

RESOLUTION #2018-03-03

Lansing Board of Water and Light

AMENDED AND RESTATED UTILITY SYSTEM REVENUE BOND RESOLUTION

A RESOLUTION TO AUTHORIZE:

- Utility System Revenue Bonds for a natural gas combined cycle facility and system improvements;
- Replacement of 1989 Resolution and Supplemental Resolutions by this Resolution;
- Chief Financial Officer to sell Bonds without further Board approval.

PREAMBLE

WHEREAS, the City of Lansing acting through the governing body of the Lansing Board of Water and Light, from time to time issues its utility system revenue bonds payable from revenues of the water supply, steam, chilled water and electric utility system under the provisions of Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”); and

WHEREAS, the Board has determined that it is necessary for the public health, safety and welfare of the City and the users of the System to acquire and construct (a) a natural gas combined cycle facility to produce electricity, including all equipment and any appurtenances and attachments thereto and any related site acquisition or improvements, and the construction, improvement, and renovation of transmission and distribution infrastructure (collectively, the “Power Plant Project”), and (b) System Improvements including, but not limited to, construction, improvement, and renovation of transmission and distribution lines and related utility system facilities for the water supply, steam, and chilled water systems and electric transmission and distribution lines and related electric utility system facilities, together with any appurtenances and attachments thereto and any related site acquisition or improvements (collectively, the “System Improvements Project”); and

WHEREAS, on Saturday, January 27, 2018, the Board published in the *Lansing State Journal* a Notice of Intent to Issue Revenue Bonds and Right to Petition for Referendum describing utility system revenue bonds to be issued in an amount not-to-exceed Five Hundred Million Dollars (\$500,000,000) to finance costs of the Power Plant and System Improvements Project, and no petitions requesting referendum as described in the Notice were filed with the City Clerk during the referendum period provided by Act 94; and

WHEREAS, in order to finance costs of the Power Plant and System Improvements Project, the Board now desires to authorize the issuance of the UTILITY SYSTEM REVENUE BONDS, SERIES 2019 (the “Series 2019 Bonds”) pursuant to the provisions of Act 94; and

WHEREAS, the Board issues its utility system revenue bonds pursuant to the provisions of an Amended and Restated Bond Resolution adopted on October 24, 1989, which has been amended or supplemented by fifteen supplemental resolutions, and the Board would like to approve a replacement Amended and Restated Bond Resolution; and

WHEREAS, upon delivery of the Series 2019 Bonds in an amount sufficient to cause the Registered Owners of the Series 2019 Bonds to equal not less than fifty one percent (51%) in principal amount of the total Utility System Revenue Bonds then outstanding, this resolution would replace the Amended and Restated Bond Resolution adopted on October 24, 1989.

NOW, therefore, be it resolved:

DEFINITIONS

Section 1. Definitions. Whenever used in this Bond Resolution, 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) "Additional Bonds" means any additional bonds of equal standing with the Bonds issued pursuant to Section 24 of this Bond Resolution.
- (c) "Aggregate Debt Service" for any period means, as of any date of calculation by the Board, the sum of the amounts of the debt service for such period with respect to all Outstanding Bonds. In the event that any of the Outstanding Bonds bear interest at a variable rate, such Bonds shall, for purposes of calculating Aggregate Debt Service, be assumed by the Board to bear interest at a fixed rate of interest equal to the greater of the actual rate of interest then borne by such variable rate Bonds or the Certified Interest Rate applicable thereto.
- (d) "Aggregate Debt Service Requirement" means for any period, and as of any date of calculation, Aggregate Debt Service for such period, less any capitalized interest to be paid from the proceeds of the Bonds.
- (e) "Board" means the Board of Water and Light established pursuant to Section 5-201 of Chapter 2 of the City Charter of the City.
- (f) "Bond Reserve Account" means the Bond Reserve Account established pursuant to Section 18(B) of this Bond Resolution.
- (g) "Bond Resolution" means this Amended and Restated Bond Resolution and any other resolution amendatory to or supplemental to this Amended and Restated Bond Resolution.
- (h) "Bonds" or "Senior Lien Bonds" means the Outstanding portion of the Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A, the Utility System Revenue Bonds, Series 2011A, the Utility System Revenue Refunding Bonds, Series 2012A, the Utility System Revenue Refunding Bonds, Series 2013A, the 2017A Bonds, and the Series 2019 Bonds, and any Additional Bonds of equal standing hereafter issued.
- (i) "Certified Interest Rate" shall mean the interest rate determined by a certificate of the Chief Financial Officer executed on or prior to the date of the delivery of variable rate Bonds as the rate of interest the variable rate Bonds would bear if they were issued at a fixed interest rate based on the Bond Buyer Revenue Bond

Index and assuming the same maturity date, terms and provisions (other than interest rate) as the variable rate Bonds, and on the basis of the Board's credit ratings with respect to the Bonds (other than Bonds for which credit enhancement is provided by a third party). Determination of the Certified Interest Rate as described in the prior sentence shall be conclusive.

- (j) "Chief Financial Officer" means the Board's Chief Financial Officer.
- (k) "City" means the City of Lansing, Michigan.
- (l) "Consulting Engineer" means the engineer or engineering firm or firms appointed from time to time, and having a favorable reputation for skill and experience in the design and operation of municipal utility systems, at the time retained by the Board to perform the acts and carry out the duties provided for such Consulting Engineer in the Bond Resolution.
- (m) "Event of Default" means an Event of Default specified in Section 25 of this Bond Resolution.
- (n) "Government Obligations" means (i) direct obligations of (including obligations issued or held in book entry form on the books of) the United States of America, (ii) obligations the payment on which is guaranteed by the United States of America including, but not limited to, stripped interest components of obligations issued by the Resolution Funding Corporation (REFCORP) and non-callable, non-prepayable debt obligations of the United States Agency for International Development (US AID), which pay principal and interest at least three (3) business days prior to any respective escrow requirement dates, or (iii) non-callable, senior debt obligations of any government-sponsored enterprise or federal agency, corporation, or instrumentality of the United States of America created by an act of congress including, but not limited to, the Federal Home Loan Banks, Freddie Mac, Federal Farm Credit Banks Funding Corporation, and Fannie Mae.
- (o) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.
- (p) "Investment Obligations" means, to the extent authorized by law, (i) United States government obligations; (ii) obligations the principal and interest on which is guaranteed by the United States; (iii) repurchase agreements that are secured by United States government obligations or obligations fully guaranteed by the United States and that are held by an independent third party; (iv) certificates of deposit or other accounts of, or bankers acceptances of, 1 or more of the following: (a) banks that are members of the federal deposit insurance corporation; (b) savings and loan associations that are members of the federal savings and loan insurance corporation; (c) credit unions whose accounts are insured by the national credit union share insurance fund; (v) commercial paper that is rated in the highest category by a nationally recognized rating agency; (vi) obligations of a state of the United States or of a political subdivision of a state of the United States that are rated in 1 of the 3 highest categories by a nationally

recognized rating agency; (vii) a collective investment fund that invests solely in 1 or more of the securities described above; and (viii) Government Obligations.

