

ORDINANCE NO. 11-16

ISSUANCE AND SALE OF WATER SUPPLY SYSTEM BONDS, SERIES 2011-B TO THE MICHIGAN FINANCE AUTHORITY.

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS AND IMPROVEMENTS TO THE WATER SUPPLY SYSTEM OF THE CITY OF ANN ARBOR; AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE TO THE MICHIGAN FINANCE AUTHORITY OF REVENUE BONDS OF EQUAL STANDING WITH CERTAIN OUTSTANDING WATER SUPPLY SYSTEM REVENUE BONDS FOR THE PURPOSE OF PAYING THE COST OF SAID EXTENSIONS AND IMPROVEMENTS; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AND CERTAIN OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE AN ADEQUATE RESERVE FUND FOR THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE SYSTEM AND THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM.

THE CITY OF ANN ARBOR ORDAINS:

Section 1. Definitions. Whenever used in this Ordinance, except when otherwise indicated by the context, the following terms shall have the following meanings:

- (a) "Act 94" means Act 94, Public Acts of Michigan, 1933, as amended.
- (b) "Authority" means the Michigan Finance Authority.
- (c) "Authorized Officer" means any one of the following City officers: Mayor, City Clerk, Chief Financial Officer or Treasurer.
- (d) "Bonds" mean the Series 2011-B Bonds, and any additional Bonds presently of equal standing or hereafter issued.
- (e) "Council" or "City Council" means the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan.
- (f) "Issuer" or "City" means the City of Ann Arbor, County of Washtenaw, State of Michigan.
- (g) "Outstanding Bonds" means the Issuer's Water Supply System Revenue and Refunding Bonds, Series W, dated December 1, 1998, Water Supply System Revenue Bonds, Series X, dated May 1, 2002, Water Supply System Revenue Refunding Bonds, Series Y, dated November 5, 2003, Water Supply System Revenue Bonds, Series Z, dated February 1, 2004, Water Supply System Revenue Bonds, Series 2004-A, dated March 25, 2004, and Water Supply System Revenue Refunding Bonds, Series 2005-A, dated June 29, 2005, Water Supply System Revenue Bonds, Series 2008-A, dated April 30, 2008, Water Supply System Revenue Bonds, Series

2010-A, dated January 22, 2010, and Water Supply System Revenue Bonds, Series 2011-A, dated April 8, 2011.

(h) "Outstanding Ordinances" means Ordinance 86, as amended, Ordinance 26-98, Ordinance 16-02, Ordinance 34-03, Ordinance 47-03, Ordinance 8-04, Ordinance 17-05, Ordinance 09-08, Ordinance 32-09, and Ordinance 11-03, as such Ordinances may have been amended from time to time.

(i) "Project" means the extensions and improvements to the System to be made and completed pursuant to this Ordinance as set forth in the plans presented by the City's Engineers and placed on file with City, including, without limitation, the Arbor Oaks Subdivision Water Mains Replacement, Catherine Street 16" Water Main, Dover Court/Collingwood Water Main Replacement, Physical Security Enhancements, and Barton Dam Concrete Repair projects.

(j) "Revenues" and "Net Revenues" mean the revenues and net revenues of the System and shall be construed as defined in Section 3 of Act 94, including with respect to "Revenues", the earnings derived from the investment of moneys in the various funds and accounts established by the Outstanding Ordinances and this Ordinance.

(k) "Series 2011-B Bonds" means the Water Supply System Revenue Bonds, Series 2011-B of the Issuer authorized by this Ordinance.

(l) "Sufficient Government Obligations" means direct obligations of the United States of America or obligations the principal and interest on which is fully guaranteed by the United States of America, not redeemable at the option of the Issuer, the principal and interest payments upon which, without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the interest as it comes due on the Bonds and the principal and redemption premium, if any, on the Bonds as they come due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations shall be placed in trust with a bank or trust company, and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds for redemption shall be given.

(m) "System" means the entire Water Supply System of the City, both inside and outside the City, including all plants, works, instrumentalities and properties, used or useful in connection with the collection and treatment of potable water, as the same now exists, and all enlargements, extensions, repairs and improvements thereto hereafter made.

Section 2. Necessity; Public Purpose. It is hereby determined to be necessary for the public health and welfare of the City to acquire the Project.

