

At a regular meeting of the Board of Water and Light of the City of Lansing, Ingham, Eaton and Clinton Counties, Michigan, held in the Board Room, 123 W. Ottawa Street, Lansing, Michigan, on the 24th day of October, 1989, at 5:30 p.m.

PRESENT: Commissioners Belen, Evans, Hassler, Jessop, Strolle, and Williams

ABSENT: Commissioners McComb and Sebolt

The following resolution to amend and restate the Bond Resolution adopted on September 26, 1989, was offered by Commissioner Williams, who moved its adoption, and seconded by Commissioner JEssop.

RESOLVED THAT THE BOND RESOLUTION ADOPTED BY THIS BOARD ON SEPTEMBER 26, 1989, BE AMENDED AND RESTATED AS FOLLOWS:

AMENDED AND RESTATED BOND RESOLUTION

A RESOLUTION TO AUTHORIZE AND PROVIDE FOR THE ISSUANCE OF WATER SUPPLY AND ELECTRIC UTILITY SYSTEM REVENUE BONDS TO PAY PART OF THE COST OF REMODELING, UPDATING AND EXTENDING THE LIFE OF THE WATER SUPPLY AND ELECTRIC UTILITY SYSTEM OF THE CITY OF LANSING; TO PROVIDE FOR THE RETIREMENT AND SECURITY OF THE BONDS; AND TO PROVIDE FOR OTHER MATTERS RELATIVE TO THE IMPROVEMENTS AND BONDS.

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) "Accreted Amount" means, as of any January 1 or July 1, with respect to the Capital Appreciation Bonds, the amount set forth for such January 1 or July 1 in the form of Capital Appreciation Bond which amount represents original principal plus the amount of interest that has accrued to such date. "Accreted Amount" means, as of any date other than January 1 or July 1, the sum of (a) the Accreted Amount on the preceding January 1 or July 1 and (b) the product of (x) a fraction, the numerator of which is the number of days having elapsed from the preceding January 1 or July 1 and the denominator of which is the number of days from such preceding January 1 or July 1 to the next succeeding January 1 or July 1 and (y) the difference between the Accreted Amounts for such January 1 or July 1, which amount represents the principal plus the amount of interest that has accrued to the date of determination.

(b) "Act 94" means Act 94, Public Acts of Michigan 1933, as amended.

(c) "Additional Bonds" means any additional bonds of equal standing with the Series 1989A Bonds and the Series 1989B Bonds issued pursuant to Section 18 of this Bond Resolution.

(d) "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 (i) 10.00% or (ii) the rate published by The Bond Buyer or any successor publication as its "Index of 25 Revenue Bonds" applicable on a date not more than 20 days prior to the date of initial issuance of any such variable interest rate Bonds.

(e) "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.

(f) "Award Resolution" means the resolution(s) of the Board authorizing the sale of the Bonds.

(g) "Board" means the Board of Water and Light established pursuant to Section 5-201 of Chapter 2 of the City Charter of the City.

(h) "Bond Reserve Account" means the Bond Reserve Account established pursuant to Section 11(B) of this Bond Resolution.

(i) "Bond Resolution" means this Amended and Restated Bond Resolution and any other resolution amendatory to or supplemental to this Amended and Restated Bond Resolution and shall include any resolution authorizing the sale of a series of Bonds.

(j) "Bonds" means the Series 1989A Bonds, the Series 1989B Bonds and, when issued and delivered, any Additional Bonds authorized and issued in accordance with Section 18 of this Bond Resolution.

(k) "Capital Appreciation Bonds" means the Series 1989B Bonds which mature on July 1, 2004.

(l) "City" means the City of Lansing, Ingham, Eaton and Clinton Counties, Michigan.

(m) "Code" means the Internal Revenue Code of 1986, as amended.

(n) "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.

(o) "Current Interest Bonds" means (a) the Series 1989A Bonds and (b) the Series 1989B Bonds which mature in the years 1994 and 1999.

(p) "Depository" means First of America Bank-Central, or such other bank as shall be designated to act as depository pursuant to this Bond Resolution by resolution of the Board organized under the laws of any State of the United States of America or any national banking association having a combined capital stock and surplus of at least \$50,000,000.

(q) "Event of Default" means an Event of Default specified in Section 19 of this Bond Resolution.

(r) "Government Obligations" means direct obligations of (including obligations issued or held in book entry form on the books of) the United States of America;

(s) "Investment Obligations" means, to the extent authorized by law, (i) United States government obligations; (ii) obligations the principal and interest on which is fully 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.

(t) "Junior Lien Bonds" means bonds 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.

(u) "Mandatory Redemption Requirement" refers to the requirement, if any, to redeem the Bonds prior to maturity as set forth in the Award Resolution.

(v) "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 Standard & Poor's Corporation and Moody's Investors Service, Inc. or any successors thereto;

(w) "Net Revenues" means the Revenues remaining after deducting the reasonable expenses of administration, operation, and maintenance of the System.

(x) "Operation and Maintenance Fund" means the Operation and Maintenance Fund established pursuant to Section 11(A) of this Bond Resolution.

(y) "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 5 of this Bond Resolution.

(z) "Project" means the remodeling, updating and extending the life of the water supply and electric utilities of the City of Lansing, including some or all of the following: (i) structural and turbine repairs and stability improvements to Moores Park Dam at the Eckert Station and structural repairs to the North Lansing Dam, (ii) the installation of a new potable water service to the west end of the Eckert Station and modifications to the existing house service water system, replacement of three house service water pumps, three ash sluice pumps and six cooling tower pumps at the Eckert Station, (iii) modifications to upgrade the piping, valves, pumps and equipment for the waste water treatment system at the Eckert Station, (iv) upgrading the make-up water systems of the Eckert Station, (v) replacing the flue gas discharge breaching between the I.D. fans and the chimney at the Erickson Station, (vi) constructing a 138 kV Substation, (vii) installing a new 13.2 kV distribution cable to downtown East Lansing, (viii) adding a second transformer and associated distribution switch gear at the existing Enterprise 138 kV Substation, (ix) upgrading the valves, piping and controls of the rapid sand filters at the Dye Water Conditioning Plant, (x) restoring some of the exterior walls and installing a new facade on other portions of the exterior walls of the Dye Water Conditioning Plant, (xi) replacing existing remote monitoring and controls of the high service water pumps and facilities at the Wise Complex and providing for integrated control and monitoring capabilities at the Dye Water Conditioning Plant, (xii) upgrading the Lansing area well field remote control and indication by R. F. Telemetry and integration of the controls and indication points into the computer system at the Dye Water Conditioning Plant, (xiii) replacing residential and commercial water meters in conjunction with the combined billing format for electric, water and steam billing and (xiv) upgrading the Eifert Booster Pumping Station by installing a second pump and new water mains and adding another booster pump pumping station to the Delhi Township Water Distribution System.

(aa) "Rating Agency" means Moody's Investors Service and/or Standard and Poor's Corporation, or any successor to

either thereof or similar national rating agency if the foregoing do not exist.

(bb) "Rebate Fund" means the Rebate Fund established pursuant to Section 12 of this Bond Resolution.

(cc) "Receiving Fund" means the Receiving Fund established pursuant to Section 11 of this Bond Resolution.

(dd) "Redemption Fund" means the Bond and Interest Redemption Fund established pursuant to Section 11(B) of this Bond Resolution.

(ee) "Registered Owner" means the owner of a Bond as shown by the registration records kept by the Transfer Agent.

(ff) "Reserve Requirement" means the lesser of (a) the maximum Aggregate Debt Service Requirement for the then current and any subsequent operating year and (b) ten percent (10%) of the aggregate proceeds of all Additional Bonds plus the maximum Aggregate Debt Service Requirement on the Series 1989A Bonds and the Series 1989B Bonds for the then current and any subsequent operating year.

(gg) "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.

(hh) "Series 1989A Bonds" means the Water Supply And Electric Utility System Revenue Bonds, Series 1989A issued pursuant to this Bond Resolution.

(ii) "Series 1989B Bonds" means the Water Supply And Electric Utility System Revenue Bonds, Series 1989B issued pursuant to this Bond Resolution.

(jj) "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.

(kk) "System" means the complete facilities of the City for the supply and distribution of water and the generation and distribution of electricity, steam 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 and heat and all additions, extensions and improvements thereto existing or hereafter acquired by the City.

(ll) "Transfer Agent" means the bank or trust company designated by the Board in the Award Resolution or any subsequent resolution to perform the duties of the Transfer Agent pursuant to this Bond Resolution.

Section 2. Necessity, Estimate of Cost and Useful Life. It is hereby determined to be necessary for the public health, safety and welfare of the City to remodel, update and extend the life of the System by acquiring the Project. The estimated cost of the Project is \$23,367,000 and the estimated useful life of the Project is not less than 30 years.

Section 3. Series 1989A Bonds and Series 1989B Bonds Authorized. To pay a portion of the cost of acquiring the Project, including payment of legal, financial and other expenses of the issuance and sale of the Series 1989A Bonds and Series 1989B Bonds, the City, by and through its Board, shall borrow a sum as finally determined in the Award Resolution, which sum is presently estimated to be: (i) Fourteen Million Dollars (\$14,000,000), but not to exceed Sixteen Million Dollars (\$16,000,000) in connection with the Series 1989A Bonds and (ii) Two Million Dollars (\$2,000,000), but not to exceed Three Million Dollars (\$3,000,000) in connection with the Series 1989B Bonds, and issue the Series 1989A Bonds and the Series 1989B Bonds therefor pursuant to the provisions of Act 94.