- (q) “Junior Lien Bonds” and “Junior Lien Notes” means bonds, bond anticipation notes issued under Act 34, Public Acts of Michigan, 2001, as amended, or other obligations which may be issued or incurred by the Board to provide funds for any lawful purpose of the System which are of junior standing and priority of lien with respect to the Net Revenues to the claim of the Bonds.
- (r) “Municipal Obligation” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call on the date specified in the notice, and (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (iii) which fund is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this definition of Municipal Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this definition of Municipal Obligation, as appropriate, and (iv) which are rated, based on the escrow, in the highest rating category of either two of the following three ratings agencies: Standard & Poor’s Corporation, Fitch Ratings, and Moody’s Investors Service, Inc. or any successors thereto.
- (s) “Net Revenues” means the Revenues remaining after deducting the reasonable expenses of administration, operation, and maintenance of the System.
- (t) “Operation and Maintenance Fund” means the Operation and Maintenance Fund established pursuant to Section 18(A) of this Bond Resolution.
- (u) “Outstanding Bonds” means Bonds issued under this Bond Resolution except:
 - (i) Bonds cancelled by the Transfer Agent at or prior to such date;
 - (ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys or Government Obligations, equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under this Bond Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in this Bond Resolution or provision

satisfactory to the Transfer Agent shall have been made for the giving of such notice;

- (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered hereunder; and
- (iv) Bonds no longer deemed to be Outstanding Bonds as provided in Section 12 of this Bond Resolution.
- (v) “Rebate Fund” means the Rebate Fund established pursuant to Section 19 of this Bond Resolution.
- (w) “Receiving Fund” means the Receiving Fund established pursuant to Section 18 of this Bond Resolution.
- (x) “Redemption Fund” means the Bond and Interest Redemption Fund established pursuant to Section 18(B) of this Bond Resolution.
- (y) “Registered Owner” means the owner of a Bond as shown by the registration records kept by the Transfer Agent.
- (z) “Reserve Requirement” shall mean the lesser of (i) the maximum annual debt service requirements on the Outstanding Bonds, (ii) 125% of the average annual debt service requirements on the Outstanding Bonds, or (iii) the total of 10% of the original aggregate face amount of each series of the Outstanding Bonds, reduced by the net original issue discount, if any; provided, however, that the Reserve Requirement shall not at any time exceed the amount allowed to be invested at an unrestricted yield pursuant to Treas. Reg. Section 1.148-2(f)(2) or any successor provision thereto as applicable to the Bonds.
- (aa) “Revenues” means the income derived from the rates charged for the services, facilities, and commodities furnished by the System, earnings on investment of funds and accounts of the System required to be deposited in the Receiving Fund pursuant to this Bond Resolution and other revenues derived from or pledged to the operation of the System.
- (bb) “Senior Lien Bonds” means the Bonds and does not include the Junior Lien Bonds and Junior Lien Notes.
- (cc) “Series 2018 Notes” means the Utility System Revenue Bond Anticipation Notes, Series 2018.
- (dd) “Series 2019 Bonds” means the Utility System Revenue Bonds, Series 2019 issued pursuant to this Amended and Restated Utility System Revenue Bond Resolution.
- (ee) “Series 2019 Construction Fund” means the Series 2019 Construction Fund established pursuant to this Bond Resolution.
- (ff) “Series 2019 Project” means the project described in the Notice of Intent published in the Lansing State Journal on January 27, 2018, comprised of (a) the acquisition and construction of a natural gas combined cycle facility to produce

electricity, including all equipment and any appurtenances and attachments thereto and any related site acquisition or improvements, and the construction, improvement, and renovation of transmission and distribution infrastructure (the “Power Plant Project”), and (b) construction, improvement, and renovation of transmission and distribution lines and related utility system facilities for the water supply, steam, and chilled water systems and electric transmission and distribution lines and related electric utility system facilities, together with any appurtenances and attachments thereto and any related site acquisition or improvements (the “System Improvements Project”).

- (gg) “Sufficient” means with respect to (i) cash or (ii) Government Obligations or (iii) Municipal Obligations, or any combination thereof, not redeemable at the option of the issuer thereof, 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 or any portion thereof and the principal and redemption premium, if any, on the Bonds or any portion thereof as they come due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations or cash 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 to the Transfer Agent.
- (hh) “System” means the complete facilities of the Board for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, including all plants, works, instrumentalities and properties used or useful in connection with the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, and all additions, extensions and improvements thereto existing or hereafter acquired by the Board.
- (ii) “Transfer Agent” means U.S. Bank National Association, or such other bank selected by the Board for payment of the Bonds.

ISSUANCE OF SERIES 2019 BONDS

Section 2. Necessity and Statement of Purpose. It is hereby determined to be a necessary public purpose of the Board to acquire and construct the Series 2019 Project.

Section 3. Costs; Useful Life. The total cost of the Series 2019 Project is estimated to be not-to-exceed \$500,000,000 including the payment of capitalized interest and all legal, engineering, financial and other expenses incident thereto, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the Series 2019 Project is estimated to be not less than thirty (30) years.

Section 4. Conditions Permitting Issuance of Additional Bonds. The Bond Resolution establishes requirements for the issuance of Additional Bonds of equal standing and priority of lien with the Outstanding Bonds. The Series 2019 Bonds can be issued as Additional Bonds

pursuant to the requirements of the Bond Resolution if the Board determines that the actual or augmented Net Revenues of the System for the fiscal year of the System ending not more than 15 months prior to the sale of Additional Bonds shall be equal to at least one hundred twenty-five (125%) percent of the maximum Aggregate Debt Service Requirement in any current or future fiscal year on the Outstanding Bonds and on the Series 2019 Bonds.