Section 3. Estimated Cost and Life of Project. The current estimated cost of acquiring the Project, including contingencies, engineering, legal and financing expenses, which estimate has been prepared by the Engineers in the amount of not less than Six Million Four Hundred Thousand Dollars (\$6,400,000.00), is hereby approved, and the Council does hereby estimate the period of usefulness of the Project to be at least fifty (50) years.

Section 4. Bonds Authorized; Outstanding Ordinances. To pay the cost of acquiring the Project and to pay engineering, financial, legal and other expenses and

contingencies incidental thereto and to the issuance of the Bonds, it is hereby determined that there be borrowed upon the credit of the Revenues of the System, the additional sum of Seven Million Dollars (\$7,000,000.00) or such lesser amount as determined by an Authorized Officer at the time of sale (the "Principal Amount") and approved by the Michigan Department of Environmental Quality ("DEQ"), and the Authority and that the Bonds be issued therefor, under the provisions of Act 94, the Bonds having equal standing and priority and being equally secured with the Outstanding Bonds. The Bonds shall not be issued or delivered unless the City has received approval from the DEQ of the plans and specifications for the Project.

Except as changed by the provisions of this Ordinance, all the provisions of the Outstanding Ordinances shall apply to the Bonds, the same as though each of said provisions were repeated in this Ordinance, the purpose of this Ordinance being to authorize the issuance of additional Bonds to finance the cost of acquiring extensions and improvements to the System, additional bonds of equal standing with the Outstanding Bonds for such purpose being authorized by the provisions of the Outstanding Ordinances, upon the conditions therein stated, which conditions have been fully met.

Section 5. Details of Bonds. The Bonds shall be designated WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2011-B and shall be, not general obligations of the City, but revenue bonds, payable solely out of the Net Revenues of the System. The Bond shall be issued in substantially the form set forth in Section 19, with such modifications as may be necessary to reflect changes in Bond terms or details determined by an Authorized Officer at or prior to the time of sale pursuant to authority granted by this Ordinance. The Authorized Officer shall have the authority to make such changes in the form of bond as shall be requested by the Authority, deemed reasonable by an Authorized Officer and not in conflict with the law or provisions of this Ordinance. The Bond shall be in the form of a single fully-registered, nonconvertible, nonchangeable bond of the denomination of the Principal Amount, dated as of the date of delivery of the Bond, or such other date as may be determined by an Authorized Officer at the time of sale of the Bond and approved by the DEQ and the Authority.

The Bond shall be payable in not more than twenty (20) annual serial principal installments on April 1 or October 1 of each year beginning no later than April 1, 2013, or on such other dates as may be determined by an Authorized Officer at the time of sale of the Bond and approved by the DEQ and the Authority. The schedule of serial principal installments shall be determined by an Authorized Officer at the time of sale of the Bond and approved by DEQ and the Authority. Interest on the Bond will be payable as provided under Section 6, on April 1, 2012, and semiannually thereafter on April 1 and October 1 of each year until maturity or earlier prepayment of said installment, or on such other dates as determined by an Authorized Officer at the time of the sale of the Bond and approved by the DEQ and the Authority.

The Bond or serial principal installments thereof will be subject to prepayment prior to maturity in the manner and at the times as provided in the form of Bond contained in this Ordinance or as determined by an Authorized Officer at the time of sale of the Bond and approved by the DEQ and the Authority.

Final determination of certain Bond details, including the Principal Amount and the dates and amounts of principal installments, shall be evidenced by execution of the Purchase Contract to be executed between the City and the Authority as described below.

Section 6. Sale of Bond; Calculation of Repayment Obligations. The City shall sell the Bond to the Authority at par value and at an interest rate of not to exceed two and one-half percent (2.50%) per annum. The Bond shall be delivered in accordance with the delivery instructions of the Authority.

Proceeds of the sale of the Bond shall not be received in one lump sum. Rather, the Authority shall purchase principal installments of the Bond (the "purchased principal installments") from the City as such purchases are approved by the DEQ. These purchased principal installments shall be deemed to correspond to the serial principal installments contained in the Bond in direct chronological order of said serial principal installments. The City shall have no obligation to repay any serial principal installments for which the City did not receive proceeds from corresponding purchased principal installments of at least a like amount.

Interest on the Bond shall only accrue on the purchased installments, and shall accrue based on the amount of and purchase date of such installments.

