



MINUTES OF THE BOARD OF COMMISSIONERS' MEETING

LANSING BOARD OF WATER AND LIGHT

January 22, 2013

The Board of Commissioners met in the Boardroom of the Administrative Offices, 1232 Haco Drive, Lansing, Michigan.

Chairperson Sandra Zerkle called the meeting to order at 5:30 p.m.

Present: Commissioners Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas and Sandra Zerkle.

Absent: Commissioner Cynthia Ward

The Corporate Secretary declared a quorum present.

Chair Zerkle welcomed Commissioner Mullen

Commissioner Mullen led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Thomas, seconded by Commissioner Bossenbery to approve the Regular Board Meeting minutes of November 13, 2012.

Action: Carried Unanimously

PUBLIC COMMENTS

MEMBERS OF THE PUBLIC ARE WELCOME TO SPEAK TO THE BOARD ON ANY AGENDA SUBJECT. ANYONE WISHING TO COMMENT ON ANY MATTER NOT ON THE AGENDA MAY DO SO IMMEDIATELY PRIOR TO ADJOURNMENT.

There was no Public Comment.

COMMUNICATIONS

There were no Communications

COMMITTEE REPORTS

COMMITTEE OF THE WHOLE

January 8, 2013

The Committee of the Whole of the Lansing Board of Water and Light met at the Executive Offices located at 1232 Haco Dr., Lansing, MI, at 5:30 p.m. on Tuesday, January 8, 2013.

Committee of the Whole Chair Dennis M. Louney called the Committee of the Whole meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None

Public Comments

There was no public comment.

Committee of the Whole Chair Louney welcomed new Commissioner Tony (Anthony) Mullen to the Board.

Approval of Minutes

Motion by Commissioner Bossenbery, Seconded by Commissioner Thomas to approve the Committee of the Whole meeting minutes of November 13, 2012.

Action: Motion Carried

Library System

General Manager Lark stated that we are moving to a new building and have been working on paperless initiatives. We are fortunate to have started on a paperless electronic document management system and we are really quite far along on it. This project is being spearheaded by Kellee Christensen, Manager of Real Property and Library Systems Planning and her staff. Two people from her staff who have worked very hard on this project are Jennifer Todd and Michael Dwyer, Library Systems Content Analysts.

Ms. Todd and Mr. Dwyer presented a Board of Water & Light Library Systems Prezi.

Jennifer Todd, reviewed the new Library System that was formed to focus on the reduction of the amount of paper that the Board of Water & Light managed, used and archived. Enterprise Content Management is the technologies, tools, and methods used to capture, manage, store, preserve and deliver content across the company.

Goals for the Library System Team:

- Develop an electronic library
- Transfer existing corporate documents to new electronic library
- Provide a centralized repository for documents
- Approve accessibility to documents and information
- Adhere to the records retention schedule
- Create work flow by identifying process improvements between the departments
- Develop and provide education and training to employees
- Purging and scanning efforts to eliminate and reduce paper

The OnBase Tool is designed to increase business efficiencies. This program captures both paper and electronic documents and organizes them by document groups. It uses key words for searching and provides the ability to create work flows. It handles security

and it also manages record retention policies. OnBase has already made an impact at the Board of Water & Light. In 2009 it was implemented into Customer Accounts and Meter Reading and in 2010 the corporate contracts were migrated into OnBase, and is currently being used by our Corporate Secretary.

The Adept Tool is designed to manage the complexities of engineering documents. Adept houses live or active drawings. Adept serves as the central point for document access, automatically ensuring users access to the latest versions of drawings, and maintain an audit trail for each document. Adept also uses a library card system to allow documents to be signed in and out as they are worked on.

Ms. Todd stated looking to the future we will continue the expansion and integration of the new libraries. Most importantly, we want to ensure that our corporate documents are secure and easily accessible, retained and disposed of according to our records retention policy.

Commissioner Ward questioned what happens to paper documents once they have been scanned. Ms. Todd responded that the records retention policy is followed and that some documents are required to be kept in the paper form, otherwise documents are shredded and certificates of destruction are issued.

Commissioner Louney asked about the initial start-up cost of implementing this program.

In response to Commissioner Louney's question Kellee Christensen reviewed some of the numbers and stated that savings are already present.