Section 4. Bond Details. The bonds shall be designated "Water Supply And Electric Utility System Revenue Bonds, Series 1989A" and "Water Supply And Electric Utility System Revenue Bonds, Series 1989B," shall be payable solely out of Net Revenues and any other monies pledged under this Bond Resolution and shall not be a general obligation of the City. Series 1989A Bonds shall be issued in denominations of \$5,000 or any integral multiples thereof not exceeding the amount of the Series 1989A Bonds maturing on the same date and shall be numbered in consecutive order of authentication from 1 upwards. Current Interest Series 1989B Bonds shall be issued in denominations of \$500 or

integral multiples thereof not exceeding the amount of Series 1989B Bonds maturing on the same date and shall be numbered in consecutive order of authentication from 1 upwards. Capital Appreciation Bonds shall be issued in denominations of the original principal amount per \$1,000 at maturity or any authorized integral multiple thereof, which shall appreciate to \$1,000 (or the applicable multiple thereof) upon maturity, as specified in the Award Resolution, shall be lettered "A" and numbered in consecutive order from 1 upwards. Current Interest Bonds shall be dated as of October 1, 1989, or such later date as this Board shall approve in the Award Resolution. Capital Appreciation Bonds shall be dated as of their date of delivery.

Current Interest Bonds shall bear interest at a rate or rates to be determined on the sale thereof, not exceeding nine percent (9%) per annum, payable on July 1, 1990, and on each January 1 and July 1 thereafter, by check drawn on the Transfer Agent and mailed to each Registered Owner at the registered address, as shown on the registration books of the City maintained by the Transfer Agent. Interest shall be payable to the Registered Owner of record as of the 15th day of the month prior to the payment date for each interest payment. The date of determination of 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. Interest on the Current Interest Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Current Interest Bonds and the amount payable at maturity on the Capital Appreciation Bonds shall be payable at the principal office of the Transfer Agent upon presentation and surrender thereof. Unless otherwise provided in the Award Resolution, the Series 1989A Bonds shall be sold at not less than 98% of their par value and the Series 1989B Bonds shall be sold at not less than 100% of their par value (original principal amount per \$1,000, in the case of Capital Appreciation Bonds).

The Series 1989A Bonds shall mature on July 1 in years and estimated amounts as described in Exhibit A. The actual amount of each maturity shall be finally determined in the Award Resolution.

Current Interest Series 1989B Bonds shall mature on July 1 in years and estimated amounts as described in Exhibit B. The actual amount of each maturity shall be finally determined in the Award Resolution.

Capital Appreciation Bonds shall mature in the estimated amount and on the date described in Exhibit C. The actual amount of each maturity shall be finally determined in the Award Resolution.

Current Interest Bonds maturing prior to July 1, 1998, are not subject to redemption at the option of the Board, acting for the City, prior to maturity. The Current Interest Bonds maturing on and after July 1, 1998, are subject to redemption at the option of the City at any time, in whole or in part, in such order as the Board shall determine and by lot within a maturity, in integral multiples of \$5,000 in the case of Series 1989A Bonds and in integral multiples of \$500 in the case of Series 1989B Bonds, at the following redemption prices (expressed as percentages of the principal amount of the Bonds or portion of Bonds to be redeemed), plus accrued interest to the redemption date:

<u>Period During Which Redeemed</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
July 1, 1997, to June 30, 1999	102%
July 1, 1999, to June 30, 2001	101
July 1, 2001, and thereafter	100

Capital Appreciation Bonds are subject to redemption at the option of the Board acting for the City, in whole or in part by lot at any time on or after July 1, 1997, at the following redemption prices (expressed as a percentage of the Accreted Amount of Capital Appreciation Bonds to be redeemed):

<u>Period During Which Redeemed</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
July 1, 1997, to June 30, 1999	102%
July 1, 1999, to June 30, 2001	101
July 1, 2001, and thereafter	100

The Transfer Agent shall give notice of the redemption of Bonds by mail not less than 30 days before the redemption date to the Registered Owners of the Bonds or portions of the Bonds to be redeemed at the addresses of the Registered Owners as shown on the registration books of the City kept by the Transfer Agent. Failure to receive any notice of redemption shall not offset the validity of the proceedings for redemption. Bonds called for redemption shall not bear interest after the redemption date if funds are on deposit with the Transfer Agent to redeem the Bonds called for redemption on the redemption date.

The Bonds shall be issued in fully registered form and shall be signed by the manual or facsimile signatures of the Chairman and Secretary of the Board. The Bonds shall have the facsimile corporate seal of the City printed thereon. No Bond shall be valid until authenticated by an authorized officer of the Transfer Agent. The Bonds shall be delivered to the Transfer Agent for authentication and shall be delivered by the Transfer Agent to the purchaser in accordance with instructions from the

Secretary of the Board upon payment of the purchase price for the Bonds in accordance with the Award Resolution. Executed blank Bonds for registration and issuance to transferees shall, as necessary, be delivered to the Transfer Agent.

Any Bond, upon surrender of the Bond to the Transfer Agent by the Registered Owner thereof, accompanied by a duly executed written instrument of transfer satisfactory to the Transfer Agent, may be exchanged for a Bond or Bonds of the same series and type (Current Interest Bond or Capital Appreciation Bond, as the case may be) of any other authorized denominations of the same aggregate principal amount, maturity date and interest rate as the surrendered Bond.

Any Bond may be transferred upon the books of the City maintained by the Transfer Agent by the Registered Owner thereof, in person or by his or her duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Transfer Agent shall authenticate and deliver a new Bond or Bonds, of like series, type, aggregate principal amount, maturity, and interest rate. The Transfer Agent shall require the payment by the Registered Owner requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

The City shall not be required (i) to issue, register the transfer of, or exchange any Bond during a period beginning at the opening of 15 business days before the day of the mailing of a notice of redemption of Bonds selected for redemption under this Bond Resolution and ending at the close of business on the day 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. The Board, on behalf of the City, shall give the Transfer Agent notice of call for redemption at least 15 days prior to the date notice of redemption is to be given.

Upon payment of a fee of \$15.00 and written notice received by the Transfer Agent and the Board not less than 15 days prior to a redemption date fixed by the Registered Owner, the Series 1989B Bonds shall be redeemed by the City, which date shall be a January 1 or July 1, at a price, in the case of Current Interest Bonds, equal to the principal amount of the Series 1989B Bonds to be redeemed and, in the case of Capital Appreciation Bonds, at a price equal to the Accreted Amount on the redemption date of Series 1989B Bonds to be redeemed.

Section 5. 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 6. Management. The operation, repair and management of the System shall be under the supervision and control of the Board.

Section 7. 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 8. 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 9. 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 120% of the Aggregate Debt Service Requirement for the forthcoming twelve (12) month period plus

such amount as is necessary to comply with all covenants in this Bond Resolution and to pay all charges and liens whatsoever payable out of Net Revenues in such period.

Section 10. 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 11. Funds and Accounts; Flow of Funds. All Revenues of the System shall be set aside as collected and credited to a fund established with the Depository to be designated WATER SUPPLY AND ELECTRIC 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. The moneys in the Redemption Fund, including the Reserve Account, shall be kept on deposit with the bank or trust company which is the Transfer Agent.

After provision for the Operation and Maintenance Fund, there shall be set aside on or before the first day of each month, commencing December 1, 1989, in the Redemption Fund a sum proportionately sufficient to provide for the payment when due of the current principal of and interest on the Bonds, less any amount in the Redemption Fund representing accrued interest on the Bonds. Commencing December 1, 1989, the amount set aside each month for interest on the Bonds shall be 1/7 of the interest on the Bonds due July 1, 1990, and commencing July 1, 1990, and thereafter the amount set aside each month for interest on the Bonds shall be 1/6 of the interest on the Bonds next coming due.

The amount set aside each month for principal, commencing December 1, 1989, shall be 1/7 of the amount of principal due on the Bonds on July 1, 1990, and commencing July 1, 1990, and thereafter the amount set aside each month for principal of the Current Interest Bonds shall be 1/12 of the total amount of the principal of the Bonds due on the next July 1 and 1/12 of the maturing amount of Capital Appreciation Bonds due one year or less from the 1st day of such month. 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 18(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 Aaa by Moody's Investors Service and AAA by Standard and Poor's Corporation.

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.

C. JUNIOR LIEN BOND AND INTEREST REDEMPTION FUND: If the Board shall ever issue Junior Lien Bonds, 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 as they come due (the "Junior

Lien Bond and Interest 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 in accordance with the resolution authorizing the issuance of the Junior Lien Bonds. 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. The detail of the establishment and maintenance of such fund shall be provided in the resolution of the Board authorizing the issuance of such Junior Lien Bonds.

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 Bond and Interest 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 12. 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 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.

The City, by and through its Board, covenants and agrees that to the extent permitted by law, it shall take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage

earnings and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds, all as more fully set forth in the Non-Arbitrage and Tax Compliance Certificate to be delivered by the City in connection with the issuance of the Series 1989A Bonds and the Series 1989B Bonds.

Section 13. 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 Bond and Interest Redemption Fund, any moneys or securities in other funds of the System, except the proceeds of sale of the Series 1989A Bonds and the Series 1989B 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 Bond and Interest Redemption Fund.

Section 14. 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 12 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 15. Applicable Law. The Series 1989A and the Series 1989B Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94.

Section 16. Bond Proceeds. From the proceeds of the sale of the Series 1989A Bonds and the Series 1989B Bonds there first shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest and premium, if any, received on delivery of the Series 1989A Bonds and the Series 1989B Bonds and the City shall receive a credit equal to the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of the next maturing interest on the Current Interest Bonds.

The remaining proceeds of the Series 1989A Bonds and the Series 1989B Bonds shall be used to pay the cost of acquiring the Project and paying the cost of issuing the Series 1989A Bonds and the Series 1989B Bonds.

Section 17. Covenants. The City 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 9 of this Bond Resolution.

Section 18. 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 Series 1989A Bonds and the Series 1989B 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 average 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 Consulting Engineer 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 Consulting Engineer 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 18, the Board reserves the right to issue Junior Lien Bonds payable as provided herein.