In the event less than the Principal Amount of the Bond is purchased by the Authority, any portion of the Principal Amount is prepaid as provided below, or any serial principal payment becomes due before the City has received proceeds from corresponding purchased principal installments of at least a like amount, then the Authority may prepare a new serial principal installment repayment schedule acceptable to the City.

Section 7. Bond Register; Record of Payments. The Bond shall be registered on the bond register maintained by the Chief Financial Officer. The Chief Financial Officer shall record on the bond register payment by the City of each installment of principal or interest or both when made and the canceled checks or other records evidencing such payments shall be returned to and retained by the Chief Financial Officer and shall be conclusive evidence of such payments and the obligation of the City with respect to such payments shall be discharged to the extent of such payments.

Upon payment by the City of all outstanding principal of and interest on the Bond, the Authority shall deliver the Bond to the City for cancellation.

Section 8. Execution and Delivery. The Bonds shall be executed in the name of the City with the manual or facsimile signatures of the Mayor and the City Clerk (provided that at least one of the signatures on the Bond shall be a manual signature) and shall have the City's seal (or a facsimile thereof) printed or impressed on them. After execution, the Bond shall be delivered to the Authority by the Chief Financial Officer or her designee.

Section 9. Approval of Documents. The proposed form of Purchase Contract between the City and the Authority (the "Purchase Contract"), the proposed form of Issuer's Certificate to be executed by the City and the proposed form of Supplemental Agreement among the City, the Authority and the DEQ (the "Supplemental Agreement") on file with the City Clerk are hereby approved. The Authorized Officers are hereby jointly or severally authorized to execute and deliver the Purchase Contract, the Issuer's Certificate, and the Supplemental Agreement upon completion, in the forms approved hereby with such revisions as they may determine to be necessary or desirable, permitted by law, and not materially adverse to the City.

Section 10. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond shall become mutilated, the Issuer, at the expense of the holder of the Bond, shall execute, and the Mayor and City Clerk shall execute, and the Chief Financial Officer shall deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the Chief Financial Officer of the mutilated Bond. If any Bond issued under this Ordinance shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Chief Financial Officer and, if this evidence is satisfactory and indemnity satisfactory to the Chief Financial Officer shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended ("Act 354"), being sections 129.131 to 129.135, inclusive, of the Michigan Compiled Laws have been met, at the expense of the owner, the Mayor and the City Clerk shall execute, and the Chief Financial Officer shall deliver, a new Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Chief Financial Officer may pay the same without surrender thereof.

Section 11. Payment of Bonds. The Bonds and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues which shall be a first lien to continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all Bonds of a series then outstanding, principal and interest on such Bonds to maturity, or, if called for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. The first lien referred to herein shall be equally shared and be a first priority with the City's Outstanding Bonds. Upon deposit of cash or Sufficient Government Obligations, as provided in the previous sentence, the statutory lien shall be terminated with respect to that series of Bonds, the holders of that series shall have no further rights under this Ordinance except for payment from the deposited funds, and the Bonds of that series shall no longer be considered to be outstanding under this Ordinance.

Section 12. Bondholders' Rights; Receiver. The holder or holders of the Bonds representing in the aggregate not less than twenty percent (20%) of the entire principal amount thereof then outstanding, may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues of the System, and may,

by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the Issuer, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the System and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the System or any part thereof.

If there is a default in the payment of the principal of or interest on the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Issuer and under the direction of the court, and by and with the approval of the court to perform all of the duties of the officers of the Issuer more particularly set forth herein and in Act 94.

The holder or holders of the Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Bonds and the security therefor.

Section 13. Management; Fiscal Year. The operation, repair and management of the System and the acquiring of the Project shall be under the supervision and control of the City Council and the Fiscal Year for the System shall commence on July 1 of each year and end on June 30 of the following year. The City may employ such person or persons in such capacity or capacities as it deems advisable to carry on the efficient management and operation of the System. The City may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System.

Section 14. Rates and Charges. The rates and charges for service furnished by and the use of the System and the methods of collection and enforcement of the collection of the rates shall be those in effect on date even herewith, as the same may be increased from time to time.

Section 15. No Free Service or Use. No free service or use of the System, or service or use of the System at less than the reasonable cost and value thereof, shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the Issuer.