Renewables Update

George Stojic, Executive Director of Strategic Planning and Development provided an update of the Board's Renewable Energy program. Mr. Stojic stated that the program has changed its focus somewhat over the past year. The renewable energy goal remains 10% of the Board's retail sales by 2015, and this requirement must be met by the use of Renewable Energy Credits (REC's). About 40% to 45% of the REC's will come from Granger Landfill Gas contracts. However, instead of biomass based production, the LBWL is now looking at wind energy for about 25 to 30% of its required 2015 standard. With the extension of the Production Tax Credit for wind energy, project developers are offering wind energy at historically low prices. The staff is also exploring the purchase of REC's from firms in northern Michigan for much of the remaining 2015 REC requirement. These are private companies that use biomass instead of coal or coal based grid energy to produce their own power. Since they cannot use the REC's as private firms, the REC's are available at attractive prices. The staff also expects to bring Moores Park hydro back into service for additional REC's and will continue securing REC's from two hydro projects in northern lower Michigan. The total REC's available from the hydro projects are not substantial. Mr. Stojic also stated the staff will continue looking a development of additional solar projects in the Lansing area.

General Manager Lark provided information regarding the announcements that the City of Holland and Consumers Energy are both planning on building a natural gas power plant.

Other

General Manager Lark introduced and congratulated Susan Warren, Board of Water & Light's Manager of Energy & Econ-Strategies on a news article that appeared in the January 2013 Edition of the Capital Area Women's Lifestyle Magazine that featured her.

Ms. Warren stated that the article features the Energy Savings program and all of the wonderful things that we do here at the Board of Water & Light.

General Manager Lark stated that Mayor Bernero has announced that the 2013 State of the City presentation will take place at the Board of Water & Light's new REO Town Depot facility on January 28, 2013 at 7:00 p.m.

Vice Chair Dennis M. Louney announced on behalf of Board Chair Zerkle that Commissioner Mullen would be assigned and serve as a member of the Finance Committee.

Excused Absence

None

Adjourn

On Motion by Commissioner Bossenbery, Seconded by Commissioner McCloud, the meeting adjourned at 6:10 p.m.

Respectfully Submitted
Dennis M. Louney, Chair
Committee of the Whole

FINANCE COMMITTEE

January 8, 2013

The Finance Committee of the Board of Water and Light met in the Executive Offices located at 1232 Haco Dr., Lansing, MI, at 6:15 p.m. on Tuesday, January 8, 2013.

Finance Committee Chairperson Margaret Bossenbery called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Margaret Bossenbery, Dennis M. Louney, Tony Mullen, David Price and Alternate Committee Members Tracy Thomas and Cynthia Ward were present. Also present was Board Member Anthony McCloud.

Absent: None

Public Comments

There was no Public Comment

Approval of Minutes

Motion by Commissioner Price, seconded by Commissioner Louney to approve the Finance Committee meeting minutes of November 13, 2012.

Action: Carried Unanimously

2003A Bond Re-Financing

General Manager Lark stated that the Board of Water & Light has Series A Bonds that is callable July 1, 2013 and that the Board is familiar with the process of Bond Refinancing as we took similar action last year.

General Manager Lark further stated that this refunding will save approximately \$4.2million on a net present value basis. General Manager Lark respectfully asked that the Committee of the Whole forward the Resolution to the full Board for consideration.

Commissioner Ward asked for clarification of some of the language in the authority section of the resolution. Mr. Danhoff of Miller Canfield responded to Commissioner Ward's question and stated that the language in the Resolution was standard language.

Motion by Commissioner Price, seconded by Commissioner Louney to forward the proposed resolution to the full Board for consideration.

Action: Carried Unanimously

Excused Absence

None

Other

Finance Chair Bossenbery stated that everyone should have received the audit from Phil Perkins. Also everyone should have received the Financials from General Manager Lark.

Adjourn

On Motion by Commissioner Price, seconded by Commissioner Louney, the meeting adjourned at 6:20 p.m.

Respectfully submitted
Margaret Bossenbery, Chair
Finance Committee

MANAGER'S RECOMMENDATIONS

General Manager Lark stated that this 2003 A Bond is callable on July 1, 2013 and this Resolution will essentially refinance that Bond, in other words this will allow for the issuance of a new Bond and pay off of the old Bond by July 1, 2013. This will present the Board of Water & Light with a net present value savings of approximately \$4.2 million. General Manager Lark respectfully asked the Board for approval of the Resolution.