The Board hereby determines that the Series 2019 Bonds shall be issued only if the Chief Financial Officer determines (a) that the Board is not in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund, and (b) that the actual or augmented Net Revenues of the System for the fiscal year of the System ending not more than 15 months prior to the sale of Additional Bonds shall be equal to at least one hundred twenty-five (125%) percent of the maximum Aggregate Debt Service Requirement in any current or future fiscal year on the Outstanding Bonds and on the Series 2019 Bonds. It is anticipated that at the time the Series 2019 Bonds are issued, the Outstanding Bonds will be the Utility System Revenue Bonds, Series 2011A, Utility System Revenue Refunding Bonds, Series 2013A, and Utility System Revenue Refunding Bonds, Series 2017A.

Section 5. Series 2019 Bonds Authorized. To pay part of the cost of acquiring and constructing all or a portion of the Series 2019 Project, including payment of all legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2019 Bonds and capitalized interest in the amount to be determined at the time of sale of the Series 2019 Bonds, the City, acting by and through the Board, shall borrow the sum of not-to-exceed Five Hundred Million Dollars (\$500,000,000) and shall issue the Series 2019 Bonds therefor pursuant to the provisions of Act 94. The remaining cost of the Series 2019 Project in excess of \$500,000,000, if any, shall be defrayed from funds on hand and legally available for such use or from an additional series of Bonds to be issued upon approval of a future resolution. The Series 2019 Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94. The Series 2019 Bonds shall be payable solely out of the Net Revenues of the System and City Council shall not be requested to pledge the full faith and credit of the City for payment of the Series 2019 Bonds.

The capitalized interest, if any, to be paid from proceeds of the Series 2019 Bonds shall not exceed the amount necessary to pay interest for three years, as finally determined at the time of sale of the Series 2019 Bonds by the Chief Financial Officer.

Section 6. Series 2019 Bond Details. The Series 2019 Bonds shall be designated as the "UTILITY SYSTEM REVENUE BONDS, SERIES 2019" or such other series designation as determined at the time of sale by the Chief Financial Officer to reflect the sequence and the year of sale or delivery of the Series 2019 Bonds.

The Series 2019 Bonds shall be issued as fully registered bonds registered in the denomination of \$1,000 or integral multiples thereof and shall be numbered in consecutive order of registration or authentication from 1 upwards. The Series 2019 Bonds shall be dated as of the date of delivery thereof or such other date as determined at the time of sale of the Series 2019 Bonds, shall mature as serial bonds or term bonds on such dates as shall be determined at the time of sale of the Series 2019 Bonds but not-to-exceed thirty (30) annual maturities.

The Series 2019 Bonds shall be subject to optional or mandatory redemption prior to maturity at the times and prices finally determined at the time of sale of the Series 2019 Bonds.

The Series 2019 Bonds shall bear interest at a rate or rates to be determined on sale thereof, payable semi-annually on January 1st and July 1st of each year beginning on such date as determined at the time of sale of the Series 2019 Bonds provided that the first interest payment date shall be not later than ten months following the delivery date of the Series 2019 Bonds.

The Series 2019 Bonds shall be executed by the manual or facsimile signature of the Chairperson and the Corporate Secretary of the Board. No Series 2019 Bond shall be valid until authenticated by an authorized representative of the Transfer Agent. The Series 2019 Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser in accordance with instructions from the Chief Financial Officer upon payment of the purchase price for the Series 2019 Bonds.

Section 7. Registration and Transfer. The Board hereby requests that U.S. Bank National Association continue to serve the Board as transfer agent for the Series 2019 Bonds. The Chief Financial Officer is hereby authorized to execute one or more agreements with the Transfer Agent on behalf of the Board. The Board reserves the right to replace the Transfer Agent at any time, provided written notice of such replacement is given to the registered owners of record of bonds not less than sixty (60) days prior to an interest payment date. Principal of and interest on the Series 2019 Bonds shall be payable by check or draft mailed by the Transfer Agent to the registered owner at the registered address as shown on the registration books of the Board maintained by the Transfer Agent. Interest shall be payable to the person or entity who or which is the registered owner of record as of the fifteenth (15th) day of the month prior to the payment date for each interest payment. The date of determination of the registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Board to conform to market practice in the future.

The Series 2019 Bonds may be issued in book-entry-only form through The Depository Trust Company in New York, New York ("DTC"), and the Chief Financial Officer is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Series 2019 Bonds in book-entry-only form and to make such changes in the form of the Series 2019 Bonds within the parameters of this resolution as may be required to accomplish the foregoing. Notwithstanding the foregoing, if the Series 2019 Bonds are held in book-entry-only form by DTC, payment of principal of and interest on the Series 2019 Bonds shall be made in the manner prescribed by DTC.

The Series 2019 Bonds may be transferred upon the books required to be kept by the Transfer Agent pursuant to this section by the person or entity in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond shall be surrendered for transfer, the Board shall execute and the Transfer Agent shall authenticate and deliver a new bond of the same series in like aggregate principal amount, maturity and interest rate. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge

required to be paid with respect to the transfer. Notwithstanding the foregoing, if Bonds are held by DTC in book-entry-only form, the transfer of Bonds shall be made in the manner prescribed by DTC.

Section 8. Creation of Series 2019 Bonds Construction Fund. There shall be established and maintained a separate depository fund designated as the SERIES 2019 BONDS CONSTRUCTION FUND which shall be established by the Chief Financial Officer in a bank or banks qualified to act as depository of the proceeds of sale under the provisions of Section 15 of Act 94. At the discretion of the Chief Financial Officer, separate accounts may be established within the Series 2019 Bonds Construction Fund for proceeds of the Series 2019 Bonds issued to pay the costs of the Power Plant and costs of the System Improvements Project. Monies deposited in the Series 2019 Bonds Construction Fund shall be applied solely in payment of the cost of the Series 2019 Project and any costs of engineering, legal, issuance and other expenses incident thereto. Any unexpended balance remaining in the Series 2019 Bonds Construction Fund after completion of the Series 2019 Project may, in the discretion of the Board, be used for meeting requirements, if any, of the Bond Reserve Account, or for further improvements, enlargements and extension to the System. Any balance remaining after such expenditure shall be paid into the Redemption Fund.

Section 9. Series 2019 Bond Proceeds. From the proceeds of sale of the Series 2019 Bonds there first shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest, if any, received on delivery of the Series 2019 Bonds, and the Board may take credit for the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of the next maturing interest. All or a portion of any premium received upon delivery of the Series 2019 Bonds may be deposited in either the Redemption Fund or the Construction Fund, as determined by the Chief Financial Officer.

The capitalized interest shall next be deposited in the Redemption Fund, and the Board may take credit for the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of interest on the Series 2019 Bonds.

