | 212,000.00 | - | 600,000.00 |
| | 10/1/2028 | | | 9,000.00 | - | 9,000.00 | 221,000.00 | 600,000.00 |
| 2029 | 4/1/2029 | 200,000.00 | 3.000 | 9,000.00 | - | 209,000.00 | - | 400,000.00 |
| | 10/1/2029 | | | 6,000.00 | - | 6,000.00 | 215,000.00 | 400,000.00 |
| 2030 | 4/1/2030 | 200,000.00 | 3.000 | 6,000.00 | - | 206,000.00 | - | 200,000.00 |
| | 10/1/2030 | | | 3,000.00 | - | 3,000.00 | 209,000.00 | 200,000.00 |
| 2031 | 4/1/2031 | 200,000.00 | 3.000 | 3,000.00 | - | 203,000.00 | 203,000.00 | |
| | | 2,260,000.00 | | 505,566.66 | | 2,765,566.66 | | |
| True Interest Cost (TIC) | | | | 2.7944641 | Arbitrage Yield Limit (AYL) | | | 2.6258407 |
| Net Interest Cost (NIC) | | | | 2.6193146 | Arbitrage Net Interest Cost (ANIC) | | | 2.6458313 |
| Accrued Interest | | | | 4,765.00 | | | | |

Dated: 02/01/2018

Delivered: 02/28/2018

CLOSING MEMORANDUM

To: Jim Nash, Water Resources Commissioner, 248-858-0958; 248-858-1066
Anne Vaara, Chief Deputy Water Resources Commissioner, 248-858-5443
Steven Korth, Manager, WRC, 248-431-3810
Andrew E. Meisner, County Treasurer, 248-858-0624; 248-858-1810
Paul Wyzgoski, Dickinson Wright PLLC, 248-433-7255; 248-433-7274
Diana Murphy, Dickinson Wright PLLC, 248-433-7213
Eric McGlothlin, Dickinson Wright PLLC, 248-433-7266
Patrick O'Donnell, The Huntington National Bank; 616-771-6210; 616-771-6314
Vicky Ossoinik, Robert W. Baird & Co., Inc; 414-765-3725

From: Steven A. Burke, CFA, MFCI, 804-986-1419; 313-782-3011

Date: February 28, 2018

Re: \$2,260,000 Bloomfield Township CSO Drainage District, Drain Refunding Bonds, Series 2018

On Wednesday, February 28, 2017 at approximately 10:00 a.m., Eastern Standard Time, Robert W. Baird & Co., Inc. will wire transfer Federal Reserve Funds in the amount of \$2,240,041.71 and Bloomfield Township CSO Drainage District (the "Drainage District") will wire transfer funds in the amount of \$115,150.00 to the following wire instructions:

THE HUNTINGTON NATIONAL BANK
ABA Number: 044000024
Account: 01891662889
For Final Credit to: BT CSO Escrow: 3587170800
Attn: Patrick O'Donnell – Corp Trust – 616-771-6210

The \$2,240,041.71 is comprised of the following:

| | |
|--------------------------|-----------------------|
| Par Amount of Bonds | \$2,260,000.00 |
| Plus: Accrued Interest | 4,755.00 |
| Net Bond Premium | 21,586.71 |
| Less: Good Faith Deposit | <u>(46,300.00)</u> |
| Amount Due at Closing | <u>\$2,240,041.71</u> |

The \$115,150.00 being wired by the Drainage District is comprised of the Drainage District's Contribution of interest due in the amount of \$68,850.00 and the Good Faith Deposit in the amount of \$46,300.00.

The Escrow Agent will return to the Drainage District \$4,755.00 which represents the accrued interest, after the closing via wire transfer to the following wire instructions:

PNC Bank
ABA: 041000124
Account#: 4255065437
OC Treasurer Wire Transfer Account

Upon confirmation of the receipt of proceeds, Dickinson Wright PLLC will advise THE HUNTINGTON NATIONAL BANK, to release the bonds to The Depository Trust Company.

Simultaneously the Escrow Agent will deposit \$2,301,186.00 of SLGS as described in Exhibit C to the Escrow Agreement and cash in the amount of \$0.93 in the Escrow Fund.

The total cost for all issuance expenses for the above referenced issue is \$49,249.78. All cost of issuance expenses will be paid out of bond proceeds (according to Exhibit A) with invoices being approved by the Drainage District and sent to the Escrow Agent. The Escrow Agent will pay the vendors the amounts listed on Exhibit A, by check or wire transfer, from the costs of issuance funds, immediately after the closing. If there are any funds remaining after payment of the costs of issuance the Escrow Agent will transfer such funds to the Drainage District for deposit in the principal and interest fund for the bonds.

BTCSO-RF-2018-Closing Memo.docx



MUNICIPAL FINANCIAL
CONSULTANTS
INCORPORATED

Exhibit A

| <u>PAY TO:</u> | <u>AMOUNT</u> |
|--|--------------------|
| THE HUNTINGTON NATIONAL BANK | |
| (as Paying Agent – Prior Bonds) | |
| SLG Purchase | \$2,301,186.00 |
| Beginning balance | 0.93 |
| (Escrow Agent Fee) | 750.00 |
| (Bond Registrar Fee) | 500.00 |
| Dickinson Wright PLLC | |
| (Bond Counsel Fee including Expenses & State Filing fee) | 17,427.00 |
| Municipal Financial Consultants Incorporated | |
| (Financial Consultant) | 9,830.00 |
| (Expenses, Official Statement, and MAC Fee) | <u>4,900.00</u> |
| | 14,330.00 |
| Ipreo | |
| (Online Bidding and OS Distribution) | 1,500.00 |
| The Bond Buyer | |
| (Notice of Sale) | 1,535.00 |
| Moody's | |
| (Rating Fee) | 6,162.50 |
| Standard & Poor's | |
| (Rating Fee) | 5,854.38 |
| Grant Thornton, LLP | 500.00 |
| Contingency | <u>290.90</u> |
| Total | <u>\$49,249.78</u> |

S&P Global Ratings

130 East Randolph
Street
Suite 2900
Chicago, IL 60601
tel 312-233-7000
reference no.:855700

February 13, 2018

County of Oakland
County Service Center
1200 North Telegraph Road
Building 12 East, Department 479
Pontiac, MI 48341
Attention: Mr. Andrew E. Meisner, County Treasurer

Re: *US\$3,130,000 County of Oakland, Michigan, Evergreen-Farmington Sewage Disposal System Refunding Bonds, Series 2018, dated: February 01, 2018, due: April 01, 2031*

US\$2,315,000 Bloomfield Township CSO Drainage District, Oakland County, Michigan, Drain Refunding Bonds, Series 2018, dated: Date of delivery, due: April 01, 2031

Dear Mr. Meisner:

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AAA". S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

dm
enclosures

cc: ***Mr. Steven Burke, President***
Municipal Financial Consultants

S&P Global Ratings

S&P Global Ratings Terms and Conditions Applicable To Public Finance Credit Ratings

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All Credit Rating Actions in S&P Global Ratings' Sole Discretion. S&P Global Ratings may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in S&P Global Ratings' sole discretion. S&P Global Ratings may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. S&P Global Ratings will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. S&P Global Ratings reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of S&P Global Ratings or its affiliates, S&P Global Ratings reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by S&P Global Ratings are not issued by or on behalf of the issuer or at the issuer's request. S&P Global Ratings reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. S&P Global Ratings may publish explanations of S&P Global Ratings' credit ratings criteria from time to time and S&P Global Ratings may modify or refine its credit ratings criteria at any time as S&P Global Ratings deems appropriate.