RESOLUTION #2013-01-01

Lansing Board of Water and Light

THIRTEENTH SUPPLEMENTAL REVENUE BOND RESOLUTION
A RESOLUTION TO AUTHORIZE:

- Present Value Savings by refunding the Series 2003A Bonds through issuance of up to \$28,000,000 of Refunding Bonds;
- Chief Financial Officer to sell Refunding Bonds without further resolution;

- Other matters relative to issuance, sale and delivery of the Refunding Bonds.

WHEREAS, from time to time the City of Lansing, acting by and through the Lansing Board of Water and Light, has issued revenue bonds payable from revenues of the water supply, steam, chilled water and electric utility system (the "System") under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, and a Bond Resolution adopted by the Board and amended and restated on October 24, 1989 and further amended and supplemented from time to time (the "Bond Resolution"); and

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

WHEREAS, under the terms of the Eighth Supplemental Revenue Bond Resolution adopted August 12, 2003, the Board issued the Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2003A (the "Series 2003A Bonds"); and

WHEREAS, the Board's Financial Advisor, Robert W. Baird & Co. Incorporated (the "Financial Advisor"), has advised the Board that it may be able to accomplish a net savings of debt service costs by refunding all or a portion of the outstanding Series 2003A Bonds through the issuance of revenue refunding bonds in an aggregate principal amount of not-to-exceed \$28,000,000 (the "Refunding Bonds"); and

WHEREAS, Section 18(b) of the Bond Resolution authorizes the issuance of Additional Bonds of equal standing and priority of lien with the outstanding Bonds for the purposes of 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; and

WHEREAS, in order to take advantage of the most favorable market for sale of the Refunding Bonds and purchase of securities to be escrowed for payment of the Series 2003A Bonds to be refunded, the Board wishes to authorize the Chief Financial Officer to sell the Refunding Bonds at negotiated sale without further resolution of the Board; and

WHEREAS, the conditions and requirements of the Bond Resolution for the issuance of Additional Bonds of equal standing and priority of lien with outstanding bonds have been met for the issuance of the proposed Refunding Bonds.

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, the Series 2011A Bonds, the Series 2012A Bonds, and the Refunding Bonds which are issued pursuant to Section 18(a) of

the Bond Resolution as amended by Section 13 of the 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 and amended on August 12, 2008 and June 9, 2009, 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, the Tenth Supplemental Revenue Bond Resolution adopted on January 29, 2008, the Eleventh Supplemental Revenue Bond Resolution adopted on May 10, 2011, the Twelfth Supplemental Revenue Bond Resolution adopted on January 24, 2012, this Thirteenth Supplemental Revenue Bond Resolution, and any other resolution which amends or supplements the Bond Resolution.
- (c) “Bonds” means the Series 2008A Bonds, the Series 2011A Bonds, the Series 2012A Bonds, the Refunding Bonds, and any Additional Bonds of equal standing hereafter issued.
- (d) “Chief Financial Officer” means the Board’s Assistant General Manager and Chief Financial Officer.
- (e) “Refunding Bonds” means the refunding bonds issued pursuant to this Thirteenth Supplemental Revenue Bond Resolution to be designated as the “Utility System Revenue Refunding Bonds, Series 2013A” or such other series designation as shall reflect the date of sale or delivery of the Refunding Bonds.
- (f) “Reserve Requirement” means the Reserve Requirement established by Section 11 of the Tenth Supplemental Revenue Bond Resolution and described in Section 8 herein.
- (g) “Series 2003A Escrow Agreement” means the Series 2003A Escrow Agreement described in this Resolution to provide for payment of principal of and interest on the Series 2003A Bonds being refunded.
- (h) “Series 2003A Escrow Fund” means the Series 2003A Escrow Fund established pursuant to the Series 2003A Escrow Agreement to hold the cash and investments necessary provide for payment of principal of and interest on the Series 2003A Bonds being refunded.
- (i) “Series 2002-2005 Bonds” means: 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.

- (j) "Series 2008A Bonds" means the Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A.
- (k) "Series 2011A Bonds" means the Utility System Revenue Bonds, Series 2011A.
- (k) "Series 2012A Bonds" means the Utility System Revenue Bonds, Series 2012A.
- (l) "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. Conditions Permitting Issuance of Additional Bonds. Pursuant to Section 18(b) of the Bond Resolution, the Board hereby determines that the Refunding Bonds shall be issued as Additional Bonds for the purpose of refunding all or a portion of the Series 2003A Bonds and paying costs of issuance of the Refunding Bonds, only 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.