Next the Board shall provide for payment or defeasance of principal of and interest on the Series 2018 Notes, either by calling the Series 2018 Notes for redemption on the date of delivery of the Series 2018 Bonds and paying off the Series 2018 Notes upon receipt of bond proceeds, or by defeasing the Series 2018 Notes through deposit to an escrow fund.

There shall next be deposited from the proceeds of sale of the Series 2019 Bonds to the Bond Reserve Account an amount, if any, designated by the Chief Financial Officer at the time of sale as necessary to meet the requirements of the bond purchasers.

The remaining proceeds of sale of the Series 2019 Bonds shall be deposited to the Construction Fund.

There shall next be deposited in the Bond Reserve Account an amount, if any, designated at the time of sale of the Series 2019 Bonds as necessary to cause the amount on deposit in the Bond Reserve Account to be equal to the Reserve Requirement.

Section 10. Covenants Regarding Series 2019 Bonds. The Board covenants and agrees as follows with the holders of the Series 2019 Bonds as long as any of the Series 2019 Bonds remain outstanding and unpaid as to either principal or interest:

- (a) The Board will cause the portion of the Series 2019 Project being financed with proceeds of the Series 2019 Bonds to be acquired and constructed promptly and in accordance with the plans and specification therefor.
- (b) The Board covenants and agrees with the Registered Owners of the Series 2019 Bonds that as long as any of the Series 2019 Bonds remain outstanding and unpaid as to either principal or interest, the Board shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Series 2019 Bonds pursuant to the Internal Revenue Code in such a manner as to cause the Series 2019 Bonds to be “arbitrage bonds” within the meaning of the Internal Revenue Code. The Board hereby covenants that, to the extent permitted by law, it will take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exemption of interest on the Series 2019 Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds, all as more fully set forth in the Tax Compliance Certificate to be delivered by the Board with the Series 2019 Bonds.

Section 11. Series 2019 Bond Form. The Series 2019 Bonds shall be in substantially the form shown on the following pages, with such revisions, additions and deletions as the Board may deem advisable or necessary to comply with the final terms of the Series 2019 Bonds established upon sale thereof:

Bond No. R-___
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF INGHAM AND EATON

CITY OF LANSING
LANSING BOARD OF WATER AND LIGHT
UTILITY SYSTEM REVENUE BOND, SERIES 2019

| <u>Interest Rate</u> | <u>Date of Maturity</u> | Date of <u>Original Issue</u> | <u>CUSIP</u> |
|----------------------|-------------------------|----------------------------------|--------------|
|----------------------|-------------------------|----------------------------------|--------------|

Registered Owner: Cede & Co.

Principal Amount:

The City of Lansing, Counties of Ingham and Eaton, State of Michigan (the "City"), acting through the governing body of the Lansing Board of Water and Light (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, only from the Net Revenues of the System as hereinafter provided, the Principal Amount specified above, in lawful money of the United States of America, on the Date of Maturity specified above, [unless prepaid prior thereto as hereinafter provided,] with interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on [interest payment date] and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of [transfer agent], or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner of record not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who or which is as of the fifteenth (15th) day of the month prior to each interest payment date, the registered owner of record at the registered address. For the prompt payment of principal and interest on this bond, the revenues received by the Issuer from the operations of the Issuer's facilities for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat (the "System") after provision has been made for reasonable and necessary expenses of operation, maintenance and administration of the System (the "Net Revenues"), are irrevocably pledged and a statutory first lien thereon has been created to secure the payment of the principal of and interest on this bond, when due; however, the pledge of Net Revenues and the statutory lien are on a parity with the pledge of Net Revenues and statutory lien in favor of the Utility System Revenue Bonds, Series 2011A, Utility System Revenue Refunding Bonds, Series 2013A, and Utility System Revenue Refunding Bonds, Series 2017A.

This Bond is one of a series of bonds of even Date of Original Issue, aggregating the principal sum of \$[principal amount], issued pursuant to an Amended and Restated Bond Resolution adopted by the Issuer on [date of resolution] (the "Bond Resolution"), and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), for the purpose of financing costs of improvements to the System, [making a deposit to a bond reserve account,] and paying the costs of issuing the bonds.

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 Bond Resolution. Reference is hereby made to the Bond Resolution and any and all supplements thereto and modifications and amendments thereof, if any, and to Act 94, for a more complete description of the pledges and covenants securing the bonds of this issue, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the bonds of this issue with respect thereto and the terms and conditions upon which the bonds of this issue are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Bond Resolution, the provisions of the Bond Resolution or any resolution or

agreement amendatory thereof or supplemental thereto, may be modified or amended by the Issuer, except in specified cases, only with the written consent of the registered owners of at least fifty-one percent (51%) of the principal amount of the bonds of the System then outstanding.

Bonds of this issue maturing on or prior to [date] are not subject to redemption prior to maturity.

Bonds or portions of bonds in multiples of \$5,000 of this issue maturing on or after [date] shall be subject to redemption prior to maturity without a premium, at the option of the Issuer, in such order of maturity as the Issuer shall determine and within any maturity by lot, on any date on or after [date], at par plus accrued interest to the date fixed for redemption.

[Mandatory redemption provisions to be inserted if term bonds are issued]

In case less than the full amount of an outstanding bond is called for redemption, the Transfer Agent upon presentation of the bond called in part for redemption shall register, authenticate and deliver to the registered owner a new bond of the same maturity and in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to each registered owner of bonds or portions thereof to be redeemed by mailing such notice not less than thirty (30) days prior to the date fixed for redemption to the registered owner at the address of the registered owner as shown on the registration books of the Issuer. Bonds shall be called for redemption in multiples of \$5,000, and bonds of denominations of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bonds by \$5,000, and such bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that, upon surrender of the bond to be redeemed, a new bond or bonds in the same aggregate principal amount equal to the unredeemed portion of the bonds surrendered shall be issued to the registered owner thereof with the same interest rate and maturity. No further interest on bonds or portions of bonds called for redemption shall accrue after the date fixed for redemption, whether the bonds have been presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bonds or portion thereof.

This bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Transfer Agent by the registered owner hereof in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly authorized in writing and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Bond Resolution, and upon the payment of the charges, if any, therein prescribed. The Transfer Agent shall not be required (i) to issue, register the transfer of, or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption under the Bond Resolution and ending at the close of business on the date of that mailing, or (ii) to register the transfer of or exchange any bond so selected for redemption in whole or in part, except the unredeemed portion of bonds being redeemed in part.

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, STATUTORY OR CHARTER LIMITATION, AND IS PAYABLE BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE NET REVENUES OF THE SYSTEM AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE BOND RESOLUTION. THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY THE STATUTORY LIEN HEREINBEFORE DESCRIBED.