Reliance on Information. S&P Global Ratings relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by S&P Global Ratings' opinion of the information received from issuers, their agents or advisors.

Confidential Information. S&P Global Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its agents or advisors have provided to S&P Global Ratings and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

S&P Global Ratings Not an Expert, Underwriter or Seller under Securities Laws. S&P Global Ratings has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. S&P Global Ratings has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. S&P Global Ratings does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. S&P GLOBAL RATINGS GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P Global Ratings, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

MOODY'S

INVESTORS SERVICE

100 N. Riverside Plaza
Suite 2220
Chicago, IL 60606
www.moodyys.com

February 14, 2018

Ms. Laurie Van Pelt
OAKLAND (COUNTY OF) MI
2100 Pontiac Lake Road
Waterford, MI 48328

Dear Ms. Van Pelt :

We wish to inform you that on February 6, 2018, Moody's Investors Service reviewed and assigned a rating of

- Aaa to OAKLAND (COUNTY OF) MI, Evergreen-Farmington Sewage Disposal System Refunding Bonds, Series 2018
- Aaa to OAKLAND (COUNTY OF) MI, Bloomfield Township CSO Drainage District Drain Refunding Bonds, Series 2018

Credit ratings issued by Moody's Investors Service, Inc. and its affiliates ("Moody's") are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities and are not statements of current or historical fact. Moody's credit ratings address credit risk only and do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility.

This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions and Symbols Guide* or *MIS Code of Professional Conduct* as of the date of this letter, both published on www.moodyys.com. The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on www.moodyys.com and may be further distributed as otherwise agreed in writing with us.

Moody's Credit Ratings or any corresponding outlook, if assigned, will be subject to revision, suspension or withdrawal, or may be placed on review, by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current Credit Rating, please visit www.moodyys.com.

Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

Moody's adopts all necessary measures so that the information it uses in assigning a Credit Rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently validate or verify information received in the rating process. Moody's expects and is relying upon you possessing all legal rights and required consents to disclose the information to Moody's, and that such information is not subject to any restrictions that would prevent use by Moody's for its ratings process. In assigning the Credit Ratings, Moody's has relied upon the truth, accuracy, and completeness of the information supplied by you or on your behalf to Moody's. Moody's expects that you will, and is relying upon you to,

February 14, 2018

Ms.Laurie Van Pelt
OAKLAND (COUNTY OF) MI
2100 Pontiac Lake Road
Waterford, MI 48328

on an ongoing basis, promptly provide Moody's with all information necessary in order for Moody's to accurately and timely monitor the Credit Ratings, including current financial and statistical information.

Under no circumstances shall Moody's have any liability (whether in contract, tort or otherwise) to any person or entity for any loss, injury or damage or cost caused by, resulting from, or relating to, in whole or in part, directly or indirectly, any action or error (negligent or otherwise) on the part of, or other circumstance or contingency within or outside the control of, Moody's or any of its or its affiliates' directors, officers, employees or agents in connection with the Credit Ratings. **ALL INFORMATION, INCLUDING THE CREDIT RATING, ANY FEEDBACK OR OTHER COMMUNICATION RELATING THERETO IS PROVIDED "AS IS" WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND. MOODY'S MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH INFORMATION.**

Any non-public information discussed with or revealed to you must be kept confidential and only disclosed either (i) to your legal counsel acting in their capacity as such; (ii) to your other authorized agents acting in their capacity as such with a need to know that have entered into non-disclosure agreements with Moody's in the form provided by Moody's and (iii) as required by applicable law or regulation. You agree to cause your employees, affiliates, agents and advisors to keep non-public information confidential.

If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact the analyst assigned to this transaction, Matthew Butler at 312-706-9970.

Sincerely,

Moody's Investors Service, Inc

Moody's Investors Service, Inc.

CC:

Steven Burke
400 North Main Street, Suite 304
Milford, MI

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

Bloomfield Township CSO Drainage District

[Name of Issuer]

January 20, 2005

[Date]

[For Municipal Issues:

Underwriting Department—Eligibility; 50th Floor]

[For Corporate Issues:

General Counsel's Office; 49th Floor]

The Depository Trust Company

55 Water Street

New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: *Deanne Russo*



**The Depository Trust &
Clearing Corporation**

Very truly yours,

Bloomfield Township CSO Drainage District

(Issuer)

By: *John P. McCulloch*

(Authorized Officer's Signature)

John P. McCulloch

(Print Name)

One Public Works Drive

(Street Address)

Waterford, MI 48328

(City) (State) (Country) (Zip Code)

(248) 858-0958

(Phone Number)

(E-mail Address)

(To Blanket Issuer Letter of Representations)

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, 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 and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as 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 both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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. Beneficial Owners are, however, 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 Securities 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 interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities 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.

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

[6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-1

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 2.00% | April 1, 2019 | February 1, 2018 | 67247M AU7 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$145,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-2

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 2.00% | April 1, 2020 | February 1, 2018 | 67247M AV5 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$145,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

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UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 2.00% | April 1, 2021 | February 1, 2018 | 67247M AW3 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$150,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

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UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 3.00% | April 1, 2022 | February 1, 2018 | 67247M AX1 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$160,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-5

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 3.00% | April 1, 2023 | February 1, 2018 | 67247M AY9 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$160,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-6

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 3.00% | April 1, 2024 | February 1, 2018 | 67247M AZ6 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$170,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

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R-7

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 3.00% | April 1, 2025 | February 1, 2018 | 67247M BA0 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$170,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

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R-8

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 3.00% | April 1, 2026 | February 1, 2018 | 67247M BB8 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$180,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-9

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 3.00% | April 1, 2027 | February 1, 2018 | 67247M BC6 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$180,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

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R-10

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 3.00% | April 1, 2028 | February 1, 2018 | 67247M BD4 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$200,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-11

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 3.00% | April 1, 2030 | February 1, 2018 | 67247M BE2 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$400,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-12

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT
DRAIN REFUNDING BOND, SERIES 2018

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>CUSIP</u> |
|----------------------|----------------------|-------------------------------|--------------|
| 3.00% | April 1, 2031 | February 1, 2018 | 67247M BF9 |

Registered Owner: CEDE & CO.