The Board hereby determines that the Board is not in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

Section 3. Refunding of Series 2003A Bonds; Refunding Bonds Authorized; Applicable Law. If refunding all or a portion of the Series 2003A Bonds will accomplish a net savings of debt service costs, then in order to pay costs of refunding all or a portion of the Series 2003A Bonds, including the payment of the costs of legal, financial, bond insurance (if any), underwriter's discount, and other expenses incident thereto and incident to the issuance and sale of the Refunding Bonds, the City, acting by and through the Board, shall borrow the sum of not-to-exceed Twenty-Eight Million Dollars (\$28,000,000) as finally determined upon the sale thereof, and issue the Refunding Bonds therefor. The Refunding Bonds 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 Refunding Bonds. The Refunding Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94. The remaining period of usefulness of the facilities refinanced with proceeds of the Series 2003A Bonds is estimated to be not less than 14 years.

Section 4. Refunding Bond Details. The Refunding Bonds shall be designated as the "UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2013A" or such other series designation as determined at the time of sale by the Chief Financial Officer to reflect the date of sale or delivery of the Refunding Bonds. The Refunding 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 Refunding Bonds shall be dated as of the date of delivery thereof or such other date as determined at the time of sale of the Refunding Bonds, shall mature as serial bonds or term bonds on such dates as shall be determined at the time of sale of the Refunding Bonds but not-to-exceed 14 annual maturities.

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

Refunding Bonds, or shall not be subject to redemption prior to maturity, as finally determined at the time of sale of the Refunding Bonds

The Refunding Bonds shall bear interest at a rate or rates to be determined on sale thereof, payable on July 1, 2013, or such other date as provided at the time of sale of the Refunding Bonds, and semi-annually thereafter on January 1st and July 1st of each year.

The Refunding Bonds shall be executed by the manual or facsimile signature of the Chairperson and the Corporate Secretary of the Board. No Refunding Bond shall be valid until authenticated by an authorized representative of the Transfer Agent. The Refunding 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 Refunding Bonds. Executed blank bonds for registration and issuance to transferees shall be delivered to the Transfer Agent for safekeeping from time to time as necessary.

Notwithstanding the foregoing provisions, if the Refunding Bonds are sold through private placement, then the Refunding Bonds may, at the request of the bond purchaser, be issued as a single fully registered, nonconvertible bond of the denomination of the full principal amount thereof payable in principal installments as shown in the bond, and authentication by the Transfer Agent shall not be required for any bond signed by the manual signature of either the Chairperson or the Corporate Secretary of the Board.

Section 5. Registration and Transfer. U.S. Bank National Association, Lansing, Michigan is hereby appointed to act as bond registrar, paying agent and transfer agent (the "Transfer Agent") for the Refunding Bonds. The Chief Financial Officer is hereby authorized to execute one or more agreements with the Transfer Agent on behalf of the Board. The Board reserves the right to replace the Transfer Agent at any time, provided written notice of such replacement is given to the registered owners of record of bonds not less than sixty (60) days prior to an interest payment date. Principal of and interest on the Refunding Bonds shall be payable by check or draft mailed by the Transfer Agent to the registered owner at the registered address as shown on the registration books of the Board maintained by the Transfer Agent. Interest shall be payable to the person or entity who or which is the registered owner of record as of the fifteenth (15th) day of the month prior to the payment date for each interest payment. The date of determination of the registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Board to conform to market practice in the future.

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

The Refunding Bonds may be transferred upon the books required to be kept by the Transfer Agent pursuant to this section by the person or entity in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon

surrender of the bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond shall be surrendered for transfer, the Board shall execute and the Transfer Agent shall authenticate and deliver a new bond of the same series in like aggregate principal amount, maturity and interest rate. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. Notwithstanding the foregoing, if Bonds are held by DTC in book-entry-only form, the transfer of Bonds shall be made in the manner prescribed by DTC.

Section 6. Deposit to Bond Reserve Account. On or prior to the date of delivery of the Refunding Bonds, the Board 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 Board 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 7. Refunding Bond Proceeds. From the proceeds of sale of the Refunding 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 Refunding Bonds, and the Board may take credit for the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of the next maturing interest on the Refunding Bonds. Notwithstanding the foregoing, at the discretion of the Chief Financial Officer, all or a portion of any premium received upon delivery of the Refunding Bonds may be deposited in the Bond Reserve Account or the Series 2003A Escrow 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 Refunding Bonds as necessary to cause the amount on deposit in the Bond Reserve Account to be equal to the Reserve Requirement.