Section 19. 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 20. 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 21. 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 22. Bond Form. The Current Interest Bonds shall be in substantially the following form:

[SERIES 1989A BONDS]
[SERIES 1989B BONDS]

UNITED STATES OF AMERICA

STATE OF MICHIGAN

INGHAM, EATON AND CLINTON COUNTIES

CITY OF LANSING

WATER SUPPLY AND ELECTRIC UTILITY SYSTEM
REVENUE BONDS, SERIES 1989_

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

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The CITY OF LANSING, Ingham, Eaton and Clinton Counties, State of Michigan (the "City"), for value received, hereby promises to pay the Principal Amount shown above to the Registered Owner specified above on the Maturity Date specified above with interest thereon from the Date of Original Issue specified above until paid at the Interest Rate per annum specified above, payable on July 1, 1990, and on each January 1 and July 1 thereafter until the obligation of the City to pay the Principal Amount is satisfied. Principal of this bond is payable at the principal office of _____ or such other transfer agent as the City may hereinafter designate by notice mailed to the registered owner not less than 60 days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of this bond as of the 15th day of the month next preceding the payment date as shown on the registration books of the City kept by the Transfer Agent by check or draft mailed to the registered owner at the registered address, and for the prompt payment thereof, the revenues of the facilities of the City for the supply and distribution of water and the generation and distribution of electricity, steam 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 lien thereon has been created. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

[Applicable Only to Series 1989B Bonds - Upon payment of a fee of \$15.00 and written notice received by the Transfer Agent and the Board not less than 15 days prior to a redemption date fixed by the Registered Owner, which date shall be a January 1 or July 1, this Bond shall be redeemed by the City at a redemption price equal to the principal amount plus accrued interest to the redemption date.]

This bond is one of a series of bonds of like tenor, except as to denomination, rate of interest, date of maturity and prior redemption, aggregating the principal sum of \$_____, issued pursuant to a Bond Resolution (the "Bond Resolution") adopted by the Board of Water and Light of the City (the "Board") on _____, 1989, 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, for the purpose of paying part of the cost of remodeling, updating and extending the life of the System and 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 may hereafter be issued, the rights and limitations on the owners of the bonds and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Bond Resolution.

Bonds of this series maturing prior to July 1, 1998, are not subject to redemption prior to their respective dates of maturity. Bonds of this series maturing on January 1, 1998, and thereafter are subject to redemption prior to maturity at the option of the Board acting for the City, at any time on and after January 1, 1997, in whole or in part, in the amount selected by the Board, in order of maturities selected by the Board and within a maturity by lot, at the redemption prices, expressed as a percentage of principal amount, set forth in the following table, plus accrued interest to the date of redemption:

<u>Redemption Dates</u> <u>(both inclusive)</u>	<u>Redemption</u> <u>Price</u>
July 1, 1997, to June 30, 1999	102%
July 1, 1999, to June 30, 2001	101
July 1, 2001, and thereafter	100

Notice of call of bonds for redemption shall be mailed to the registered owner not less than 30 days prior to the date fixed for redemption at the address shown on the registration books of the City. Failure to receive such notice shall not affect the validity of the proceedings for redemption. Bonds

called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Transfer Agent to redeem the bonds called for redemption.

This bond is a self-liquidating bond and is not a general obligation of the City or the Board and does not constitute an indebtedness of the City or the Board within any constitutional, statutory or charter limitation, but is payable, both as to principal and interest, solely from the Net Revenues of the System. The principal of and interest on this bond are secured by a statutory lien on the Net Revenues of the System.

The Board 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 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, and to maintain a bond redemption fund 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 Bond Resolution.

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

It is hereby certified and recited that all acts, conditions and things required by law 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 Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City of Lansing, Ingham, Eaton and Clinton Counties, State of Michigan, by and through its Board of Water and Light, has caused this bond to be executed with the facsimile signatures of its Chairman and its Secretary and the corporate seal of the City to be printed on this bond.

CITY OF LANSING

By: (FACSIMILE)
Chairman

(Seal)

By: (FACSIMILE)
Secretary

Certificate of Authentication

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

Transfer Agent

By: _____
Authorized Representative

Date of Authentication:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

(Please print or typewrite name and address of transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____

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

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature(s) must be guaranteed by a commercial bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges. The transfer agent will not effect transfer of this bond unless the information concerning the transferee requested below is provided.

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF TRANSFEREE.

Name and Address: _____

(Include information for all joint owners if the bond is held by joint account)

(Insert number for first named transferee if held by joint account)

The Capital Appreciation Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
INGHAM, EATON AND CLINTON COUNTIES
CITY OF LANSING

WATER SUPPLY AND ELECTRIC UTILITY SYSTEM
REVENUE BONDS, SERIES 1989B

<u>Maturity</u> <u>Date</u>	<u>Date of</u> <u>Original Issue</u>	<u>CUSIP</u>
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REGISTERED OWNER:

ORIGINAL PRINCIPAL AMOUNT PER \$1,000 AMOUNT DUE AT MATURITY:
\$ _____

AMOUNT DUE AT MATURITY: \$ _____

The CITY OF LANSING, Ingham, Eaton and Clinton Counties, State of Michigan (the "City"), for value received, hereby promises to pay the Amount Due At Maturity shown above to the Registered Owner specified above on the Maturity Date specified above. The Amount Due At Maturity is payable at the principal office of _____ or such other transfer agent as the City may hereinafter designate by notice mailed to the registered owner not less than 60 days prior to any interest payment date (the "Transfer Agent"). For the prompt payment of the Amount Due At Maturity, the revenues of the facilities of the City for the supply and distribution of water and the generation and distribution of electricity, steam 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 lien thereon has been created.

If the Amount Due At Maturity shall not be paid at the Maturity Date, the Amount Due At Maturity shall thereafter bear interest at the rate of _____ % per annum.

Upon payment of a fee of \$15.00 and written notice received by the Transfer Agent and the Board not less than 15 days prior to a redemption date fixed by the Registered Owner, which date

shall be a January 1 or July 1, this Bond shall be redeemed by the City at a redemption price equal to the Accreted Amount on the redemption date.

This bond is one of a series of bonds of like tenor, except as to denomination, rate of interest, date of maturity and prior redemption, aggregating the principal sum of \$_____, issued pursuant to a Bond Resolution (the "Bond Resolution") adopted by the Board of Water and Light of the City (the "Board") on _____, 1989, 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, for the purpose of paying part of the cost of remodeling, updating and extending the life of the System and 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 may hereafter be issued, the rights and limitations on the owners of the bonds and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Bond Resolution.

This Bond is not subject to redemption prior to July 1, 1997. This Bond is subject to redemption prior to the Maturity Date, at the redemption prices, expressed as a percentage of the Accreted Amount on the redemption date, set forth in the following table:

<u>Redemption Dates</u> <u>(both inclusive)</u>	<u>Redemption</u> <u>Price</u>
July 1, 1997, to June 30, 1999	102%
July 1, 1999, to June 30, 2001	101
July 1, 2001, and thereafter	100

Notice of call of bonds for redemption shall be mailed to the registered owner not less than 30 days prior to the date fixed for redemption at the registered address shown on the registration books of the City. Failure to receive such notice shall not affect the validity of the proceedings for redemption. Bonds called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Transfer Agent to redeem the bonds called for redemption.

The following table sets forth, for each date therein, the Accreted Amount of this Bond per \$1,000 Amount Due At Maturity:

<u>Date</u>	<u>Accreted Amount</u>	<u>Date</u>	<u>Accreted Amount</u>
-------------	----------------------------	-------------	----------------------------

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, but is payable, both as to principal and interest, solely from the Net Revenues of the System. The principal of and interest on this bond are secured by a statutory lien on the Net Revenues of the System.

The Board 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 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, and to maintain a bond redemption fund 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 Bond Resolution.

This bond is transferable only upon the registration books of the City kept by the Transfer Agent by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Bond Resolution authorizing the bonds, and upon the payment of the charges, if any, therein prescribed. The City shall not be required (i) to issue, register the transfer of, or exchange any Bond during a period beginning at the opening of 15 business days before the day of the mailing of a notice of redemption of Bonds selected for redemption under this Bond Resolution and ending at the close of business on the day 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.

It is hereby certified and recited that all acts, conditions and things required by law 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 Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City of Lansing, Ingham, Eaton and Clinton Counties, State of Michigan, by and through its Board of Water and Light, has caused this bond to be executed with the facsimile signatures of its Chairman and its Secretary and the corporate seal of the City to be printed on this bond.

CITY OF LANSING

By: (FACSIMILE)
Chairman

(Seal)

By: (FACSIMILE)
Secretary

Certificate of Authentication

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

Transfer Agent

By: _____
Authorized Representative

Date of Authentication:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

(Please print or typewrite name and address of transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____

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

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature(s) must be guaranteed by a commercial bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges. The transfer agent will not effect transfer of this bond unless the information concerning the transferee requested below is provided.

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF TRANSFEREE.

Name and Address: _____

(Include information for all joint owners if the bond is held by joint account)

(Insert number for first named transferee if held by joint account)

Section 23. Amendments; Consent of Registered Owners.

(a) 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;

(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 necessary by the City to accommodate the issuance of Additional Bonds or Junior Lien Bonds which (a) are "Capital Appreciation Bonds" or "Zero Coupon Bonds" to the extent permitted by law or (b) are variable rate bonds, but only if such modifications, in the written opinion of nationally recognized bond counsel filed with the Board, do not result in materially diminishing the security hereby granted to the Registered Owners of any Outstanding Bonds.

Any amendment or supplemental resolution or resolution authorized by the provisions of this Section 23(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 23(b) below.

(b) 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 23(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 23(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 23(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.