Principal Amount: *****\$200,000*****

The Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan (the "Drainage District"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount from February 1, 2018 or such later date through which interest has been paid until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2018. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This bond is one of a series of bonds aggregating the principal sum of Two Million Two Hundred Sixty Thousand Dollars (\$2,260,000) issued by the Drainage District under and pursuant to and in full conformity with the Constitution and Statutes of Michigan (especially Chapter 20 of Act No. 40, Public Acts of 1956, as amended, and Act No. 34, Public Acts of 2001, as amended) and a resolution adopted by the Drainage Board for the Bloomfield Township CSO Drain and an order of the Chairperson of the Drainage Board for the Bloomfield Township CSO Drain (collectively, the "Resolution") for the purpose of refunding the Drainage District's outstanding Bloomfield Township CSO Drain Bonds, Series 2010, dated December 1, 2010 (the "Prior Bonds"), maturing in the years 2025 and 2031. The bonds of this series are issued in anticipation of, the principal of and interest on the bonds are payable from, an equal amount of special assessments assessed against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on the 2018 Refunding Bonds Special Assessment Roll for the Bloomfield Township CSO Drain, which assessments are the general obligations of said public corporations. The full faith and credit of the Drainage District have been pledged for the payment of the principal of and interest on the bonds of this series as the same shall become due and, in addition, the full faith and credit of the County have been pledged therefor. Taxes imposed by the Township and the County for the payment of special assessments and by the County for the payment of the bonds are subject to constitutional, statutory and charter tax rate limitations.

This bond is transferable, as provided in the Resolution, only upon the books of the Drainage District kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his attorney duly authorized in writing. Upon the exchange or transfer of this bond a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

The bond registrar and paying agent shall not be required to transfer or exchange bonds or portions of bonds which have been selected for redemption.

MANDATORY PRIOR REDEMPTION

Bonds maturing in the year 2030 are subject to mandatory prior redemption at par and accrued interest as follows:

| <u>Redemption Dates</u> | <u>Principal Amount of Bonds to be Redeemed</u> |
|-------------------------|---|
| April 1, 2029 | \$200,000 |
| April 1, 2030* | \$200,000 |

*final maturity

Bonds or portions of bonds to be redeemed by mandatory redemption shall be selected by lot.

OPTIONAL PRIOR REDEMPTION

Bonds maturing prior to April 1, 2026, are not subject to redemption prior to maturity. Bonds maturing on and after April 1, 2026, are subject to redemption prior to maturity at the option of the Drainage District, in such order as shall be determined by the Drainage District, on any one or more interest payment dates on and after April 1, 2025. Bonds of a denomination greater than \$5,000 may be partially redeemed in the amount of \$5,000 or any integral multiple thereof. If less than all of the bonds maturing in any year are to be redeemed, the bonds or portions of bonds to be redeemed shall be selected by lot. The redemption price shall be the par value of the bond or portion of the bond called to be redeemed plus interest to the date fixed for redemption.

Not less than thirty days' nor more than sixty days' notice of redemption shall be given to the holders of bonds called to be redeemed by mail to the registered holder at the registered address. Bonds or portions of bonds called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds of this series, existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of the Bloomfield Township CSO Drainage District and the County of Oakland, including the series of bonds of which this bond is one, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Bloomfield Township CSO Drainage District, County of Oakland, State of Michigan, by its Drainage Board, has caused this bond to be executed in its name by facsimile signatures of the Chairperson and at least one other member of its Drainage Board and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon. This bond shall not be valid unless the Certificate of Authentication has been manually executed by an authorized representative of the bond registrar and paying agent.

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

By: 
Chairperson of the Drainage Board

And: 
Member of the Drainage Board



CERTIFICATE OF AUTHENTICATION

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

THE HUNTINGTON NATIONAL BANK
Bond Registrar and Paying Agent

By: 

Authorized Representative

AUTHENTICATION DATE:

February 28, 2018

SPECIMEN

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____
(please print or type name, address and taxpayer identification number of transferee) the within
bond and all rights thereunder and does hereby irrevocably constitute and appoint

attorney to transfer the within bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Signature(s) must be guaranteed by an eligible guarantor institution participating in a
Securities Transfer Association recognized signature guarantee program.

Diana J. Murphy

From: Treas_MunicipalFinance <Treas_MunicipalFinance@michigan.gov>
Sent: Thursday, March 1, 2018 3:37 PM
To: Diana J. Murphy
Subject: Thank You

Your email has been received by the Municipal Finance Section at the Michigan Department of Treasury. Inquiries needing a response should be replied to within three business days. For immediate assistance, please visit our website at Michigan.gov/MunicipalFinance or by reviewing the FAQs below:

1. We don't plan on issuing municipal securities this year. Do we still need to file a Qualifying Statement? Yes – filing a Qualifying Statement annually is statutorily required.
2. How do we file online reports? Reports to be filed online include Qualifying Statements, Prior Approval Applications, and Deficit Elimination Plans.
3. If you have questions/concerns regarding your username and password for online filing, call (517) 373-3227, option 4.
4. To review filings posted online, visit our Document Search Site.
5. Qualifying Statement determination letters will be posted online within one business day after submission. However, if the audit report has not been filed no results will be posted until it has been filed or the deadline for filing has passed. You will not receive a determination letter via email or the U.S. postal service.
6. Prior Approval Application determination letters will be emailed to you within 30 business days after submission. The determination letter and supporting documentation will also be posted online. You will not receive a determination letter via the U.S. postal service.
7. Within 15 business days after issuing a municipal security, a municipality shall file a Security Report with the Department of Treasury.
8. Deficit Elimination Plan determination letters will be emailed to you. The determination letter, plan, and supporting documentation will also be posted online. You will not receive a determination letter via the U.S. postal service.
9. I already submitted my Corrective Action Plan. Why am I being asked for a Deficit Elimination Plan? The Corrective Action Plan addresses deficiencies as noted in your Auditing Procedures Report, while the Deficit Elimination Plan addresses fund deficits as noted in your audit report.
10. Schools only need to submit an audit report to the Department of Education, which will meet the needs of both the Department of Education and the Department of Treasury.
11. Sign up for email updates from the Department of Treasury.

Diana J. Murphy

From: Diana J. Murphy
Sent: Thursday, March 1, 2018 3:14 PM
To: 'Treas_MunicipalFinance@michigan.gov'
Cc: Eric A. McGlothlin
Subject: 6371073892SecRpt \$2,260,000 Bloomfield Township CSO Drainage District Drain Refunding Bonds, Series 2018
Attachments: 6371073892SecRpt.pdf

Attached is the post-issuance filing required by Section 319(1) of 2001 PA 34 for the \$2,260,000 Bloomfield Township CSO Drainage District Drain Refunding Bonds, Series 2018.