There shall next be deposited in the Series 2003A Escrow Fund from the proceeds of sale of the Refunding Bonds cash and investments in Government Obligations or Municipal Obligations not redeemable at the option of the issuer. U.S. Bank National Association, Lansing, Michigan is hereby appointed to act as Escrow Agent under the Series 2003A Escrow Agreement. The Escrow Agent shall hold the Series 2003A Escrow Fund in trust pursuant to the Series 2003A Escrow Agreement which shall irrevocably direct the Escrow Agent to take all necessary steps to call the Series 2003A Bonds being refunded for redemption as specified in the Series 2003A Escrow Agreement. Either the Chief Financial Officer or the Manager of Finance and Planning is hereby authorized to execute and deliver the Series 2003A Escrow Agreement, to transfer any moneys as they may deem necessary from the Redemption Fund, or other fund or account of the Board, to the Series 2003A Escrow Fund, and to purchase, or cause to be purchased, escrow securities consisting of Government Obligations, including, but not limited to, United States Treasury Obligations – State and Local Government Series (SLGS), or Municipal Obligations, for deposit in the Series 2003A Escrow Fund. The Chief Financial Officer is directed to deposit to the Series 2003A Escrow Fund, from Refunding Bond proceeds and other moneys as necessary, an amount which, together with investment proceeds to be received thereon, will be

sufficient, without reinvestment, to pay the principal of and interest on the Series 2003A Bonds being refunded as they become due or upon call for redemption.

The remaining proceeds of the Refunding Bonds shall be deposited in a fund which may be established in the Series 2003A Escrow Agreement to pay costs of issuance of the Refunding Bonds and the costs of refunding the Series 2003A Bonds. Any moneys remaining after payment of costs of issuance and costs of refunding the Series 2003A Bonds being refunded shall be transferred to the Redemption Fund and used to pay interest on the Refunding Bonds.

Section 8. Reserve Requirement. Until payment or defeasance in full of the Outstanding Series 2002-2005 Bonds, the Board must comply with the Reserve Requirement as defined in Section 1 (ff) 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 Series 2002-2005 Bonds, "Reserve Requirement" shall mean the following as established by Section 11 of the Tenth Supplemental Revenue Bond Resolution: 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 9. Rate Covenant. Until payment or defeasance in full of the Outstanding Series 2002-2005 Bonds, the Board will comply with the Section 9 of the Bond Resolution, as previously amended by Section 5 of the Second Supplemental Revenue Bond Resolution, and 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 150% 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.

After payment or defeasance in full of the Outstanding Series 2002-2005 Bonds, the following provision shall apply as provided in Section 12 of the Tenth Supplemental Revenue Bond Resolution. 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 10. Additional Bonds Test. Until payment or defeasance in full of the Outstanding Series 2002-2005 Bonds, the Board must comply with the additional bonds test imposed by Section 6 of the Second Supplemental Revenue Bond Resolution adopted January 11, 1994. After payment or defeasance in full of the Outstanding

Series 2002-2005 Bonds, the following provision shall apply as provided in Section 13 of the Tenth Supplemental Revenue Bond Resolution.

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

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

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

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

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

Additional Bonds may be issued as provided in Section 18 subparagraphs (b) or (c) of the Bond Resolution.

Section 11. Covenants. The Board covenants and agrees as follows with the holders of the Refunding Bonds as long as any of the Refunding Bonds remain outstanding and unpaid as to either principal or interest:

- (a) The Board covenants and agrees with the Registered Owners of the Refunding Bonds that as long as any of the Refunding Bonds remain

outstanding and unpaid as to either principal or interest, the Board shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Refunding Bonds pursuant to the Internal Revenue Code in such a manner as to cause the Refunding Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code. The Board hereby covenants that, to the extent permitted by law, it will take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exemption of interest on the Refunding Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds, all as more fully set forth in the Tax Compliance Certificate to be delivered by the Board with the Refunding Bonds.

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

Section 12. Bond Form. The Refunding Bonds shall be in substantially the following form with such revisions, additions and deletions as the Board may deem advisable or necessary to comply with the final terms of the Refunding Bonds established upon sale thereof:

BOND NO.
R-
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF INGHAM AND EATON
CITY OF LANSING
LANSING BOARD OF WATER AND LIGHT
UTILITY SYSTEM REVENUE REFUNDING BOND, SERIES 2013A

Interest Rate Date of Maturity Date of Original Issue CUSIP

Registered Owner: Cede & Co.