The Issuer has covenanted and agreed, and covenants and agrees, 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 principal of and interest on the bonds of this issue and any other bonds payable from the Net Revenues as and when the same shall become due and payable, 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 Bond Resolution.

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

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

IN WITNESS WHEREOF, the City, acting through the Lansing Board of Water and Light, has caused this bond to be signed in its name with the facsimile signatures of the Chairperson and Corporate Secretary of the Issuer, and a facsimile of the City's corporate seal to be printed hereon, all as of the Date of Original Issue.

LANSING BOARD OF WATER AND LIGHT

By David Price
Chairperson

Countersigned:

By M. Denise Griffin
Corporate Secretary

[INSERT STANDARD FORMS OF CERTIFICATE OF AUTHENTICATION AND ASSIGNMENT]

PROVISIONS WHICH APPLY TO ALL SENIOR LIEN BONDS

Section 12. Payment of Bonds; Defeasance. 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. Pursuant to provisions of Act 94, the City, by and through its Board, hereby pledges to the repayment of principal of, redemption premium, if any, and interest on the Bonds, the funds and accounts established by this Bond Resolution, and a statutory lien is hereby created on such funds and accounts. The liens and pledge provided by

this Bond Resolution shall continue until payment in full of the principal of and interest on all Bonds payable from Net Revenues, or, until Sufficient cash, Sufficient Government Obligations, Sufficient Municipal Obligations or any combination thereof shall have been deposited in trust for payment in full of the principal of and the interest on all Bonds to be paid to their maturity, or, if called or if irrevocable instructions have been given to call Bonds for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. Upon deposit of Sufficient cash, Sufficient Government Obligations, Sufficient Municipal Obligations or any combination thereof, the statutory lien created by this Bond Resolution shall be terminated with respect to the Bonds to be paid from the cash, Government Obligations or Municipal Obligations, or combination thereof, the Registered Owners of such Bonds shall have no further rights under this Bond Resolution except for payment from the deposited funds and for the rights of replacement, registration and transfer provided by this Bond Resolution, and such Bonds shall no longer be considered to be Outstanding Bonds under this Bond Resolution.

Section 13. Management. The operation, repair and management of the System shall be under the supervision and control of the Board.

Section 14. Charges. The rates to be charged for service furnished by the System and the methods of collection and enforcement of the collection of the rates shall be those permitted by law and established by the Board and in effect on the date of adoption of this Bond Resolution and thereafter as established by the Board.

Section 15. No Free Service. No free service shall be furnished by the System to any person, firm or corporation public or private, or to any public agency or instrumentality.

Section 16. Rate Covenant. The Board will at all times fix, establish, maintain and collect rates, fees and charges for the sale of the output, capacity, use or service of the System which, together with other income, are reasonably expected to yield Net Revenues equal to at least 125% of the Aggregate Debt Service Requirement for the forthcoming twelve month period plus such amount as is necessary to comply with all covenants in the Bond Resolution and to pay all charges and liens whatsoever payable out of Net Revenues in such period.

Section 17. Operating Year. The System shall continue to be operated on the basis of an operating year commencing on July 1st and ending on the 30th day of the following June. For purposes of determining the annual Aggregate Debt Service Requirement on the Bonds for any operating year, payments of principal and interest due on July 1st shall be considered to be part of the Aggregate Debt Service Requirement for the preceding operating year.

Section 18. Funds and Accounts: Flow of Funds. All Revenues of the System shall be set aside as collected and credited to a fund to be designated UTILITY SYSTEM RECEIVING FUND. The Revenues so credited are pledged for the purpose of the following funds and shall be transferred from the. Receiving Fund periodically in the manner and at the times hereinafter specified:

A. OPERATION AND MAINTENANCE FUND: Periodically, out of the Revenues credited to the Receiving Fund there shall be first set aside in, or credited to, a fund designated OPERATION AND MAINTENANCE FUND, a sum sufficient to provide for the payment during the succeeding period of the next month's expenses of administration and operation of the System, including

such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order.

B. BOND AND INTEREST REDEMPTION FUND: There shall be established and maintained a fund designated BOND AND INTEREST REDEMPTION FUND, the moneys on deposit therein from time to time to be used solely, except for required deposits to the Rebate Fund, for the purpose of paying the principal of, redemption premium, if any, and interest on the Bonds.

Out of the Revenues remaining in the Receiving Fund, after provision for the credit or deposit to the Operation and Maintenance Fund, there shall next be set aside, monthly, in the Redemption Fund a sum proportionately sufficient to provide for the payment of the principal of, mandatory redemption requirements, if any, and interest on the Bonds as and when the same become due and payable, subject to any credit therefor as provided in this Section 18(B). If there is any deficiency in the amount previously set aside, that deficiency shall be added to the requirements for the next succeeding month.

There shall be established a separate account in the Redemption Fund to be known as the BOND RESERVE ACCOUNT. On the date of delivery of any Additional Bonds issued pursuant to Section 24(a) or (c) of this Bond Resolution, the Board shall transfer to the Bond Reserve Account from the proceeds of the Additional Bonds or any other available source the lesser of (a) 10% of the proceeds of the Additional Bonds and (b) the maximum Aggregate Debt Service Requirement on the Additional Bonds for the then current and any subsequent operating year and commencing on the 1st day of the month following delivery of the Additional Bonds and on the 1st day of each month thereafter until the amount in the Bond Reserve Account equals the Reserve Requirement, 1/12 of the difference between the amount deposited on the delivery of the Additional Bonds and the Reserve Requirement.

Except as otherwise provided in this Bond Resolution, the moneys credited to the Bond Reserve Account shall be used solely for the payment of the principal of, redemption premium, if any, and interest on Bonds as to which there would otherwise be a default. If at any time it shall be necessary to use moneys credited to the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required for expenses of administration, operation and maintenance of the system or for current principal and interest requirements on any of the Bonds.

The Board may satisfy the Reserve Requirement by a letter of credit, a surety bond, or an insurance policy if the provider or issuer thereof shall be rated by any nationally recognized bond rating agency as high or higher than the Bonds at the time of purchase of the letter of credit, a surety bond, or an insurance policy.

If at any time the amount in the Bond Reserve Account exceeds the Reserve Requirement, the excess may be transferred to such fund or account as the Board may direct.

The Supplemental Resolution authorizing Additional Bonds may either (i) provide that the Additional Bonds are equally and ratably secured by the Bond Reserve Account funded according to the Reserve Requirement, or (ii) provide for the creation of a separate bond reserve account securing that series of Additional Bonds and a different reserve requirement, or state that no bond reserve account is required.