Diana Murphy

March 1, 2018

Via Email

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Fiscal Accountability Division
P.O. Box 30728
Lansing, MI 48909

Re: \$2,260,000 Bloomfield Township CSO Drainage District Drain Refunding
Bonds, Series 2018 (6371073892SecRpt)

Dear Mr. Goodrich:

Please be advised that the referenced bonds were delivered to Robert W. Baird & Co., Inc. on February 28, 2018. Enclosed for filing pursuant to Section 319(1) of Act No. 34, Public Acts of Michigan, 2001, as amended, please find a completed Security Report and a copy of each of the following documents:

1. Minutes of the Drainage Board Authorizing Drain Refunding Bonds, Series 2018;
2. Order of Chairperson;
3. Affidavit of Publication of Official Notice of Sale
4. Final Official Statement
5. Bond Counsel Opinion Letter;
6. Rating Agency Letters
7. Specimen Bonds; and
8. Final Numbers prepared by Municipal Financial Consultants Incorporated which indicate that the net present value of the principal and interest to be paid on the referenced bonds, including the cost of issuance, is less than the net present value of the principal and interest to be paid on the bonds being refunded by the referenced bonds.

Mr. Harlan Goodrich
March 1, 2018
Page 2

A copy of the Security Report and a check payable to the State of Michigan in the amount of \$552 (includes late filing fee) will be mailed to the address set forth below your name above. Please let me know if you have any questions or need additional information.

Very truly yours,



Diana J. Murphy
Paralegal

PMW/dml
Enclosures

Troy 9007-431 2026386v1

ARIZONA

FLORIDA

KENTUCKY

MICHIGAN

NEVADA

OHIO

TENNESSEE

TEXAS

TORONTO

WASHINGTON DC

| OFFICE USE ONLY | |
|-----------------|-----------|
| Debt Type | Debt Kind |

Security Report

Issued under Authority of Public Act 34 of 2001.

INSTRUCTIONS: File this report within 15 business days of completing issuance of any municipal securities. E-mail this form and supporting documentation described in MCL 141.2319 or MCL 129.177 to Treas_MunicipalFinance@Michigan.gov. If certain supporting documentation is not applicable, provide an explanation. E-mail form and supporting documentation as a single .pdf file, the name of which should be the six-digit municode followed by "3892SecRpt." For example: 3320203892SecRpt.pdf. The e-mail subject line should read the six-digit municode followed by "3892SecRpt." If a filing fee and/or late fee is due, mail a copy of the form and payment to Michigan Department of Treasury, Local Fiscal Accountability Division, P.O. Box 30728, Lansing, MI 48909. Direct questions to 517-373-3227 or e-mail to Treas_MunicipalFinance@Michigan.gov.

ISSUE INFORMATION

| | | | |
|--|---|--|--|
| Issuer Name Bloomfield Township CSO Drainage District | | Name of Issue Drain Refunding Bonds, Series 2018 | |
| Amount of Issue 2,260,000.00 | Dated Date of Issue February 28, 2018 | Legal Authority (Public Act) 2001 PA 34 as amended | |
| Purpose To refund the outstanding bonds of the Issuer's Bloomfield Township CSO Drain Bonds, Series 2010, dated December 1, 2010, maturing in the years 2025 and 2031 | | | |
| Full Faith and Credit Pledge <input checked="" type="checkbox"/> Limited Tax <input type="checkbox"/> Unlimited Tax <input type="checkbox"/> None | | First Call Date April 1, 2025 | Date Sold February 14, 2018 Net Interest Rate 2.79% |
| Check All That Apply <input type="checkbox"/> Voted <input type="checkbox"/> School Bond Loan Fund Qualified <input type="checkbox"/> Special Education Funded <input type="checkbox"/> Vocational Education Funded | | | |

PARTICIPANT INFORMATION Include all Municipalities that are responsible for repayment of security.

| Name | % Participation | % Revenue | % Taxes |
|---|-----------------|-----------|---------|
| Charter Township of Bloomfield | 76.72% | 00.00% | 100.00% |
| County of Oakland | 23.28% | 0.00% | 0.00% |
| Oakland County-full faith and credit pledge | 100.00% | 0.00% | 100.00% |

MATURITY SCHEDULE

| Date | Principal | Interest Rate | Date | Principal | Interest Rate |
|----------|-----------|---------------|------|-----------|---------------|
| 04/01/19 | \$145,000 | 2.00% | | | |
| 04/01/20 | \$145,000 | 2.00% | | | |
| 04/01/21 | \$150,000 | 2.00% | | | |
| 04/01/22 | \$160,000 | 3.00% | | | |
| 04/01/23 | \$160,000 | 3.00% | | | |
| 04/01/24 | \$170,000 | 3.00% | | | |
| 04/01/25 | \$170,000 | 3.00% | | | |
| 04/01/26 | \$180,000 | 3.00% | | | |
| 04/01/27 | \$180,000 | 3.00% | | | |
| 04/01/28 | \$200,000 | 3.00% | | | |
| 04/01/29 | \$200,000 | 3.00% | | | |
| 04/01/30 | \$200,000 | 3.00% | | | |
| 04/01/31 | \$200,000 | 3.00% | | | |
| | | | | | |
| | | | | | |



\$2,260,000.00

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Bloomfield Township CSO Drain Refunding Bonds, Series 2018