Section 24. Sale of the Bonds. The Series 1989A Bonds shall be sold at a public sale published in accordance with law in a publication to be selected by the General Manager pursuant to a Notice of Sale in substantially the following form:

OFFICIAL NOTICE OF SALE

\$14,000,000

CITY OF LANSING, BY AND THROUGH THE
BOARD OF WATER AND LIGHT OF THE CITY OF LANSING

COUNTIES OF INGHAM, EATON AND CLINTON, STATE OF MICHIGAN

WATER SUPPLY AND ELECTRIC UTILITY SYSTEM
REVENUE BONDS, SERIES 1989A

SEALED BIDS for the purchase of the above bonds will be received by the undersigned at the Secretary's office, Board of Water and Light of the City of Lansing, 123 W. Ottawa, Lansing, Michigan, on the 24th day of October, 1989, until 3:00 o'clock, P.M., Eastern Daylight Time, at which time and place said bids will be publicly opened and read.

IN THE ALTERNATIVE: Sealed bids will also be received on the same date and until the same time by an agent of the undersigned at the office of the Municipal Advisory Council of Michigan, 1158 First National Building, Detroit, Michigan 48226, where they will be publicly opened and read. Bids opened at Detroit, Michigan, will be read first. Bidders may choose either location to present bids and good faith checks, but may not present bids at both locations.

BOND DETAILS: The bonds will be fully registered bonds of the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof, dated October 1, 1989, and will bear interest from their date payable on July 1, 1990, and semi-annually thereafter.

Said bonds will mature on the first day of July as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1990	\$1,000,000	1998	\$1,000,000
1991	1,000,000	1999	500,000
1992	1,000,000	2000	1,000,000
1993	1,000,000	2001	1,250,000
1994	250,000	2002	1,250,000
1995	1,000,000	2003	1,250,000
1996	1,000,000	2004	500,000
1997	1,000,000		

PRIOR REDEMPTION: Bonds maturing on and after July 1, 1998, are subject to redemption prior to maturity, in whole or in part in such order as the City shall determine and by lot within a maturity, in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount of the bonds or portions of bonds to be redeemed), plus accrued interest to the redemption date:

<u>Period During Which Redeemed</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
July 1, 1997, to June 30, 1999	102%
July 1, 1999, to June 30, 2001	101
July 1, 2001, and thereafter	100

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

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 9% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rate on the bonds shall not exceed two percentage points. No proposal for the purchase of less than all of the bonds or at a price less than 98% of their par value will be considered.

BOND REGISTRAR AND TRANSFER AGENT: The bonds shall be payable as to principal in lawful money of the United States upon surrender thereof at First of America Bank-Central, in the City of Lansing, Michigan, the bond registrar and transfer agent. Interest shall be paid to the registered owner of each bond as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and transfer agent to the registered owner at the registered address. The City of Lansing may from time to time as required designate a successor bond registrar and transfer agent.

REGISTRATION OF BONDS: The successful bidder shall notify the bond registrar and transfer agent in writing of the denominations and initial registered owners of the bonds on or before 5:00 P.M., October 31, 1989. In the event of the failure so to notify the bond registrar and paying agent within such time, the City shall specify the denominations of bonds to be delivered to the

successful bidder and the successful bidder shall be the initial registered owner thereof.

PURPOSE AND SECURITY: The bonds are issued under the provisions of Act 94, Public Acts of Michigan 1933, as amended, and a bond resolution (the "Bond Resolution") adopted by the Board of Water and Light of the City of Lansing ("Board") on September 26, 1989, for the purpose of paying part of the cost of remodeling, updating and extending the life of the water supply and electric utilities of the City of Lansing, Michigan, and to pay issuance costs for the bonds.

The bonds, except to the extent payable from bond proceeds, are payable solely from the net revenues of the water supply and distribution and electric, heat and steam generating and distribution systems (the "System") of the City of Lansing and any additions thereto, and a statutory first lien on the net revenues of the System has been established by the Bond Resolution. The Board has covenanted and agreed to fix and maintain at all times while any of such bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System, of the principal and interest on all of said bonds when due, and to provide for such other expenditures and funds for the System as are required by the Bond Resolution.

The City, acting through its Board, anticipates that it will issue Water Supply And Electric Utility System Revenue Bonds, Series 1989B in an aggregate principal amount not to exceed \$3,000,000, the proceeds of which will be used for the same purpose as the proceeds of the Series 1989A Bonds, which bonds shall be secured on a parity with the Series 1989A Bonds.

The rights and remedies of bondholders may be affected by bankruptcy laws or other creditors' rights legislation now existing or hereafter enacted.

GOOD FAITH: A certified or cashier's check in the amount of \$280,000 drawn upon an incorporated bank or trust company and payable to the order of the Treasurer of the Board of Water and Light must accompany each bid as a guarantee of good faith on the part of the bidder, to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the bonds. No interest shall be allowed on the good faith checks and checks of the unsuccessful bidders will be promptly returned to each bidder's representative or by registered mail. The good faith check of the successful bidder will be immediately cashed and payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest interest cost computed by determining at the rate or rates specified in the bid, the total dollar value of all interest on the bonds from November 1, 1989, to their maturity and deducting therefrom any premium.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson, Wright, Moon, Van Dusen & Freeman, attorneys of Lansing and Detroit, Michigan, a copy of which opinion will be printed on the reverse side of each bond, and the original of which will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Dickinson, Wright, Moon, Van Dusen & Freeman for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the bonds, Dickinson, Wright, Moon, Van Dusen & Freeman has made no inquiry as to any financial information, statements or material contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

TAX MATTERS: The approving opinion of bond counsel will include an opinion to the effect that under existing law, the interest on the bonds (a) is excluded from gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; such opinion will note, however, that certain corporations must take into account interest on the bonds in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989) for the purpose of computing such alternative minimum tax. The opinion set forth in clause (a) above will be subject to the condition that the City of Lansing comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the bonds to be included in gross income retroactive to the date of issuance of the bonds. The City of Lansing has covenanted to comply with all such requirements. Bond counsel will express no opinion regarding other federal tax consequences arising with respect to the bonds.

The City of Lansing has not designated the bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The successful bidder will be required, as a condition of delivery of the bonds, to certify the "issue price" of the bonds within the meaning of Section 1273 of the Code. The form of an acceptable certificate will be provided by bond counsel.

In addition, the approving opinion of bond counsel will include an opinion to the effect that under existing law, the bonds and the interest thereon are exempt from all taxation in the State of Michigan except inheritance taxes and taxes on gains realized from the sale, payment or other disposition thereof.

CUSIP: CUSIP numbers will be imprinted on all bonds of this issue at the issuer's expense. An improperly printed number will not constitute a basis for the purchaser to refuse to accept delivery.

DELIVERY OF BONDS: The City of Lansing will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser at New York, New York, Chicago, Illinois, or Detroit, Michigan. The usual closing documents including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of the delivery of the bonds. If the bonds are not tendered for delivery by twelve o'clock noon, Eastern Standard Time, on the 45th day following the day of sale, or the first business day thereafter if said 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the bonds, withdraw his proposal by serving notice of cancellation, in writing, on the undersigned, in which event the City of Lansing shall promptly return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

FINANCIAL CONSULTANT: Further information with respect to said bonds may be obtained from First of Michigan Corporation, 26th Floor, 100 Renaissance Center, Detroit, Michigan 48243. Telephone: (313) 259-2600.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for Bonds."

City of Lansing, by and through
the Board of Water and Light of
the City of Lansing

By: _____

Adopted and signed on the 24th day of October, 1989.

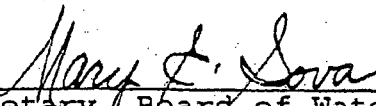
Phyllis E. Hassler
Chairman

Mary E. Dora
Secretary

ADOPTED:	YEAS	<u>Commissioners Belen, Evans, Hassler, Jessop, Strolle, and</u>
		<u>Williams</u>
	NAYS	<u>None</u>
	ABSTAIN	<u>None</u>

STATE OF MICHIGAN)
) SS:
COUNTY OF INGHAM)

I, the undersigned, the Secretary of the Board of Water and Light of the City of Lansing, do hereby certify that the forgoing is a true and complete copy of a resolution duly adopted by the Board of Water and Light of the City of Lansing at a regular meeting held on October 24, 1989, the original of which is on file in my office. I further certify that the notice of said meeting was given in accordance with the provisions of the Open Meetings Act.



Secretary, Board of Water and
Light of the City of Lansing

EXHIBIT B

Series 1989B Current Interest Bonds

July 1

Principal Amount

1994
1999

\$700,000
850,000

EXHIBIT C

Series 1989B Capital Appreciation Bonds

July 1

Principal Amount at Maturity

2004

\$450,000

JMW/32063/0014/AA7/ljd

**Board of Water and Light
of the City of Lansing**

TENTH SUPPLEMENTAL REVENUE BOND RESOLUTION

A RESOLUTION TO PROVIDE FOR:

- Issuance of up to \$40,000,000 of Series 2008A Bonds for improvements to the Water Supply, Steam, Chilled Water and Electric Utility System;
- Deposit to Bond Reserve Account and Creation of Construction Fund for deposit of Bond Proceeds;
- Future Rate Covenant reduced to 125%;
- Future Additional Bonds Test reduced to 125%;
- Chief Financial Officer to sell Bonds without further resolution; and
- Other matters relative to issuance, sale and delivery of Bonds.