C. JUNIOR LIEN REDEMPTION FUND: If the Board shall ever issue Junior Lien Bonds or Junior Lien Notes, there shall be established and maintained a separable depository fund for the purpose of paying the principal of, redemption premium, if any, and interest on such Junior Lien Bonds or Junior Lien Notes as they come due (the "Junior Lien Redemption Fund"). Revenues remaining in the Receiving Fund, after provision has been made for the requirements of the Operation and Maintenance Fund and of the Redemption Fund, shall be set aside, but not more often than monthly, in a fund for the Junior Lien Bonds or Junior Lien Notes in accordance with the resolution authorizing the issuance thereof. A separate account may also be established within such fund as a bond reserve account to be funded on a junior lien basis in accordance with the resolution authorizing the issuance of the Junior Lien Bonds or Junior Lien Notes. The detail of the establishment and maintenance of such fund shall be provided in the resolution of the Board authorizing the issuance thereof.

D. SURPLUS MONEYS: Any Revenues in the Receiving Fund after satisfying all requirements of the Operation and Maintenance Fund, the Redemption Fund, the Rebate Fund and the Junior Lien Redemption Fund shall be deemed to be surplus moneys and may be used for such purposes as the Board deems to be for the best interests of the City.

If there should be any deficit in the Operation and Maintenance Fund, Redemption Fund or the Rebate Fund on account of defaults in setting aside required amounts therein, then transfers shall be made from the moneys remaining in the Receiving Fund at the end of any operating year to those funds in the priority and order specified herein, to the extent of any deficit, before any other disposition is made of the monies in the Receiving Fund at the end of any operating year.

Section 19. Rebate Fund. There shall be established and maintained a fund designated the REBATE FUND. Moneys representing investment earnings or profits shall be transferred annually from all funds and accounts established under this Bond Resolution and deposited in the Rebate Fund in an amount sufficient to enable the City to rebate investment earnings to the federal government, if necessary, in accordance with the requirements of the Internal Revenue Code. Funds on deposit in the Rebate Fund are not pledged as security for the Bonds. Monies shall be deposited in the Rebate Fund and shall be rebated to the federal government unless the City has received an opinion of nationally recognized bond counsel that failure to take such actions will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on such Bonds.

Section 20. Priority of Funds. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Redemption Fund or the Rebate Fund or the Junior Lien Redemption Fund, any moneys or securities in other funds of the System, except the proceeds of sale of the Bonds, shall be credited or transferred, first, to the Operation and Maintenance Fund, second, to the Redemption Fund, to the extent of any deficit therein, third, to the Rebate Fund and fourth, to the Junior Lien Redemption Fund.

Section 21. Investments. Moneys in the funds and account established herein, and moneys derived from the proceeds of sale of the Bonds, may be invested by the Board on behalf of the City in Investment Obligations. Investment of moneys in the Redemption Fund being

accumulated for payment of the next maturing principal or interest on the Bonds shall be limited to Government Obligations bearing maturity dates prior to the date of the next maturing principal or interest payment respectively on the Bonds. Investment of moneys in any other funds or account, including moneys derived from the proceeds of sale of the Bonds, shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than the time estimated by the City when the moneys from such investments will be required. Any securities representing investments shall be kept on deposit with the bank or trust company having on deposit the fund or funds or account from which such purchase was made. Earnings or profits on any investment of funds in any fund or account established in this Bond Resolution shall be deposited in or credited to the Rebate Fund to the extent necessary as required by Section 19 of this Bond Resolution and any earnings or profits remaining in the Receiving Fund, Operation and Maintenance Fund and Redemption Fund, shall be deposited in or credited to the Receiving Fund. Investments of moneys in the Bond Reserve Account shall be valued at amortized cost, including any amount paid as accrued interest at the time of purchase until the payment of such interest or the next interest payment date.

Section 22. Applicable Law. The Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94.

Section 23. Covenants. The City and the Board covenants and agrees with the Registered Owners of the Bonds that so long as any of the Bonds remain as Outstanding Bonds and unpaid as to either principal or interest:

(a) The Board will maintain the System in good repair and working order and will operate the same efficiently and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Michigan and this Bond Resolution.

(b) The City and the Board will not sell, lease, mortgage or otherwise dispose of any part of the System, except for sales or exchanges of property or facilities (1) which are not useful in the operation of the System, or (2) for which the proceeds received are, or the fair market value of the subject property is, less than 1% of the Revenues for the preceding fiscal year, or (3) which will not impair the ability of the Board to comply with the rate covenant described in Section 16 of this Bond Resolution.

(c) The City and the Board will not grant any franchise or other rights to any person, firm or corporation to operate an electric system that will compete with the System unless required or authorized by law and the City and the Board will not operate a system that will compete with the System.

(d) The Board will use their best efforts to enforce any contracts to which they are a party regarding providing of electrical service.

(e) The Board will not issue additional bonds of prior standing to the Bonds.

The Chief Financial Officer is authorized on behalf of the Board to make any additional covenants with the purchaser of a series of Bonds as may be deemed advisable and approved by bond counsel and the municipal advisor.

Section 24. Additional Bonds. The right is reserved, in accordance with the provisions of Act 94, to issue additional bonds payable from the Net Revenues of the System which shall be of equal standing and priority of lien on the Net Revenues of the System with the Bonds, but only for the following purposes and under the following terms and conditions:

(a) For repairs, extensions, enlargements and improvements to the System or for the purpose of refunding a part of any Outstanding Bonds (unless such partial refunding is done in compliance with (b) below) and paying costs of issuing such Additional Bonds, including deposits which may be required to be made to a bond reserve account. Bonds for such purposes shall not be issued pursuant to this subparagraph (a) unless the actual or augmented Net Revenues of the System for the fiscal year of the System ending not more than 15 months prior to the sale of Additional Bonds shall be equal to at least one hundred twenty-five (125%) percent of the maximum Aggregate Debt Service Requirement in any current or future fiscal year on the Outstanding Bonds and on the Additional Bonds then being issued. If the Additional Bonds are to be issued in whole or in part for refunding Outstanding Bonds, the maximum Aggregate Debt Service shall be determined by deducting from the principal and interest requirements for each operating year the annual Aggregate Debt Service Requirement of any Bonds to be refunded from the proceeds of the Additional Bonds.