Debt Service Schedule

| Calendar Year | Coupon Date | Principal Payment | Coupon Rate | Interest Payment | Credit Enhancements | Periodic Debt Service | Fiscal Debt Service | Outstanding Debt |
|---------------|-------------|-------------------|-------------|------------------|---------------------|-----------------------|---------------------|------------------|
| | 10-1-2018 | | | 42,266.66 | - | 42,266.66 | 42,266.66 | 2,260,000.00 |
| 2019 | 4-1-2019 | 145,000.00 | 2.000 | 31,700.00 | - | 176,700.00 | - | 2,115,000.00 |
| | 10-1-2019 | | | 30,250.00 | - | 30,250.00 | 206,950.00 | 2,115,000.00 |
| 2020 | 4-1-2020 | 145,000.00 | 2.000 | 30,250.00 | - | 175,250.00 | - | 1,970,000.00 |
| | 10-1-2020 | | | 28,800.00 | - | 28,800.00 | 204,050.00 | 1,970,000.00 |
| 2021 | 4-1-2021 | 130,000.00 | 2.000 | 28,800.00 | - | 178,800.00 | - | 1,820,000.00 |
| | 10-1-2021 | | | 27,300.00 | - | 27,300.00 | 206,100.00 | 1,820,000.00 |
| 2022 | 4-1-2022 | 160,000.00 | 3.000 | 27,300.00 | - | 187,300.00 | - | 1,660,000.00 |
| | 10-1-2022 | | | 24,900.00 | - | 24,900.00 | 212,200.00 | 1,660,000.00 |
| 2023 | 4-1-2023 | 160,000.00 | 3.000 | 24,900.00 | - | 184,900.00 | - | 1,500,000.00 |
| | 10-1-2023 | | | 22,500.00 | - | 22,500.00 | 207,400.00 | 1,500,000.00 |
| 2024 | 4-1-2024 | 170,000.00 | 3.000 | 22,500.00 | - | 192,500.00 | - | 1,330,000.00 |
| | 10-1-2024 | | | 19,950.00 | - | 19,950.00 | 212,450.00 | 1,330,000.00 |
| 2025 | 4-1-2025 | 170,000.00 | 3.000 | 19,950.00 | - | 189,950.00 | - | 1,160,000.00 |
| | 10-1-2025 | | | 17,400.00 | - | 17,400.00 | 207,350.00 | 1,160,000.00 |
| 2026 | 4-1-2026 | 180,000.00 | 3.000 | 17,400.00 | - | 197,400.00 | - | 980,000.00 |
| | 10-1-2026 | | | 14,700.00 | - | 14,700.00 | 212,100.00 | 980,000.00 |
| 2027 | 4-1-2027 | 180,000.00 | 3.000 | 14,700.00 | - | 194,700.00 | - | 800,000.00 |
| | 10-1-2027 | | | 12,000.00 | - | 12,000.00 | 206,700.00 | 800,000.00 |
| 2028 | 4-1-2028 | 200,000.00 | 3.000 | 12,000.00 | - | 212,000.00 | - | 600,000.00 |
| | 10-1-2028 | | | 9,000.00 | - | 9,000.00 | 221,000.00 | 600,000.00 |
| 2029 | 4-1-2029 | 200,000.00 | 3.000 | 9,000.00 | - | 209,000.00 | - | 400,000.00 |
| | 10-1-2029 | | | 6,000.00 | - | 6,000.00 | 215,000.00 | 400,000.00 |
| 2030 | 4-1-2030 | 200,000.00 | 3.000 | 6,000.00 | - | 206,000.00 | - | 200,000.00 |
| | 10-1-2030 | | | 3,000.00 | - | 3,000.00 | 209,000.00 | 200,000.00 |
| 2031 | 4-1-2031 | 200,000.00 | 3.000 | 3,000.00 | - | 203,000.00 | 203,000.00 | |
| | | 2,260,000.00 | | 505,566.66 | | 2,765,566.66 | | |

| | | | |
|--------------------------------|-----------|--|-----------|
| True Interest Cost (TIC) | 2.7944641 | Arbitrage Yield Limit (AYL) | 2.6288407 |
| Net Interest Cost (NIC) | 2.6193145 | Arbitrage Net Interest Cost (ANIC) | 2.6468313 |
| Accrued Interest | 4,765.00 | | |

Dated 02-01-2018
Delivered 02-28-2018

\$2,260,000
Bloomfield Township CSO Drainage District
Drain Refunding Bonds, Series 2018

(Refunds Series 2010 Bonds)

NET SOURCES AND USES

| | |
|---------------|----------|
| Dated Date: | 02/01/18 |
| Closing Date: | 02/28/18 |

Sources:

| | |
|--|------------------------|
| Bond Proceeds | \$ 2,260,000.00 |
| Issuer Contribution of 4/1/2018 Interest | \$ 68,850.00 |
| Original Issue Premium | \$ 43,693.95 |
| Accrued Interest | \$ 4,755.00 |
| | <u>\$ 2,377,298.95</u> |

Uses:

| | |
|---|------------------------|
| Escrow | \$ 2,301,186.93 |
| Accrued Interest | \$ 4,755.00 |
| Costs of Issuance (including Contingency) | \$ 49,249.78 |
| Underwriting Spread | \$ 22,107.24 |
| | <u>\$ 2,377,298.95</u> |

| | |
|---|----------------------|
| Total Savings | \$ 107,816.78 |
| PV Savings @ AYL 2.6258407% | \$ 79,009.79 |
| Percent of refunded par | 4.772% |
| Discounted Savings as a Percent of Refunded Par | 3.322% |
| WAM Refunded Bonds | 7.82884 |
| WAM Refunding Bonds | 7.51753 |
| Arb Yield Limit | 2.6258407% |

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Bloomfield Township CSO Drain Refunding Bonds, Series 2018

A.Y.L. Verification Report

2,260,000.00

Dated 02/01/2018

Delivered 02/28/2018

MSRB 30/360 SEMI 4/3

| Period | Coupon Date | Principal Payment | Coupon Rate | Interest Payment | Credit Enh./ Sinking Fund Adj | Periodic Debt Service | Present Value Factor | Discounted Debt Service |
|--------|-------------|-------------------|-------------|------------------|-------------------------------|-----------------------|----------------------|-------------------------|
| 2 | 10/01/2018 | | | 42,266.66 | - | 42,266.66 | 0.9846834 | 41,619.28 |
| 3 | 04/01/2019 | 145,000.00 | 2.000 | 31,700.00 | - | 176,700.00 | 0.9719228 | 171,738.76 |
| 4 | 10/01/2019 | | | 30,250.00 | - | 30,250.00 | 0.9593276 | 29,019.66 |
| 5 | 04/01/2020 | 145,000.00 | 2.000 | 30,250.00 | - | 175,250.00 | 0.9468956 | 165,943.46 |
| 6 | 10/01/2020 | | | 28,800.00 | - | 28,800.00 | 0.9346247 | 26,917.19 |
| 7 | 04/01/2021 | 150,000.00 | 2.000 | 28,800.00 | - | 178,800.00 | 0.9225129 | 164,945.30 |
| 8 | 10/01/2021 | | | 27,300.00 | - | 27,300.00 | 0.9105580 | 24,858.23 |
| 9 | 04/01/2022 | 160,000.00 | 3.000 | 27,300.00 | - | 187,300.00 | 0.8987580 | 168,337.38 |
| 10 | 10/01/2022 | | | 24,900.00 | - | 24,900.00 | 0.8871110 | 22,089.06 |
| 11 | 04/01/2023 | 160,000.00 | 3.000 | 24,900.00 | - | 184,900.00 | 0.8756148 | 161,901.18 |
| 12 | 10/01/2023 | | | 22,500.00 | - | 22,500.00 | 0.8642677 | 19,446.02 |
| 13 | 04/01/2024 | 170,000.00 | 3.000 | 22,500.00 | - | 192,500.00 | 0.8530676 | 164,215.51 |
| 14 | 10/01/2024 | | | 19,950.00 | - | 19,950.00 | 0.8420126 | 16,798.15 |
| 15 | 04/01/2025 | 730,000.00 | 3.000 | 19,950.00 | - | 749,950.00 | 0.8311009 | 623,284.15 |
| 16 | 10/01/2025 | | | 9,000.00 | - | 9,000.00 | 0.8203306 | 7,382.98 |
| 17 | 04/01/2026 | | | 9,000.00 | - | 9,000.00 | 0.8096999 | 7,287.30 |
| 18 | 10/01/2026 | | | 9,000.00 | - | 9,000.00 | 0.7992070 | 7,192.86 |
| 19 | 04/01/2027 | | | 9,000.00 | - | 9,000.00 | 0.7888500 | 7,099.65 |
| 20 | 10/01/2027 | | | 9,000.00 | - | 9,000.00 | 0.7786273 | 7,007.65 |
| 21 | 04/01/2028 | | | 9,000.00 | - | 9,000.00 | 0.7685370 | 6,916.83 |
| 22 | 10/01/2028 | | | 9,000.00 | - | 9,000.00 | 0.7585775 | 6,827.20 |
| 23 | 04/01/2029 | 200,000.00 | 3.000 | 9,000.00 | - | 209,000.00 | 0.7487470 | 156,488.12 |
| 24 | 10/01/2029 | | | 6,000.00 | - | 6,000.00 | 0.7390439 | 4,434.26 |
| 25 | 04/01/2030 | 200,000.00 | 3.000 | 6,000.00 | - | 206,000.00 | 0.7294666 | 150,270.13 |
| 26 | 10/01/2030 | | | 3,000.00 | - | 3,000.00 | 0.7200134 | 2,160.04 |
| 27 | 04/01/2031 | 200,000.00 | 3.000 | 3,000.00 | - | 203,000.00 | 0.7106827 | 144,268.59 |
| | | 2,260,000.00 | | 471,366.66 | 0.000 | 2,731,366.66 | | 2,308,448.95 |