WHEREAS, the City of Lansing acting by and through the Board of Water and Light has previously issued its 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, and a Bond Resolution amended and restated on October 24, 1989 and further amended and supplemented as described under the definition "Bond Resolution" below; and

WHEREAS, all terms not defined herein shall have the meanings set forth in the Bond Resolution; and

WHEREAS, it is necessary for the public health, safety and welfare of the residents of the City and the users of the System to acquire and construct the Series 2008 Project (as defined below); and

WHEREAS, the City, acting by and through the Board, took action on July 25, 2006 to declare official intent to reimburse expenditures for certain costs associated with acquisition and construction of the Series 2008 Project with proceeds of revenue bonds, in compliance with Treasury Regulation Section 1.150-2 issued by the Internal Revenue Service pursuant to the Internal Revenue Code of 1986, as amended; and

WHEREAS, on October 12, 2007, the City published a Notice of Intent to Issue Revenue Bonds and Right to Petition for Referendum in the *Lansing State Journal* describing revenue bonds to be issued in one or more series to finance costs of the Series 2008 Project, and no petitions requesting referendum as described in the Notice were filed with the City Clerk within the referendum period; and

WHEREAS, Section 18(a) of the Bond Resolution as amended by Section 6 of the Second Supplemental Revenue Bond Resolution permits the issuance of Additional Bonds of equal standing and priority of lien with the Outstanding Senior Lien Bonds (defined below) for repairs, extensions, enlargements and improvements to the System and costs of issuing such Additional Bonds, including deposits which may be required to be made to a bond reserve

account, if the average 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 the Additional Bonds shall be equal to at least one hundred fifty (150%) 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; and

WHEREAS, the conditions and requirements of Section 18(a) of the Bond Resolution have been met for the issuance of the proposed revenue bonds, and the City is ready to authorize issuance of the first series of bonds to finance the Series 2008 Project.

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. Definitions. All terms not defined herein shall have the meanings set forth in the Bond Resolution, and whenever used in this Bond Resolution, except when otherwise indicated by the context, the following terms shall have the following meanings:

- (a) "Additional Bonds" means any Additional Bonds of equal standing with the Series 2008A Bonds issued pursuant to Section 18(a) of the Bond Resolution as amended by this Tenth Supplemental Revenue Bond Resolution.
- (b) "Bond Resolution" means the Bond Resolution adopted by the Board on September 26, 1989, as amended and restated on October 24, 1989 and supplemented by the First Supplemental Revenue Bond Resolution adopted by the Board on October 26, 1993, the Second Supplemental Revenue Bond Resolution adopted by the Board on January 11, 1994, the Third Supplemental Revenue Bond Resolution adopted on September 2, 1999, the Fourth Supplemental Revenue Bond Resolution adopted October 26, 1999, the Fifth Supplemental Bond Resolution adopted by the Board April 24, 2001, the Sixth Supplemental Revenue Bond Resolution adopted by the Board on July 23, 2002, the Seventh Supplemental Bond Resolution adopted by the Board on July 23, 2002, the Eighth Supplemental Revenue Bond Resolution adopted on August 12, 2003, the Ninth Supplemental Revenue Bond Resolution adopted on July 26, 2005, and this Tenth Supplemental Revenue Bond Resolution, and any other resolution which amends or supplements the Bond Resolution.
- (c) "Bonds" means the Series 2008A Bonds and any Additional Bonds of equal standing hereafter issued.
- (d) "Chief Financial Officer" means the Chief Financial Officer of the Board.
- (e) "Notice of Intent" means the Notice to Electors of the City of Lansing of Intent to Issue Revenue Bonds and Right to Petition for Referendum published in the Lansing State Journal on October 12, 2007.
- (f) "Outstanding Senior Lien Bonds" means the Outstanding portion of: the Water Supply and Electric Utility Bonds, Series 1994B, the Water Supply, Steam and Electric Utility System Revenue Bonds, Series 1999A, the Water Supply, Steam and Electric Utility System Revenue Bonds, Series 2002A, the Water Supply,

Steam and Electric Utility System Revenue Refunding Bonds, Series 2002B, the Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2003A, and the Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2005A.

- (g) "Reserve Requirement" shall mean the Reserve Requirement established by Section 11 of this Tenth Supplemental Revenue Bond Resolution.
- (h) "Series 2008A Bonds" means the Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A issued pursuant to this Tenth Supplemental Revenue Bond Resolution.
- (h) "Series 2008A Construction Fund" shall mean the Series 2008A Construction Fund established pursuant to this Tenth Supplemental Revenue Bond Resolution.
- (i) "Series 2008 Project" means the acquisition and construction of improvements to the System, together with any appurtenances and attachments thereto and any related site acquisition or improvements, described in the Notice of Intent including, but not limited to, renovation, improvement and equipping of water conditioning plants; construction, improvement, and renovation of water transmission and distribution lines and related water utility system facilities; renovation, improvement and equipping of electric generating stations; and construction, improvement and renovation of electric transmission and distribution lines and related electric utility system facilities.
- (j) "System" means the complete facilities of the City 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 City.

Section 2. Conditions Permitting Issuance of Additional Bonds. Pursuant to Section 18(a) of the Bond Resolution as amended and supplemented through the date of issuance of the last series of the Outstanding Senior Lien Bonds, the City hereby determines that the Series 2008A Bonds shall be issued only if: (a) the average actual or augmented Net Revenues of the System for the fiscal year ending June 30, 2007 are equal to at least 150% of the maximum Aggregate Debt Service Requirement in any current or future fiscal year on the Outstanding Bonds and the Series 2008A Bonds, and (b) the City is not in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

Section 3. Ratification of Notice of Intent. The Board hereby ratifies and confirms the actions taken by the Corporate Secretary of the Board to publish the Notice of Intent, and hereby determines that the form of notice and the manner of publication is the method best calculated to give notice to the electors of the City of the intent to issue the Series 2008A Bonds and the purpose therefor, the source of payment of the Series 2008A Bonds, and the right of

referendum relating thereto, and the manner of publication is hereby determined to reach the largest number of persons to whom the notice is directed.

Section 4. Necessity; Preliminary Approval of Plans; and Statement of Purpose. It is hereby determined to be a necessary public purpose of the City to acquire and construct the Series 2008 Project in accordance with the plans and specifications prepared by the City's consulting engineers, which plans and specifications are hereby approved.

Section 5. Costs; Useful Life. The total cost of the Series 2008 Project is estimated to be not-to-exceed Forty Million Dollars (\$40,000,000) including the payment of incidental expenses as specified in Section 6 of this Resolution, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the Series 2008 Project is estimated to be not less than thirty (30) years.

Section 6. Payment of Cost of Project; Bonds Authorized; Applicable Law. To pay part of the cost of acquiring and constructing all or a portion of the Series 2008 Project, including payment of all legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2008A Bonds, the City shall borrow the sum of not-to-exceed Forty Million Dollars (\$40,000,000) and shall issue the Series 2008A Bonds therefor pursuant to the provisions of Act 94. The remaining cost of the Series 2008 Project, if any, shall be defrayed from funds on hand and legally available for such use, or, if the principal amount of the Series 2008A Bonds is less than \$40,000,000, from an additional series of bonds to be issued upon approval of a future resolution. The Series 2008A Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94.

Section 7. Series 2008A Bond Details, Registration and Execution. The Series 2008A Bonds shall be designated as the "Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A" and shall be payable solely out of the Net Revenues of the System. City Council shall not be requested to pledge the full faith and credit of the City for payment of the Series 2008A Bonds. The Series 2008A Bonds shall be issued as fully registered bonds registered in the denomination of \$5,000 or integral multiples thereof and shall be numbered in consecutive order of registration or authentication from 1 upwards. The Series 2008A 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 2008A Bonds, shall mature as serial bonds or term bonds on such dates as shall be determined at the time of sale of the Series 2008A Bonds but not-to-exceed thirty (30) annual maturities.

The Series 2008A 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 2008A Bonds.

The Series 2008A Bonds shall bear interest at a rate or rates to be determined on sale thereof not exceeding 6.00% per annum, payable on July 1, 2008, or such later date as provided at the time of sale of the Series 2008A Bonds, and semi-annually thereafter on January 1st and July 1st of each year.

The Series 2008A Bonds shall be executed by the manual or facsimile signature of the Chairperson and the Corporate Secretary of the Board. No Series 2008A Bond shall be valid

until authenticated by an authorized representative of the Transfer Agent. The Series 2008A 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 2008A Bonds in accordance with the bid therefor when accepted. Executed blank bonds for registration and issuance to transferees shall be delivered to the Transfer Agent for safekeeping from time to time as necessary.

Section 8. Registration and Transfer. The Chief Financial Officer is hereby authorized to appoint as transfer agent for the Series 2008A Bonds a bank or trust company qualified to act as bond registrar, paying agent and transfer agent (the "Transfer Agent"). The Chief Financial Officer is hereby authorized to execute one or more agreements with the Transfer Agent on behalf of the City. The City 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 2008A 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 City 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 City to conform to market practice in the future.

The Series 2008A 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 2008A Bonds in book-entry-only form and to make such changes in the form of the Series 2008A Bonds within the parameters of this Resolution as may be required to accomplish the foregoing. Notwithstanding the foregoing, if the Series 2008A Bonds are held in book-entry-only form by DTC, payment of principal of and interest on the Series 2008A Bonds shall be made in the manner prescribed by DTC.

The Series 2008A 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 City 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.

Upon payment by the City of all outstanding principal of and interest on the Series 2008A Bonds, the registered owner thereof shall deliver the Series 2008A Bonds to the City for cancellation.

Section 9. Deposit to Bond Reserve Account. On or prior to the date of delivery of the Series 2008A Bonds, the City shall deposit into the Bond Reserve Account any amount necessary to cause the amount on deposit in the Bond Reserve Account to be equal to the Reserve Requirement. The City may meet the Reserve Requirement by a letter of credit, a surety bond, or an insurance policy if the provider or issuer thereof shall be rated AAA by Moody's Investors Service and Standard and Poor's Corporation or any successor to either, and the Chief Financial Officer is hereby authorized to execute an agreement with the provider or issuer of the letter of credit, surety bond, or insurance policy.