Net Revenues may be augmented as follows for the purposes of this subsection (a):

- (1) If the System rates, fees or charges shall be increased at or prior to the time of authorizing the Additional Bonds, the Net Revenues may be augmented by an amount which in the opinion of the Board's financial advisor will reflect the effect of the increase had the System's billings during such time been at the increased rates.
- (2) The actual Net Revenues may be augmented by the estimated increase in Net Revenues which in the opinion of the Board's financial advisor will accrue as a result of new customers which have not been serviced during the fiscal year described in paragraph (a) above or as a result of the acquisition of the repairs, extensions, enlargements and improvements to the System which have been made during or subsequent to the fiscal year described in paragraph (a) above or which will be acquired in whole or in part from the proceeds of the Additional Bonds to be issued.

No Additional Bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in subparagraphs (a) or (c) if the City shall then be in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

(b) For refunding all of the Outstanding Bonds and paying costs of issuing such Additional Bonds. For refunding a part of the Outstanding Bonds and paying costs of issuing such Additional Bonds, if after giving effect to the refunding the maximum amount of Aggregate Debt Service in each future fiscal year shall be less than the Aggregate Debt Service in each future fiscal year prior to giving effect to the refunding.

(c) Additional Bonds may be issued without meeting any of the conditions and tests set forth in subsection (a) above for any one or more of the following purposes: (1) to pay the cost of acquisition and construction of any repairs, replacements, betterments, improvements, major renewals or corrections of any damage or loss to the System necessary, in the opinion of the Consulting Engineer, to keep the System in good operating condition or to prevent a loss of Revenues therefrom or (ii) to pay the cost of decommissioning, disposal or termination of the System.

Determination by the Board as to existence of conditions permitting the issuance of Additional Bonds shall be conclusive.

Notwithstanding the foregoing requirements of Section 24, the Board reserves the right to issue Junior Lien Bonds and Junior Lien Notes payable as provided herein.

Section 25. Events of Default. Each of the following events, with respect to an issue of Bonds, is hereby declared an "Event of Default":

(a) default in the payment of the principal of, or interest, or redemption premium, if any, on any Bond after the same shall become due, whether at maturity or upon call for redemption; or

(b) default by the City or the Board in the performance or observance of any other of the covenants, agreements or conditions on their part in this Bond Resolution, or contained in the Bonds; provided no default shall constitute an Event of Default until written notice thereof shall have been given by the Registered Owners of not less than twenty percent (20%) in principal amount of the Outstanding Bonds to the City and the City shall have had sixty (60) days after receipt of such notice to correct such default or cause the same to be corrected and shall not have corrected such default or caused the same to be corrected within such period; and provided, further, that if the default be such. that it cannot be corrected within such period, it shall not constitute an Event of Default if action to correct the same is instituted within such period and diligently pursued until the default is corrected.

Section 26. Appointment of Receiver and Statutory Rights. The Registered Owners of Bonds representing in the aggregate principal amount not less than twenty percent (20%) of all Outstanding Bonds, may protect and enforce the statutory lien and pledge of the funds and accounts and Net Revenues created by Act 94, and enforce and compel the performance of all duties of the officials of the City and the Board, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of Revenues, and the proper application of Revenues. In addition to the rights conferred to Registered Owners by the Resolution, the Registered Owners shall have all the rights conferred by Act 94. The statutory lien upon the Net Revenues, however, shall not be construed to compel the sale of the System or any part thereof.

Section 27. Effect of Waiver and Other Circumstances. No delay or omission of any Registered Owner to exercise any right or power arising upon the happening or an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein and every power and remedy given by this Bond Resolution to the Registered Owners may be exercised from time to time and as often as may be deemed expedient by the Registered Owners.

Section 28. Amendments: Consent of Registered Owners.

(a) *Amendments Without Consent of Registered Owners.* The City, from time to time and at any time, subject to the conditions and restrictions in this Bond Resolution, may by and through its Board, adopt one or more supplemental or amendatory resolutions which thereafter shall form a part hereof, for any one or more or all of the following purposes:

(i) To issue Additional Bonds or Junior Lien Bonds or Junior Lien Notes;

(ii) To add to the covenants and agreements of the City contained in this Bond Resolution, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City and the Board (including but not limited to the right to issue Additional Bonds);

(iii) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provisions contained in this Bond Resolution, or in regard to matters or questions arising under this Bond Resolution, as the City may deem necessary or desirable and not inconsistent with this Bond Resolution and which shall not have a material, adverse effect on the interests of the Registered Owners of the Bonds;

(iv) To increase the size or scope of the System; and

(v) To make such modifications in the provisions hereof as may be deemed advisable by the City provided that the Board has confirmed in writing with each rating agency rating Outstanding Bonds to which the provision will apply that the adoption of such provision will not result in the reduction or withdrawal of any rating on such Bonds.

Any amendment or supplemental resolution or resolution authorized by the provisions of this Section 28(a) may be adopted by the City, by and through its Board, without the consent of or notice to the Registered Owners of any of the Outstanding Bonds, notwithstanding any of the provisions of Section 28(b) below.

(b) *Amendments Requiring Consent of Registered Owners.* With the consent of the Registered Owners of not less than fifty one percent (51%) in principal amount of the Bonds then outstanding the City, by and through its Board, may from time to time and at any time adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Bond Resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall (i) extend the fixed maturity of any Bond, change a mandatory redemption requirement for any series of Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce or extend the time for payment of any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Registered Owners of the Bonds required to approve any such supplemental resolution, or (iii) deprive the Registered Owners of the Bonds, except as aforesaid, of the right to payment of the Bonds from the Net Revenues, without the consent of the Registered Owners of all the Outstanding Bonds or, (iv) cause any modification or reduction of the lien

on or pledge of the Net Revenues or the funds or accounts established hereunder. No amendment may be made under this Section 28(b) which affects the rights or duties of the insurer of any of the Bonds without its consent.

It shall not be necessary for the consent of the Registered Owners under this Section 28(b) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the adoption by the City of any supplemental resolution pursuant to the provisions of this Section 28(b), the City shall cause the Transfer Agent to mail a notice by registered or certified mail to the Registered Owners of all Outstanding Bonds at their addresses shown on the bond register or at such other address as is furnished in writing by such Registered Owner to the Transfer Agent setting forth in general terms the substance of such supplemental resolution.

SALE OF SERIES 2019 BONDS

Section 29. Negotiated Sale of Bonds; Appointment of Senior Managing Underwriter. Based on the advice of PFM Financial Advisors LLC (the "Municipal Advisor"), it is hereby determined to be in the best interest of the Board to sell the Series 2019 Bonds by negotiated sale in order to enable the Board to select and adjust terms for the Series 2019 Bonds, to enter the market on short notice at a point in time which appears to be most advantageous, and thereby possibly obtain a lower rate of interest on the Series 2019 Bonds, and to achieve sale efficiencies so as to reduce the cost of issuance and interest expense.