| | |
|------------------------------------|-----------|
| True Interest Cost (TRC) | 2.7944641 |
| Net Interest Cost (NIC) | 2.6193146 |
| Arbitrage Yield (AY) | 2.6258407 |
| Arbitrage Net Interest Cost (ANIC) | 2.6468313 |

| | |
|-------------------------------------|----------------|
| Face value of bond issue | \$2,260,000.00 |
| Accrued interest (-) | \$4,766.00 |
| Original issue premium discount (-) | \$43,693.96 |
| Bond surety fee (-) | \$0.00 |
| Lump-sum credit enhancements (-) | \$0.00 |
| Other AY costs (-) | |
| AY Target | \$2,308,448.95 |

BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT

Bloomfield Township CSO Drain Refunding Bonds, Series 2018

Dated 02/01/2018

Delivered 02/28/2018

Yearly Savings Summary

\$2,260,000.00

| Final Year | Calendar Date | Prior Debt Service ¹ | Refunding Debt Service | Refunding Savings | Presented Savings @ 2.625841% ² |
|---------------|---------------|---------------------------------|------------------------|-----------------------|--|
| 2018 | 10/01/2018 | 79,821.30 | 42,266.67 | 2,397.28 ³ | 2,343.48 |
| 2019 | 10/01/2019 | 202,738.18 | 206,950.00 | -4,211.83 | -4,189.62 |
| 2020 | 10/01/2020 | 203,488.60 | 204,050.00 | -551.40 | -815.87 |
| 2021 | 10/01/2021 | 204,072.38 | 206,100.00 | -2,027.62 | -1,943.85 |
| 2022 | 10/01/2022 | 209,406.18 | 212,200.00 | -2,793.83 | -2,582.33 |
| 2023 | 10/01/2023 | 209,490.00 | 207,400.00 | 2,090.00 | 1,762.28 |
| 2024 | 10/01/2024 | 214,323.85 | 212,450.00 | 1,873.85 | 1,533.75 |
| 2025 | 10/01/2025 | 213,907.73 | 207,350.00 | 6,557.73 | 5,389.75 |
| 2026 | 10/01/2026 | 217,861.00 | 212,100.00 | 5,761.00 | 4,612.02 |
| 2027 | 10/01/2027 | 221,078.60 | 206,700.00 | 14,378.60 | 11,300.27 |
| 2028 | 10/01/2028 | 228,825.20 | 221,000.00 | 7,825.20 | 5,979.68 |
| 2029 | 10/01/2029 | 231,100.80 | 215,000.00 | 16,100.80 | 12,032.21 |
| 2030 | 10/01/2030 | 232,989.60 | 209,000.00 | 23,989.60 | 17,495.95 |
| 2031 | 04/01/2031 | 239,427.40 | 203,000.00 | 36,427.40 | 25,892.08 |
| Total Savings | | 2,908,540.80 | 2,765,666.67 | 107,816.78 | 79,009.79 |

| | | | |
|---|----------|---------------------------------------|-------------|
| Discounted Savings as a Percentage of Refunded Bonds | 3.3224 % | Issue Yield | 1.3300000 % |
| Discounted Savings as a Percentage of Refunding Bonds | 3.2856 % | Arbitrage Yield Limit (YTL) | 2.6258407 % |

¹ Issuer Paid Net Interest of \$39,912.35 removed from savings

² Accrued Interest of \$4,755.00 included in savings

³ Prior Debt Service Reimbursement Estimates may cause small rounding difference in total



\$2,355,000
Bloomfield Township CSO Drain Bonds, Series 2010
(Federally Taxable Recovery Zone Economic Development Bonds)