Section 16. Fixing and Revising Rates. The rates presently in effect in the City are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Bonds as the same become due and payable, and the maintenance of the reserve therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. The rates shall be reviewed not less than once a year in March and shall be fixed and revised from time to time as may be necessary to produce these amounts, and it is hereby covenanted and agreed to fix and maintain rates for services furnished by the System at all times sufficient to provide for the foregoing.

Section 17. Bond Reserve Fund. The Reserve Account in the Bond and Interest Redemption Fund, as established and supplemented by the Outstanding Ordinances, shall be maintained in such amounts so that said Bond Reserve Account shall total a sum equal to the lesser of (a) such amount as is equal to the largest annual principal and interest requirements on the Bonds, (b) 10% of the principal amount of the Bonds, or (c) 125% of the average annual principal and interest requirements on the Bonds. In the event that the amount in said Reserve Account is greater than the lesser of such amounts, such excess amount shall be promptly transferred to the Receiving Fund.

Section 18. Bond Proceeds. There is hereby established in a bank insured by the Federal Deposit Insurance Corporation to be selected by the City Council, a separate depository account to be designated "Water Supply System Series 2011-B Construction Fund," the moneys from time to time on deposit to be used solely to pay the costs of the Project and the incidental costs set forth in Section 4 of this Ordinance. The proceeds of sale of the Bonds shall be allocated and used as follows:

First, accrued interest, if any, shall be deposited into the Bond and Interest Redemption Fund established by the Outstanding Ordinances; and

Second, the balance of proceeds of sale in an amount necessary to fund the Project shall be deposited in the Water Supply System Series 2011-B Construction Fund. Any unexpended balance of the proceeds of sale of the Bonds remaining after completion of the Project may, in the discretion of the Council, be used for further improvements and extensions to the System. Any remaining balance after such expenditure, or in the event no such expenditure is made, the entire unexpended balance shall be paid into the Bond and Interest Redemption Fund and used for the Redemption or purchase of callable bonds or for any other purpose permitted by Act 94. The proceeds of sale of said bonds may be invested in whole or in part in the manner provided by Act 94.

Section 19. Bond Form. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WASHTENAW
CITY OF ANN ARBOR
WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2011-B

The CITY OF ANN ARBOR, WASHTENAW COUNTY, MICHIGAN (the "City"), acknowledges itself indebted to and for value received promises to pay to the Michigan Finance Authority (the "Authority") the sum of _____ dollars (\$_____) (the "Principal Amount") or so much thereof as shall have been advanced to the City pursuant to a Purchase Contract between the Authority and the City and a Supplemental Agreement by and among the City, the Authority and the State of Michigan acting through the Department of Environmental Quality.

The Principal Amount shall be payable on the dates and in the serial principal installments set forth in Schedule A attached hereto. Interest on the Bond shall accrue at the rate of two and one-half percent (2.50%) per annum and shall be payable on [April 1] [October 1], _____ and semiannually thereafter. Principal and interest are payable in lawful money of the United States of America.

This Bond is a single, fully-registered, non-convertible bond in the Principal Amount issued by the City under and pursuant to and in full conformity with the Constitution and statutes of the State of Michigan, including Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94"), and Ordinances Nos. 86, as amended, and __-11 of the City (the "Ordinances"). The Bond is being issued to defray part of the cost of acquiring, constructing and improving the water distribution system of the City.

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal standing as to the Net Revenues may hereafter be issued and the general covenants and provisions pursuant to which this bond is issued, reference is made to the above-described Ordinances. The bonds of this issue are of equal standing and priority of lien as to the Net Revenues with the City's Water Supply System Revenue and Refunding Bonds, Series W, dated December 1, 1998, Water Supply System Revenue Bonds, Series X, dated May 1, 2002, Water Supply System Revenue Refunding Bonds, Series Y, dated November 5, 2003, Water Supply System Revenue Bonds, Series Z, dated February 1, 2004, Water Supply System Revenue Bonds, Series 2004-A, dated March 25, 2004, and Water Supply System Revenue Refunding Bonds, Series 2005-A, dated June 29, 2005, Water Supply System Revenue Bonds, Series 2008-A, dated April 30, 2008, Water Supply System Revenue Bonds, Series 2010-A, dated January 22, 2010 and Water Supply System Revenue Bonds, Series 2011-A, dated April 8, 2011.

This bond is a self-liquidating bond and is not a general obligation of the City and does not constitute an indebtedness of the City within any constitutional, charter or statutory limitation, but is payable, both as to principal and interest, solely and only from the Net

Revenues of the System. The principal of and interest on this bond are secured by the statutory lien hereinbefore mentioned.