The Chief Financial Officer is hereby authorized to select a managing underwriter and to name additional co-managers and/or to develop a selling group in consultation with the Municipal Advisor. By adoption of this resolution the Board assumes no obligations or liability to the underwriters for any loss or damage that may result to the underwriters from the adoption of this resolution, and all costs and expenses incurred by the underwriters in preparing for sale of the Series 2019 Bonds shall be paid from the proceeds of the Series 2019 Bonds, if the Series 2019 Bonds are issued, except as may be otherwise provided in the Bond Purchase Agreement for Series 2019 Bonds.

Section 30. Bond Ratings and Bond Insurance. The Chief Financial Officer is hereby authorized to apply for bond ratings from such municipal bond rating agencies as deemed appropriate, in consultation with the Municipal Advisor. If the Municipal Advisor recommends that the Board consider purchase of municipal bond insurance, then the Chief Financial Officer is hereby authorized to negotiate with insurers regarding acquisition of municipal bond insurance, and, in consultation with the Municipal Advisor, to select an insurer and determine which bonds, if any, shall be insured, and the Chief Financial Officer is hereby authorized to execute an agreement with the insurer relating to procedures for paying debt service on the insured bonds and notifying the insurer of any need to draw on the insurance and other matters.

Section 31. Official Statement. The Chief Financial Officer is authorized to approve circulation of a Preliminary Official Statement describing the Series 2019 Bonds and, after sale of the Series 2019 Bonds, to prepare, execute and deliver a final Official Statement.

Section 32. Continuing Disclosure. The Chief Financial Officer is hereby authorized to execute and deliver, prior to delivery of the Series 2019 Bonds, a written continuing disclosure undertaking as necessary in order to enable the underwriter or bond purchaser to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The continuing disclosure undertaking shall be in substantially the form which she shall, in consultation with bond counsel, determine to be appropriate.

Section 33. Sale of Series 2019 Bonds. The Chief Financial Officer is authorized, in consultation with the Municipal Advisor, to accept an offer to purchase the Series 2019 Bonds without further resolution of this Board. This authorization includes, but is not limited to, determination of original principal amount of the Series 2019 Bonds; the prices at which the Series 2019 Bonds are sold; the date of the Series 2019 Bonds; the schedule of principal maturities and whether the Series 2019 Bonds shall mature serially or as term bonds; provisions for early redemption, if any, including mandatory redemption of term bonds, if any; the interest rates and payment dates of the Series 2019 Bonds; and application of the proceeds of the Series 2019 Bonds. Approval of the matters delegated to the Chief Financial Officer under this resolution may be evidenced by her execution of the Bond Purchase Agreement for the Series 2019 Bonds or other offer to purchase the Series 2019 Bonds, or a certificate of award of sale, or the Official Statement.

The maximum interest rate of the Series 2019 Bonds shall not exceed 5.50% per annum. The purchase price for the Series 2019 Bonds, exclusive of any original issue discount or premium, shall not be less than 97% of the principal amount of the Series 2019 Bonds, plus accrued interest, if any. In making such determinations the Chief Financial Officer is authorized to rely upon data and computer runs provided by the Municipal Advisor.

In making such determinations the Chief Financial Officer is authorized to rely upon data and computer runs provided by the Municipal Advisor.

Section 34. Other Actions. In the event that the Chief Financial Officer is not available at the time that it becomes necessary to take actions directed or authorized under this resolution, then a person designated by the Chief Financial Officer is authorized to take such actions. The officers, administrators, agents and attorneys of the Board are authorized and directed to take all other actions necessary and convenient to facilitate issuance, sale and delivery of the Series 2019 Bonds within the parameters of this resolution, and to execute and deliver all other agreements, documents and certificates and to take all other actions necessary or convenient in accordance with this resolution, and to pay costs of issuance including but not limited to rating agency fees, credit facility fees, insurance premiums, transfer agent fees, municipal advisor fees, bond counsel fees, and any other costs necessary to accomplish sale and delivery of the Series 2019 Bonds within the parameters of this resolution.

MISCELLANEOUS

Section 35. Applicability of the Outstanding Bond Resolutions. Upon delivery of the Series 2019 Bonds in an amount sufficient to cause the Registered Owners of the Series 2019 Bonds to equal not less than fifty one percent (51%) in principal amount of the Bonds then outstanding the provisions and covenants provided in the prior Bond Resolution adopted by the

Board and amended and restated on October 24, 1989 and further amended and supplemented from time to time shall no longer apply.

Section 36. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded as of the effective date of this Resolution.

Section 37. Severability and Paragraph Headings. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this resolution. The paragraph headings in this resolution are furnished for convenience of reference only and shall not be considered to be part of this resolution.

Section 38 Publication and Recordation. In accordance with the provisions of Section 6 of Act 94, this resolution shall be published once in full in the *Lansing State Journal*, a newspaper of general circulation in the City qualified under State law to publish legal notices, and shall be recorded in the minutes of the Board and such recording authenticated by the signatures of the Chairperson and Corporate Secretary of the Board.

Section 39. Effective Date. This resolution is hereby determined to be immediately necessary for the preservation of the public peace, property, health and safety of the City and the users of the System. In accordance with the provisions of Section 6 of Act 94, this resolution shall become effective immediately upon its adoption.

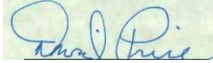
We hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the Board of Commissioners of the Lansing Board of Water and Light at a Regular meeting held on Tuesday, March 27, 2018, at 5:30 p.m., Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

We further certify that the following Commissioners were present at said meeting: Commissioners David Price, Beth Graham, Dennis Louney, Anthony McCloud, Anthony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle and that the following Commissioners were absent: None.

We further certify that Commissioner Ross moved adoption of said resolution, and that said motion was supported by Commissioner Zerkle.

We further certify that the following Commissioners voted for adoption of said resolution: Commissioners David Price, Beth Graham, Dennis Louney, Anthony McCloud, Anthony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle and that the following Commissioners voted against adoption of said resolution: None.

We further certify that said resolution has been recorded in the Resolution Book and that such recording has been authenticated by the signature of the Chairperson and Corporate Secretary.

A handwritten signature in blue ink on a light green background, appearing to read "David Price".

Chairperson

A handwritten signature in black ink, appearing to read "M. Denise Hoffer".

Corporate Secretary

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