REMAINING ORIGINAL DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Interest | Current Reimbursement | Total Debt Service | Annual Total |
|-----------------------|------------|----------|-----------------------|-----------------------|-----------------------|-----------------------|
| 04/01/18 | 120,000.00 | 4.45% | 71,520.00 | -30,059.86 | \$161,460.14 | |
| 10/01/18 | | | 68,850.00 | -28,937.66 | \$39,912.35 | 201,372.49 |
| 04/01/19 | 125,000.00 | 5.75% * | 68,850.00 | -28,937.66 | \$164,912.35 | |
| 10/01/19 | | | 65,256.25 | -27,427.20 | \$37,829.05 | 202,741.39 |
| 04/01/20 | 130,000.00 | 5.75% * | 65,256.25 | -27,427.20 | \$167,829.05 | |
| 10/01/20 | | | 61,518.75 | -25,856.33 | \$35,662.42 | 203,491.47 |
| 04/01/21 | 135,000.00 | 5.75% * | 61,518.75 | -25,856.33 | \$170,662.42 | |
| 10/01/21 | | | 57,637.50 | -24,225.04 | \$33,412.46 | 204,074.88 |
| 04/01/22 | 145,000.00 | 5.75% * | 57,637.50 | -24,225.04 | \$178,412.46 | |
| 10/01/22 | | | 53,468.75 | -22,472.92 | \$30,995.83 | 209,408.29 |
| 04/01/23 | 150,000.00 | 5.75% * | 53,468.75 | -22,472.92 | \$180,995.83 | |
| 10/01/23 | | | 49,156.25 | -20,660.37 | \$28,495.88 | 209,491.71 |
| 04/01/24 | 160,000.00 | 5.75% * | 49,156.25 | -20,660.37 | \$188,495.88 | |
| 10/01/24 | | | 44,556.25 | -18,726.99 | \$25,829.26 | 214,325.14 |
| 04/01/25 | 165,000.00 | 5.75% * | 44,556.25 | -18,726.99 | \$190,829.26 | |
| 10/01/25 | | | 39,812.50 | -16,733.19 | \$23,079.31 | 213,908.56 |
| 04/01/26 | 175,000.00 | 6.50% ** | 39,812.50 | -16,733.19 | \$198,079.31 | |
| 10/01/26 | | | 34,125.00 | -14,342.74 | \$19,782.26 | 217,861.57 |
| 04/01/27 | 185,000.00 | 6.50% ** | 34,125.00 | -14,342.74 | \$204,782.26 | |
| 10/01/27 | | | 28,112.50 | -11,815.68 | \$16,296.82 | 221,079.08 |
| 04/01/28 | 200,000.00 | 6.50% ** | 28,112.50 | -11,815.68 | \$216,296.82 | |
| 10/01/28 | | | 21,612.50 | -9,083.73 | \$12,528.77 | 228,825.58 |
| 04/01/29 | 210,000.00 | 6.50% ** | 21,612.50 | -9,083.73 | \$222,528.77 | |
| 10/01/29 | | | 14,787.50 | -6,215.19 | \$8,572.31 | 231,101.08 |
| 04/01/30 | 220,000.00 | 6.50% ** | 14,787.50 | -6,215.19 | \$228,572.31 | |
| 10/01/30 | | | 7,637.50 | -3,210.04 | \$4,427.46 | 232,999.77 |
| 04/01/31 | 235,000.00 | 6.50% ** | 7,637.50 | -3,210.04 | \$239,427.46 | 239,427.46 |
| <u>\$2,355,000.00</u> | | | <u>\$1,164,582.50</u> | <u>-\$189,474.02</u> | <u>\$3,030,108.48</u> | <u>\$3,030,108.48</u> |

| | | | |
|------------------|----------|-------------------------|-----------------------|
| Dated Date: | 12/01/10 | Principal: | \$3,000,000.00 |
| Closing Date: | 12/16/10 | Accrued Interest: | 6,694.29 |
| Arbitrage Yield: | 3.26031% | Credit Enhancement: | 0.00 |
| | | Orig Issue Prem/(Disc): | 0.00 |
| | | | <u>\$3,006,694.27</u> |



\$2,260,000
Bloomfield Township CSO Drainage District
Drain Refunding Bonds, Series 2018

(Refunds Series 2010 Bonds)

REMAINING NON-REFUNDED ORIGINAL DEBT SERVICE SCHEDULE

| <u>Date</u> | <u>Principal</u> | <u>Coupon</u> | <u>Interest</u> | <u>Reimbursement</u> | <u>Total Debt Service</u> | <u>Fiscal Total</u> |
|-------------|---------------------|---------------|--------------------|---|-------------------------------|-------------------------|
| 04/01/18 | \$120,000.00 | 4.450% | \$71,520.00 | -\$30,059.86 | \$161,460.14 | \$161,460.14 |
| | <u>\$120,000.00</u> | | <u>\$71,520.00</u> | | <u>\$161,460.14</u> | <u>\$161,460.14</u> |
| | | | \$ 68,850.00 | <i>*Placed in escrow by issuer at closing for Refunded Bond defeasance.</i> | | |



\$2,260,000
Bloomfield Township CSO Drainage District
Drain Refunding Bonds, Series 2018

(Refunds Series 2010 Bonds)

REDEMPTION SCHEDULE

Redemption Premium 0.00%

| Date | Principal | Interest | Redeemed Principal | Redemption Premium | Total Debt Service | Fiscal Total |
|----------|---------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 04.01.18 | \$0.00 | \$68,850.00 | \$2,235,000.00 | \$0.00 | \$2,303,850.00 | \$2,303,850.00 |
| | <u>\$0.00</u> | <u>\$68,850.00</u> | <u>\$2,235,000.00</u> | <u>\$0.00</u> | <u>\$2,303,850.00</u> | <u>\$2,303,850.00</u> |



\$2,260,000
Bloomfield Township CSO Drainage District
Drain Refunding Bonds, Series 2018

ESCROW CASH FLOW ANALYSIS

| Call Date | | 4/1/2018 | | Beginning Cash Balance: | | \$0.93 | | | | | | | |
|--------------|------------------------|-----------------------|--------------------|-------------------------|-------------------|-----------------------|-------------------------|---------------|---------------------|------------------------|--|--|--|
| Closing Date | | 2/28/2018 | | | | | | | | | | | |
| Day Count | | 32 | | | | | | | | | | | |
| Date | Beginning Cash Balance | SLGS Principal | SLGS Period Factor | SLGS Interest | Rates Available * | SLGS Total | Debt Service Defeasance | Net Cash Flow | Ending Cash Balance | 0.00000% Present Value | | | |
| | | | | | | | | | | | | | |
| 02/28/18 | \$0.93 | | | | | | | | \$0.93 | | | | |
| 04/01/18 | 0.93 | \$2,301,186.00 | 0.115726027% | 2,663.07 | 1.320% S | \$2,303,849.07 | \$2,303,850.00 | -50.93 | 0.00 | \$2,303,849.07 | | | |
| | | <u>\$2,301,186.00</u> | | <u>\$2,663.07</u> | | <u>\$2,303,849.07</u> | <u>\$2,303,850.00</u> | | | <u>\$2,303,849.07</u> | | | |
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DICKINSON WRIGHT PLLC

JPMorgan Chase Bank, N.A.
Detroit, MI
9-32/720

B 370435

COUNSELORS AT LAW
2600 WEST BIG BEAVER ROAD • SUITE 300 • TROY, MI 48084

370435

PAY FIVE HUNDRED FIFTY-TWO AND 00/100 Dollars.

DATE 02/23/2018

AMOUNT

TO THE
ORDER
OF

MICHIGAN DEPARTMENT OF TREASURY
LOCAL AUDIT & FINANCE DIVISION
P.O. BOX 30728
LANSING, MI 48909-8228

\$ 552.00

U.S.A.