Section 10. Series 2008A Bond Proceeds. From the proceeds of sale of the Series 2008A Bonds there first shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest and premium, if any, received on delivery of the Series 2008A Bonds, and the City 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 on the Series 2008A Bonds; provided, however, that at the discretion of the Chief Financial Officer, all or a portion of any premium received upon delivery of the Series 2008A Bonds may be deposited in the Bond Reserve Account or the Series 2008A Construction Fund in consultation with Bond Counsel.

There shall next be deposited in the Bond Reserve Account an amount, if any, designated at the time of sale of the Series 2008A Bonds as necessary to cause the amount on deposit in the Bond Reserve Account to be equal to the Reserve Requirement.

The remaining proceeds of the Series 2008A Bonds shall be deposited in the Series 2008A 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. Monies in the Construction Fund shall be applied solely in payment of the portion of the cost of the Series 2008 Project being financed with proceeds of the Series 2008A Bonds and any costs of engineering, legal, financial, bond insurance premiums and other expenses incident thereto and to the issuance of the Series 2008A Bonds.

Any unexpended balance of the proceeds of sale of the Series 2008A Bonds remaining in the Construction Fund after completion of the Series 2008 Project may, in the discretion of the Chief Financial Officer, be deposited to the Bond Reserve Account in order to meet the Reserve Requirement, or for further improvements, enlargements and extensions to the System. Any balance remaining after such expenditure shall be paid into the Redemption Fund for the purpose of purchasing Series 2008A Bonds on the open market at not more than the fair market value thereof but not more than the price at which the Series 2008A Bonds may next be called for redemption or used for the purpose of calling Series 2008A Bonds for redemption.

Section 11. Amendment of Reserve Requirement. Until payment or defeasance in full of the Outstanding Senior Lien Bonds, the City must comply with the Reserve Requirement as defined in Section 1 of the Bond Resolution as amended and restated on October 24, 1989, which is the lesser of (a) the maximum Aggregate Debt Service Requirement for the then current and any subsequent operating year and (b) ten percent of the aggregate proceeds of all Outstanding Bonds. After payment or defeasance in full of the Outstanding Senior Lien Bonds, "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.

Section 12. Amendment of Rate Covenant. Section 9 of the Bond Resolution, as previously amended by Section 5 of the Second Supplemental Revenue Bond Resolution, is amended to provide:

After payment or defeasance in full of the Outstanding Senior Lien Bonds and the Water Supply, Steam and Electric Utility System Subordinate Lien Revenue Bonds, Series 1999B, 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 13. Amendment of Additional Bonds Test. Until payment or defeasance in full of the Outstanding Senior Lien Bonds, the City must comply with the additional bonds test imposed by Section 6 of the Second Supplemental Revenue Bond Resolution adopted January 11, 1994. Section 18(a) of the Bond Resolution, as previously amended by Section 6 of the Second Supplemental Revenue Bond Resolution, is amended to provide:

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 Series 2008A 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.

The remainder of Section 18 of the Bond Resolution shall not be modified or amended by this Section.

Section 14. Covenants. The City covenants and agrees as follows with the holders of the Series 2008A Bonds as long as any of the Series 2008A Bonds remain outstanding and unpaid as to either principal or interest:

- (a) The City will cause the portion of the Series 2008 Project being financed with proceeds of the Series 2008A Bonds to be acquired and constructed promptly and in accordance with the plans and specification therefor.
- (b) The City covenants and agrees with the Registered Owners of the Series 2008A Bonds that as long as any of the Series 2008A Bonds remain outstanding and unpaid as to either principal or interest, the City shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Series 2008A Bonds pursuant to the Internal Revenue Code in such a manner as to cause the Series 2008A Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code. The City 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 2008A 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 City with the Series 2008A Bonds.

- (c) The City will not issue additional bonds of prior standing to the Series 2008A Bonds.

Section 15. Series 2008A Bond Form. The Series 2008A Bonds shall be in substantially the following form with such revisions, additions and deletions as the City may deem advisable or necessary to comply with the final terms of the Series 2008A Bonds established upon sale thereof:

BOND NO.

R-__

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF INGHAM AND EATON

CITY OF LANSING

WATER SUPPLY, STEAM, CHILLED WATER AND ELECTRIC
UTILITY SYSTEM REVENUE BOND, SERIES 2008A

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	July 1, 20__	_____, 2008	_____
Registered Owner:	Cede & Co.		
Principal Amount:	_____ (\$ _____) Dollars		

The CITY OF LANSING, Counties of Ingham and Eaton, State of Michigan (the "City"), acting by and through the Board of Water and Light of the City, 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 July 1, 2008 and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of _____, _____, _____, or such other transfer agent as the City 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 Board of Water and Light from the operations of the water supply and electric utility systems including the steam, steam heat and chilled water distribution systems (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 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 City of Lansing's Water Supply and Electric Utility System Revenue Bonds, Series 1994B, Water Supply, Steam and Electric Utility

System Revenue Bonds, Series 1999A, Water Supply, Steam and Electric Utility System Revenue Bonds, Series 2002A, Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2002B, Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2003A, and Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2005A. The pledge of Net Revenues and the statutory lien are senior in priority of lien to the City's Water Supply, Steam and Electric Utility Revenue Bonds, Series 1999B (Taxable Series) and any additional junior lien bonds issued pursuant to the Bond Resolution (defined below).

This Bond is one of a series of bonds of like tenor, except as to denomination, rate of interest and date of maturity, aggregating the principal sum of \$ __,000,000, issued pursuant to a Bond Resolution adopted by the Board of Water and Light of the City (the "Board") on October 24, 1989, as amended and supplemented from time to time, including by a Tenth Supplemental Revenue Bond Resolution adopted by the Board on _____, 200__ (collectively, 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, for the purpose of financing costs of improvements to the System, making a deposit to a bond reserve account, if necessary, 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 City, 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 then outstanding.

Bonds of this issue maturing on or prior to July 1, 20__ 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 July 1, 20__ shall be subject to redemption prior to maturity without a premium, at the option of the City, in such order as the City shall determine and within any maturity by lot, on any date on or after July 1, 20__, 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 City. 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 City 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 therefore 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 City 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 by and through the Board of Water and Light of the City, has caused this bond to be signed in the name of the City with the facsimile signatures of the Chairperson and Corporate Secretary of the Board of Water and Light, and a facsimile of the City's corporate seal to be printed hereon, all as of the Date of Original Issue.

CITY OF LANSING, BY AND THROUGH THE
BOARD OF WATER AND LIGHT OF THE CITY
OF LANSING

By _____
Chairperson

Countersigned:

By _____
Corporate Secretary

Date of Authentication: _____, 2008

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described herein.

Transfer Agent

By _____
Its: Authorized Signatory

[INSERT STANDARD FORM OF ASSIGNMENT]

Section 16. Bond Counsel. The City recognizes that Miller, Canfield, Paddock and Stone, P.L.C., has represented from time to time, and currently represents, various underwriters, financial institutions, and other potential participants in the bond financing process for unrelated projects, any of which might offer to purchase the Series 2008A Bonds or provide services related to issuance and sale of the Series 2008A Bonds. The City appoints Miller, Canfield, Paddock and Stone, P.L.C., Lansing, Michigan, as bond counsel for the Series 2008A Bonds, notwithstanding the potential concurrent representation of any such participant in the bond financing process regarding any unrelated matter.

Section 17. Financial Advisor. Robert W. Baird & Co., Traverse City, Michigan, is hereby selected to act as Financial Advisor with respect to the Series 2008A Bonds.

Section 18. Competitive Sale. If the Financial Advisor recommends that the most cost effective way to sell the Series 2008A Bonds is by competitive sale, then the Chief Financial Officer is hereby authorized to fix a date for sale of the Series 2008A Bonds and publish notice of sale of the Series 2008A Bonds in The Bond Buyer, of New York, New York, in substantially the form recommended by the Financial Advisor and bond counsel. The Chief Financial Officer is hereby authorized to award sale of the Series 2008A Bonds to the bidder whose bid produces the lowest interest cost computed in compliance with the terms of the Notice of Sale, which bid shall comply with the requirements for bids specified in the Notice of Sale and shall be within the limitations contained in Section 21 of this Resolution. Good faith checks received from the unsuccessful bidders shall be returned to each bidder as provided in the Notice of Sale. If the Series 2008A Bonds are sold at competitive sale, then approval of the matters delegated to the Chief Financial Officer under this Resolution may be evidenced by execution of a certificate awarding sale of the Series 2008A Bonds or the Official Statement.

Section 19. Negotiated Sale. If the Financial Advisor recommends that the most cost effective way to sell the Series 2008A Bonds is by negotiated sale, then the City hereby determines to sell the Series 2008A Bonds at a negotiated sale instead of a competitive sale for the reason that a negotiated sale will permit the City 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 2008A Bonds. The Chief Financial Officer is authorized to select underwriters, in consultation with the Financial Advisor, and to negotiate a Bond Purchase Agreement with the underwriters. By adoption of this Resolution the City 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 2008A Bonds shall be paid from the proceeds of the Series 2008A Bonds, if the Series 2008A Bonds are issued, except as may be otherwise provided in the Bond Purchase Agreement to be signed by the City at the time of sale of the Series 2008A Bonds.

Section 20. 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 Financial Advisor. If the Financial Advisor or the underwriters recommend that the City 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 Financial Advisor and the underwriters,

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 21. Parameters of Sale. The Series 2008A Bonds shall bear interest at a rate or rates not exceeding 6.00% per annum. The purchase price bid for Series 2008A Bonds sold by competitive sale, exclusive of any original issue discount or premium, shall not be less than 98% or more than 102% of the principal amount of the Series 2008A Bonds, plus accrued interest, if any. The underwriters' discount for Series 2008A Bonds sold by negotiated sale shall not be more than 1% of the principal amount of the Series 2008A Bonds. In making such determinations the Chief Financial Officer is authorized to rely upon data and computer runs provided by the Municipal Advisory Council of Michigan or the Financial Advisor.