The City has covenanted and agreed, and does hereby covenant and agree, to fix and maintain at all times while any bonds payable from the Net Revenues of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest on and the principal of the bonds of this issue and any additional bonds of equal standing as and when the same shall become due and payable, and to create and maintain a bond redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Ordinance.

This Bond is subject to redemption prior to maturity by the City only with the prior written consent of the Authority and on such terms as may be required by the Authority.

This Bond shall be registered as to principal and interest on the books of the City kept by the Chief Financial Officer and may be transferred only upon surrender of this Bond by the registered owner in person, or by the registered owner's attorney duly authorized in writing, to the Chief Financial Officer, together with an assignment executed by the registered owner or his or her duly authorized attorney-in-fact in form satisfactory to the Chief Financial Officer. Upon such transfer, a new registered Bond in the same aggregate principal amount and the same maturity and interest rate, will be issued to the designated transferee(s).

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the issuance of this Bond existed, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Michigan, and that the total indebtedness of the City, including the indebtedness represented by the Bonds, does not exceed any constitutional, statutory or charter limitation.

Notwithstanding any other provision of this Bond, so long as the Authority is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., or at such other place as shall be designated in writing to the City by the Authority (the "Authority's Depository"); (b) the City agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five (5) business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the City's deposit by 12:00 noon on the scheduled day, the City shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of

this Bond shall be given by the City, and received by the Authority's Depository, at least 40 days prior to the date on which such redemption is to be made.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "Additional Interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this Bond, but in no event in excess of the maximum rate of interest permitted by law. The Additional Interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the City's default. Such Additional Interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority), the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this Bond, fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the City shall and hereby agrees to pay on demand only the City's pro rata share (as determined by the Authority) of such deficiency as Additional Interest on this Bond.

During the time funds are being drawn down by the City under this Bond, the Authority will periodically provide the City with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the City of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

IN WITNESS WHEREOF, the City of Ann Arbor, by its City Council, has caused this Bond to be signed in the name of the City by the manual signatures of its Mayor and City Clerk, all as of September __, 2011.

CITY OF ANN ARBOR

By _____
Mayor

By _____
City Clerk

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ this Bond and all rights hereunder and hereby irrevocably appoints _____ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the Bond shall be made until the full amount advanced to the City is repaid. In the event the Order of Approval issued by the Michigan Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the City and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the City by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the City.

<u>Principal Installment</u> <u>Due April 1</u>	<u>Amount</u>
2013	\$
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	

Section 20. Tax Matters. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of Bond proceeds and moneys deemed to be Bond proceeds and to prevent the Bonds from becoming "private activity bonds" as that term is used in Section 141 of the Code.

Section 21. Bond Reimbursement Declaration. The Issuer declares for the purpose of complying with the reimbursement rules of Treasury Regulation § 1.150-2 pursuant to the Code that it reasonably expects to reimburse itself for certain expenditures for the costs of the Project with proceeds of the Bonds, in an amount not exceeding the maximum principal amount of Bonds authorized hereunder.

Section 22. Sale of Bonds. The Mayor, City Clerk, City Administrator, Chief Financial Officer, Treasurer and City Attorney are each authorized to do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Bonds.

Section 23. Severability; Paragraph Headings; and Conflict. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be part of this Ordinance.

Section 24. Publication and Recordation. This Ordinance shall be published in full in The Washtenaw County Legal News, a newspaper of general circulation in the City, qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the Ordinance Book of the Issuer, and such recording authenticated by the signatures of the Mayor and City Clerk.

Section 25. Other Matters. The Chief Financial Officer and Treasurer are each authorized and directed to file with the Michigan Department of Treasury a Security Report with respect to the Bonds on a timely basis together with requests for such waivers and approvals as each shall deem necessary or appropriate.

Section 26. Savings Clause. The Outstanding Ordinances shall continue in effect, except as specifically supplemented or altered herein.

Section 27. Effective Date. Pursuant to the provisions of Section 6 of Act 94, this Ordinance shall be approved on the date of first reading and accordingly this Ordinance shall immediately be effective upon its adoption.

Adopted and signed this 15th day of August, 2011.

Signed _____
John Hieftje, Mayor

Signed _____
Jacqueline Beaudry, City Clerk

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