VOID AFTER 180 DAYS:
COUNTERSIGNATURE REQUIRED OVER \$500.00



[Signature]

THIS CHECK IS IN PAYMENT OF THE FOLLOWING ITEMS:

DETACH BEFORE DEPOSITING

| DATE | DESCRIPTION | ACCOUNT NO. | NET AMOUNT |
|-------------|---|-------------|------------|
| 02282018PMW | 02/28/2018 009007-00431, 0431, 11, Pick up Paul M. Wyzgoski | 16839 | 552.00 |

552.00

B 370435

DICKINSON WRIGHT PLLC
TROY, MICHIGAN 48084

AFFIDAVIT OF MAILING

STATE OF MICHIGAN)
)ss
COUNTY OF OAKLAND)

DONNA M. LEFEVER, being first duly sworn, says that she enclosed in an envelope a copy of the IRS FORM 8038-G for:

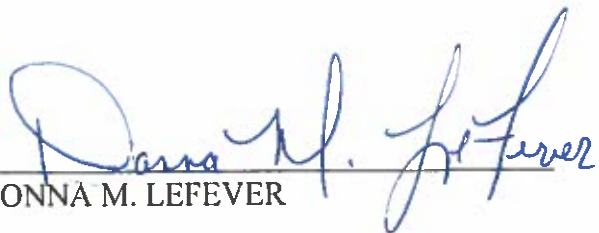
Re: \$2,260,000 Bloomfield Township, CSO Drainage District County of Oakland,
 State of Michigan

a copy of which IRS Form 8038-G is attached, sealed the envelope, and addressed the envelope to INTERNAL REVENUE SERVICE CENTER, OGDEN, UTAH 84201, and caused the same to be deposited in a mail receptacle maintained by a United States post office located in Troy, Michigan 48084-3312 on the 1st of March, 2018.

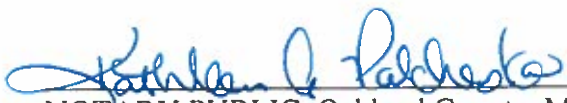
Affiant further states that she caused to be placed such amount of postage on the envelope as is required by the postal regulations to permit passage of the envelope by certified mail, return receipt requested, article no. 7016 0750 0000 9459 0515.

Affiant further states that the following return address was on the envelope:

Eric McGlothlin, Esq.
Dickinson Wright PLLC
2600 W. Big Beaver Road, Suite 300
Troy, Michigan 48084-3312


DONNA M. LEFEVER

Subscribed and sworn to before me
on the 1st day of March, 2018.


NOTARY PUBLIC, Oakland County, Michigan
My Commission Expires: 10/28/2019
Acting in Oakland County

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ☐

| | | |
|---|------------|---|
| 1 Issuer's name Bloomfield Township CSO Drainage District, County of Oakland, Michigan | | 2 Issuer's employer identification number (EIN) 38-6004876 |
| 3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) | | 3b Telephone number of other person shown on 3a |
| 4 Number and street (or P.O. box if mail is not delivered to street address) One Public Works Drive, Building 95 West | Room/suite | 5 Report number (For IRS Use Only) 3 |
| 6 City, town, or post office, state, and ZIP code Waterford, MI 48328-1907 | | 7 Date of issue 02/28/2018 |
| 8 Name of issue Drain Refunding Bonds, Series 2018 | | 9 CUSIP number 67247M BF9 |
| 10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Jim Nash, Chairperson of Drainage Board | | 10b Telephone number of officer or other employee shown on 10a 248-858-0958 |

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

| | | | |
|--|----|-----------|----|
| 11 Education | 11 | | |
| 12 Health and hospital | 12 | | |
| 13 Transportation | 13 | | |
| 14 Public safety | 14 | | |
| 15 Environment (including sewage bonds) | 15 | 2,303,693 | 95 |
| 16 Housing | 16 | | |
| 17 Utilities | 17 | | |
| 18 Other. Describe ► | 18 | | |
| 19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/> | | | |
| If obligations are BANs, check only box 19b <input type="checkbox"/> | | | |
| 20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/> | | | |

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

| | (a) Final maturity date | (b) Issue price | (c) Stated redemption price at maturity | (d) Weighted average maturity | (e) Yield |
|----|-------------------------|-----------------|---|-------------------------------|-----------|
| 21 | 04/01/2031 | \$ 2,303,693.95 | \$ 2,260,000 | 7.5175 years | 2.6258 % |

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

| | | | |
|---|----|-----------|----|
| 22 Proceeds used for accrued interest | 22 | 4,755 | 00 |
| 23 Issue price of entire issue (enter amount from line 21, column (b)) | 23 | 2,303,693 | 95 |
| 24 Proceeds used for bond issuance costs (including underwriters' discount) | 24 | 71,357 | 02 |
| 25 Proceeds used for credit enhancement | 25 | -0- | |
| 26 Proceeds allocated to reasonably required reserve or replacement fund | 26 | -0- | |
| 27 Proceeds used to currently refund prior issues | 27 | 2,232,336 | 93 |
| 28 Proceeds used to advance refund prior issues | 28 | -0- | |
| 29 Total (add lines 24 through 28) | 29 | 2,303,693 | 95 |
| 30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) | 30 | -0- | |

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

| | | |
|--|------------|-------|
| 31 Enter the remaining weighted average maturity of the bonds to be currently refunded | 7.8288 | years |
| 32 Enter the remaining weighted average maturity of the bonds to be advance refunded | | years |
| 33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) | 04/01/2018 | |
| 34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY) | 12/16/10 | |

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 83773S

Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) **35** -0-
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) **36a** -0-
- b** Enter the final maturity date of the GIC ▶ _____
- c** Enter the name of the GIC provider ▶ _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units **37** -0-
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ☐ and enter the following information:
- b** Enter the date of the master pool obligation ▶ _____
- c** Enter the EIN of the issuer of the master pool obligation ▶ _____
- d** Enter the name of the issuer of the master pool obligation ▶ _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐
- 41a** If the issuer has identified a hedge, check here ☐ and enter the following information:
- b** Name of hedge provider ▶ _____
- c** Type of hedge ▶ _____
- d** Term of hedge ▶ _____
- 42** If the issuer has superintegrated the hedge, check box ▶ ☐
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☐
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☒
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ☐ and enter the amount of reimbursement ▶ _____
- b** Enter the date the official intent was adopted ▶ _____

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative Jim Nash Date 02/28/2018 Type or print name and title Jim Nash, Chairperson of Drainage Board

Paid Preparer Use Only

Print/Type preparer's name Eric McGlothlin Preparer's signature Eric McGlothlin Date 02/28/2018 Check ☐ if self-employed PTIN P01881490

Firm's name ▶ Dickinson Wright PLLC Firm's EIN ▶ 38-1364333

Firm's address ▶ 2600 West Big Beaver Road, Suite 300, Troy, Michigan Phone no. 248-433-7566