Section 22. Official Statement. The Chief Financial Officer is authorized to approve circulation of a Preliminary Official Statement describing the Series 2008A Bonds and, after sale of the Series 2008A Bonds, to prepare, execute and deliver a final Official Statement.

Section 23. Continuing Disclosure. The Chief Financial Officer is hereby directed to execute and deliver, prior to delivery of the Series 2008A Bonds, a written continuing disclosure undertaking in order to enable the underwriters of the Series 2008A Bonds 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 24. 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, then a person designated by the Chief Financial Officer or the General Manager of the Board or a person designated by him is authorized to take the actions delegated to the Chief Financial Officer by this Resolution. The officers, administrators, agents and attorneys of the City are authorized and directed to take all other actions necessary and convenient to facilitate issuance and sale of the Series 2008A Bonds, 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 bond insurance premiums, transfer agent fees, financial advisor fees, bond counsel fees, rating agency fees, costs of printing the Series 2008A Bonds and the preliminary and final official statements, and any other costs necessary to accomplish sale and delivery of the Series 2008A Bonds.

Section 25. Applicability of the Outstanding Bond Resolutions. Except to the extent amended, supplemented or otherwise provided in this Resolution, all of the provisions and covenants provided in Bond Resolution shall apply to the Series 2008A Bonds issued pursuant to provisions of this Resolution, such provisions of said Resolutions being made applicable to the Series 2008A Bonds herein authorized.

Section 26. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Section 27. 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 28. Publication and Recordation. In accordance with the provisions of Section 6 of Act 94, this Resolution shall be published once in full in The City Pulse, 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 minutes of the Board and such recording authenticated by the signatures of the Chairperson and Corporate Secretary of the Board.

Section 29. 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. In accordance with the provisions of Section 6 of Act 94, this Resolution shall become effective immediately upon its adoption.

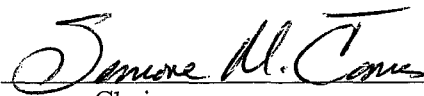
We hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the Board of Water and Light of the City of Lansing, Counties of Ingham and Eaton, State of Michigan, at a Regular meeting held on Tuesday January 29, 2008, at 5:30 p.m., prevailing Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

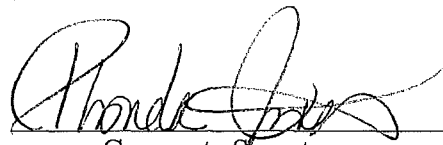
We further certify that the following Commissioners were present at said meeting: Robert W. Cochran, Tony DeLuca, Joseph E. Graves, Jr., Semone M. James, Peter W. Kramer, Frank Lain, Julee M. Rodocker and Sandra Zerkle and that none of the Commissioners were absent.

We further certify that Commissioner Joseph Graves, Jr. moved adoption of said Resolution, and that said motion was supported by Commissioner Robert Cochran

We further certify that the following Commissioners voted for adoption of said Resolution Robert W. Cochran, Tony DeLuca, Joseph E. Graves, Jr., Semone M. James, Peter W. Kramer, Frank Lain, Julee M. Rodocker and Sandra Zerkle and that none of the Commissioners voted against adoption of said Resolution.

I 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.


Chairperson


Corporate Secretary

RESOLUTION #2018-03-02
Lansing Board of Water and Light
FIFTEENTH SUPPLEMENTAL REVENUE BOND RESOLUTION

A RESOLUTION TO AUTHORIZE:

- Issuance of Bond Anticipation Notes;
- Chief Financial Officer to sell Notes without further Board Approval.

PREAMBLE

WHEREAS, the City of Lansing acting through the governing body of the Lansing Board of Water and Light, has previously issued 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 a Bond Resolution amended and restated on October 24, 1989 and further amended and supplemented from time to time; and

WHEREAS, all terms not defined herein shall have the meanings set forth in the Bond Resolution; 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, under the provisions of Section 413 of the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), the Board may issue bond anticipation notes in anticipation of the proceeds of long-term municipal bonds it proposes to issue; and

WHEREAS, in order to finance costs of the Power Plant and System Improvements Project, the Board now desires to authorize the issuance of bond anticipation notes pursuant to the provisions of Section 413 of Act 34;

NOW, therefore, be it resolved:

Section 1. Definitions. All terms not defined herein shall have the meanings set forth in the Bond Resolution, and whenever used in this Bond Resolution, except when otherwise indicated by the context, the following terms shall have the following meanings:

- (a) "Bond Resolution" means the Bond Resolution adopted by the Board on September 26, 1989, as amended and restated on October 24, 1989, and supplemented on October 26, 1993, January 11, 1994, September 2, 1999, October 26, 1999 and amended on August 12, 2008 and June 9, 2009, April 24, 2001, July 23, 2002, August 12, 2003, July 26, 2005, January 29, 2008, May 10, 2011, January 24, 2012, January 22, 2013, November 15, 2016, and as supplemented by this Fifteenth Supplemental Revenue Bond Resolution and any other resolution which amends or supplements the Bond Resolution.
- (b) "Bonds" means 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, the Series 2019 Bonds, and any Additional Bonds of equal standing hereafter issued.
- (c) "Chief Financial Officer" means the Board's Chief Financial Officer.
- (d) "Junior Lien Bonds" means bonds 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.
- (e) "Notes" means the Utility System Revenue Bond Anticipation Notes, Series 2018 issued pursuant to this Fifteenth Supplemental Revenue Bond Resolution for the purpose of paying costs of the Series 2019 Project which need to be paid before the Board issues the Series 2019 Bonds.
- (f) "Series 2018 Notes Construction Fund" shall mean the Series 2018 Notes Construction Fund established pursuant to this Fifteenth Supplemental Revenue Bond Resolution.
- (g) "Series 2019 Bonds" means the Utility System Revenue Bonds to be issued to pay costs of the Series 2019 Project.
- (h) "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").

- (i) "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.

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. Bond Anticipation Notes Authorized; Note Data; Proceeds of the Notes. In order to pay costs of the Series 2019 Project which need to be paid before the Board issues the Series 2019 Bonds, the Board shall issue the Notes pursuant to the provisions of Section 413 of Act 34 in the aggregate principal amount of not-to-exceed One Hundred Million Dollars (\$100,000,000) as finally determined by the Chief Financial Officer at the time of sale. The Notes may be issued as draw down notes with principal advanced to the Board by the Noteholder in installments. Costs of the Series 2019 Project paid with proceeds of the Notes shall include payment of legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Notes.

The Notes shall be designated as the UTILITY SYSTEM REVENUE BOND ANTICIPATION NOTES, SERIES 2018. At the time of sale of the Notes the Chief Financial Officer is authorized to approve additional series designations for the Notes, including designation of the notes as taxable or tax-exempt.

The Board designates the Notes as junior lien obligations under the Resolution unless at the time of sale of the Notes the Chief Financial Officer determines that the conditions to authorize issuance of the Notes on a junior lien basis have not been satisfied. If issued as junior lien obligations, then the Notes are obligations issued 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. If the Notes are not issued as junior lien obligations, then they shall be payable solely out of the proceeds of the Series 2019 Bonds.

The Board reserves the right to issue additional notes in anticipation of the proposed Series 2019 Bonds, provided that the aggregate principal amount of notes shall not exceed 50% of the principal amount of the proposed Series 2019 Bonds in compliance with the provisions of Section 413 of Act 34.

The Notes shall be payable in the principal amounts, at the times and in the manner determined by the Chief Financial Officer at the time of sale of the Notes, provided that the Notes shall mature not more than the earlier of 3 years from the date of issuance or 60 days after the expected date of issuance of the Series 2019 Bonds as required by the provisions of Section 413 of Act 34.

The Notes shall bear interest at a fixed or variable rate or rates as determined by the Chief Financial Officer at the time of sale of the Notes. If the Notes bear interest at a variable rate or rates, the Chief Financial Officer is further authorized to determine, in accordance with law, a means by which interest on the Notes may be set, reset or calculated prior to maturity, provided that such rate or rates shall be at no time in excess of the maximum interest rate permitted by applicable law. Such rates may be established by a formula that is determined with respect to an index or indices of municipal obligations, reported prices or yields on obligations of the United States, the prime rate or rates of a bank or banks selected by the Chief Financial Officer or by any other method recommended by the Municipal Advisor.

The Notes shall be issued as fully registered notes to be dated the date of delivery thereof or such other date as may be determined by the Chief Financial Officer at the time of sale of the Notes. The Notes shall be subject to optional or mandatory redemption prior to maturity at the option of the Board or the noteholder as determined by the Chief Financial Officer at the time of sale of the Notes. Unless waived by any registered owner of Notes to be redeemed, official notice of redemption shall be given by the Note Transfer Agent (defined below) on behalf of the Board and shall conform to the requirements set forth in the Note being redeemed.

Either the Board or a financial institution designated by the Chief Financial Officer shall act as registrar or transfer agent for the Notes (the "Note Transfer Agent"). Interest shall be payable by check or draft drawn on the Note Transfer Agent mailed to the registered owner at the registered address, as shown on the registration books of the Board maintained by the Note Transfer Agent, or, at the option of the Registered Owner, by wire transfer to the bank account number on record with the Transfer Agent. Principal of and interest on this bond is payable to the Registered Owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books kept by the Transfer Agent. The principal of the Notes shall be payable upon presentation and surrender of such Notes to the Note Transfer Agent. The Note Transfer Agent shall keep the books of registration for this issue on behalf of the Board. The Notes may be issued in book-entry-only form through 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 Notes in book-entry-only form and to make such changes in the note form within the parameters of this Resolution as may be required to accomplish the foregoing. If the Notes are held in book-entry form by DTC, payment shall be made in the manner prescribed by DTC. Notwithstanding the foregoing, if the entire outstanding amount of the Notes are held by a financial institution, then all payments of principal of and interest on the Notes may be made directly to the Registered Owner by wire transfer or other means satisfactory to the Registered Owner.

The Notes shall be signed by the manual or facsimile signatures of the Chairperson and the Corporate Secretary of the Board. If the Notes shall be signed by the facsimile signature of

both the Chairperson and the Corporate Secretary of the Board, then the Notes shall not be valid until authenticated by an authorized officer of the Note Transfer Agent. The Notes shall be delivered to the purchaser in accordance with instructions from the Chief Financial Officer upon payment of the purchase price for the Notes in accordance with the purchase contract for the Notes.

Section 5. Note Form. The Notes shall be in substantially the following form with such revisions, additions and deletions as may be advisable or necessary to comply with the final terms of the Notes established upon sale thereof.

NOTE 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 ANTICIPATION NOTE, SERIES 2018

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

Registered Owner:

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 "Board"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, only from the proceeds of bonds or from Net Revenues of the System as hereinafter provided, the Principal Amount specified above, [or such portion thereof as shall have been advanced to the Board by the Registered Owner,] 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.

[During the time the Principal Amount is being drawn down by the Board under this note, the Registered Owner will periodically provide to the Board a statement showing the amount of principal that has been advanced and the date of each advance].

Principal of this note is payable at the designated corporate trust office of [transfer agent], or such other transfer agent as the Board 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 note 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.

[Notwithstanding anything in this note or in the Bond Resolution (defined below) to the contrary, for so long as [Registered Owner] is the Registered Owner of this note, the Registered Owner shall not be required to present this note to the Transfer Agent for any mandatory redemption payment or at maturity, and all payments of principal of and interest on this note shall be made directly to the Registered Owner by wire transfer or other means satisfactory to the Registered Owner.]

This note is issued in anticipation of the issuance of Utility System Revenue Bonds for the purposes of paying costs to acquire and construct a natural gas combined cycle facility to produce electricity, and system improvements. This note is issued pursuant to a Bond Resolution adopted by the Board on October 24, 1989, as amended and supplemented from time to time, including by a Fifteenth Supplemental Revenue Bond Resolution adopted by the Board on [date of resolution] (collectively, 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") and the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended.

This note, including the interest thereon, is payable from the proceeds of bonds to be issued by the Board to pay the costs of the Project and to redeem this note. [In addition, for the prompt payment of principal and interest on this note, the revenues received by the Board from the operations of the Board'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 lien thereon has been created to secure the payment of the principal of and interest on this note when due after provision has been made for payment of the Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A, Utility System Revenue Bonds, Series 2011A, Utility System Revenue Refunding Bonds, Series 2012A, Utility System Revenue Refunding Bonds, Series 2013A, and Utility System Revenue Refunding Bonds, Series 2017A.]

The Board reserves the right to issue additional notes in anticipation of the proposed bonds, provided that the aggregate principal amount of notes shall not exceed 50% of the principal amount of the proposed bonds in compliance with the provisions of Section 413 of Act 34.

For a complete statement of the revenues from which and the conditions under which this note is payable and the general covenants and provisions pursuant to which this note is issued, reference is made to the Bond Resolution. Copies of the Bond Resolution are on file at the office of the Board, and reference is 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 note, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners

of the note with respect thereto and the terms and conditions upon which the note is issued and may be issued thereunder.

[Provisions for redemption prior to maturity and transfer of note to be inserted]

THIS NOTE IS A SELF-LIQUIDATING NOTE 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 PROPOSED BONDS OR FROM NET REVENUES OF THE SYSTEM AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE BOND RESOLUTION. THE PRINCIPAL OF AND INTEREST ON THIS NOTE ARE SECURED BY THE STATUTORY LIEN HEREINBEFORE DESCRIBED.

[The Board 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 this note and any 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 note have been done and performed in regular and due time and form as required by law.

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

IN WITNESS WHEREOF, the City, acting through the Lansing Board of Water and Light, has caused this note to be signed in its name with the facsimile signatures of the Chairperson and Corporate Secretary of the Board, 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

[STANDARD FORMS OF CERTIFICATE
OF AUTHENTICATION AND ASSIGNMENT TO BE INSERTED
PRIOR TO DELIVERY OF NOTE]

Section 6. Junior Lien Bond and Interest Redemption Fund; Payment of Notes. If the Notes are issued as junior lien obligations, then in order to provide for payment of principal of

and interest on the Notes, the Board shall establish and maintain the JUNIOR LIEN BOND AND INTEREST REDEMPTION FUND created under Section 11C of the Bond Resolution. A portion of the proceeds of the Series 2019 Bonds shall be deposited to the Junior Lien Redemption Fund in an amount sufficient to pay principal of and interest on the Notes when due, unless the proceeds are deposited to a defeasance escrow fund for the Notes, or paid directly to the Note Transfer Agent or registered owner of the Notes. If the Board determines that it will not issue the Series 2019 Bonds, or if the Series 2019 Bonds are not issued prior to maturity of the Notes, then the Board shall deposit Revenues in the Junior Lien Redemption Fund in an amount sufficient to pay principal of and interest on the Notes when due. Monies deposited to the Junior Lien Redemption Fund shall be used solely for the purpose of paying the principal of and interest on the Notes. After payment in full of the Notes and any obligations under a credit facility authorized under Section 10 of this Resolution, any balance then remaining in the Junior Lien Redemption Fund shall be transferred to the Construction Fund established for the proceeds of the Series 2019 Bonds, or used for any other purpose permitted by law.

Section 7. Creation of Series 2018 Notes Construction Fund. There shall be established and maintained a separate depository fund designated as the SERIES 2018 NOTES 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 2018 Notes Construction Fund for proceeds of the Notes issued to pay the costs of the Power Plant and the costs of the System Improvements Project. Proceeds of sale of the Notes shall be deposited in the Series 2018 Notes Construction Fund and 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 2018 Notes 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 8. Tax Covenant. The Board shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Notes pursuant to the Internal Revenue Code of 1986, as amended, in such a manner as to cause the Notes 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 exclusion of interest on the Notes 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 or note proceeds and moneys deemed to be bond or note proceeds, all as more fully set forth in the Non-Arbitrage and Tax Compliance Certificates to be delivered by the Board on the date of delivery of the Notes.

Section 9. Negotiated Sale of Notes. Based upon the advice of PFM Financial Advisors LLC (the "Municipal Advisor"), in order to enable the Board to select and adjust terms for the Notes, and to achieve sale efficiencies so as to reduce the cost of issuance and interest expense, it is determined in the best interests of the Board to negotiate the sale of the Notes. The Board hereby determines to sell the Notes at a negotiated sale instead of a competitive sale.

Section 10. Preparation for Sale of Notes. The Chief Financial Officer is authorized, based upon the advice of the Municipal Advisor, to circulate a request for quotations, sales memorandum, or other document describing the Board, the System, the Notes and security for payment of the Notes to potential purchasers of the Notes.

The Chief Financial Officer is hereby authorized to apply for credit ratings for the Notes from such rating agencies as deemed appropriate, in consultation with the Municipal Advisor.

If the Municipal Advisor recommends that the Board consider purchase or execution of a "Credit Facility" to assure timely payment of the Notes, such as an insurance contract, agreement for line of credit, letter of credit, commitment to purchase obligations, remarketing agreement, reimbursement agreement, tender agreement, or other transaction to provide security, then the Chief Financial Officer is hereby authorized to negotiate with potential providers of the Credit Facility, and, in consultation with the Municipal Advisor, to purchase or execute the Credit Facility, and the Chief Financial Officer is hereby authorized to execute an agreement with the provider of the Credit Facility.

If the Municipal Advisor recommends that the Board consider purchase of municipal bond insurance for the Notes, then the Chief Financial Officer is hereby authorized to negotiate with insurers regarding acquisition of the insurance, and, in consultation with the Municipal Advisor, to select an insurer, and the Chief Financial Officer is hereby authorized to execute an agreement with the insurer relating to procedures for paying debt service and notifying the insurer of any need to draw on the insurance and other matters.

Section 11. Sale of Notes. The Chief Financial Officer is authorized to award sale of the Notes to a financial institution or other purchaser based upon the recommendations and advice of the Municipal Advisor without further action of this Board. This authorization includes, but is not limited to, determination of original principal amount of the Notes; the prices at which the Notes are sold; the date of the Notes; the provisions for early redemption, if any; the interest rates and payment dates of the Notes, and whether the Notes are to be sold on a taxable or tax-exempt basis. The Chief Financial Officer is authorized to sign a purchase agreement, certificate of award of sale, acknowledgement of offer to purchase the Notes, or other document agreeing to sell the Notes on behalf of the Board.

The maximum interest rate of the Notes shall not exceed 5.00% per annum. The purchase price for the Notes, exclusive of any original issue discount or premium, shall not be less than 95.00% of the principal amount of the Notes, 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.

The Chief Financial Officer is authorized on behalf of the Board to make any covenants with the purchaser of the Notes as may be deemed advisable and approved by bond counsel and the Municipal Advisor.

If a written continuing disclosure undertaking is necessary in order to enable the purchaser of the Notes to comply with the requirements of Securities and Exchange Commission Rule 15c2-12, then the Chief Financial Officer is authorized to execute and deliver a continuing

disclosure undertaking in substantially the form which she shall, in consultation with bond counsel, determine to be appropriate.

Section 12. 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 Notes 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 Notes.

Section 13. Applicability of the Outstanding Bond Resolutions. Except to the extent supplemented or otherwise provided in this resolution, all of the provisions and covenants provided in the Bond Resolution shall apply to the Notes issued pursuant to provisions of this resolution, such provisions of the Bond Resolution being made applicable to the Notes herein authorized.

Section 14. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Section 15. 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 16. 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, promptly after its adoption but in any event prior to circulation of a Preliminary Official Statement or other marketing document for the Series 2018 Notes, 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 17. 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.


Chairperson


Corporate Secretary