Principal Amount:

The City of Lansing, Counties of Ingham and Eaton, State of Michigan (the "City"), acting through the governing body of the Lansing Board of Water and Light (the "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 Net Revenues of the System as hereinafter provided, the Principal Amount specified above, in lawful money of the United States of America, on the Date of Maturity specified above, [unless prepaid prior thereto as hereinafter provided,] with interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on [interest payment date] and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of [transfer agent], or such other transfer agent as the 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 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. The Net

Revenues of the System are irrevocably pledged for the prompt payment of principal and interest on this bond. The "System" is defined as the water supply and electric utility systems including the steam heat and chilled water distribution systems. The "Net Revenues" are the revenues received by the Board from the operations of the System after provision has been made for reasonable and necessary expenses of operation, maintenance and administration of the System. A statutory lien on the Net Revenues of the System 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 Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2002B, [Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2003A,] Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2005A, Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A, Utility System Revenue Bonds, Series 2011A, and Utility System Revenue Bonds, Series 2012A. The pledge of Net Revenues and the statutory lien are senior in priority of lien to the Water Supply, Steam, Chilled Water and Electric Utility System Subordinate Lien Revenue Refunding Bond, Series 2009A (Federally Taxable) and any additional junior lien bonds issued pursuant to the Bond Resolution (defined below).

This bond is one of a series of bonds of even Date of Original Issue aggregating the principal sum of \$[principal amount]. This bond is issued for the purpose of refunding certain outstanding bonds pursuant to a Bond Resolution adopted by the Board on October 24, 1989, as amended and supplemented from time to time, including by a Thirteenth Supplemental Revenue Bond Resolution adopted by the Board on [date of resolution] (collectively, the "Bond Resolution"). This bond is issued under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended ("Act 94").

For 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 Board, except in specified cases, only with the written consent of the registered owners of at least fifty-one percent (51%) of the principal amount of the bonds of the System then outstanding.

Bonds of this issue [maturing in the years [date], inclusive,] shall not be subject to redemption prior to maturity.

[Insert optional and mandatory redemption provisions if applicable]

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

THIS BOND IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE CITY AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION, AND IS PAYABLE BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE NET REVENUES OF THE SYSTEM AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE BOND RESOLUTION. THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY THE STATUTORY LIEN HEREINBEFORE DESCRIBED.

The 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 the bonds of this issue and any other bonds payable from the Net Revenues as and when the same shall become due and payable, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Bond Resolution.

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

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

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

LANSING BOARD OF WATER AND LIGHT
By Sandra Zerkle
Chairperson

(City Seal)

Countersigned:

By M. Denise Griffin

Its: Corporate Secretary

[INSERT STANDARD FORMS OF CERTIFICATE
OF AUTHENTICATION AND ASSIGNMENT]

Section 13. Financial Advisor. The Board hereby requests that Robert W. Baird & Co. Incorporated continue to serve the Board as Financial Advisor for the Refunding Bonds.

Section 14. Bond Counsel. The Board hereby requests that Miller, Canfield, Paddock and Stone, P.L.C. continue to serve the Board as bond counsel for the Refunding Bonds. The Board 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, in matters not related to the issuance and sale of the Refunding Bonds, and approves them notwithstanding the potential concurrent representation of any other participant in the bond financing process in any unrelated matters.

Section 15. Negotiated Sale of Bonds. Due to the volatile nature of the bond market, it is hereby determined to be in the best interest of the Board to sell the Refunding Bonds by negotiated sale in order to enable the Board to select and adjust terms for the Refunding Bonds, to enter the market on short notice at a point in time which appears to be most advantageous, and thereby possibly obtain a lower rate of interest on the Refunding Bonds, to achieve sale efficiencies so as to reduce the cost of issuance and interest expense, and to take advantage of the most favorable market for purchase of securities to be escrowed for payment of the Series 2003A Bonds to be refunded.

The Chief Financial Officer is hereby authorized, upon the advice of the Financial Advisor, to select a senior managing underwriter for the Refunding Bonds, or, in the alternative, to retain a placement agent to assist the Board in arranging the sale of the Refunding Bonds to a financial institution or other experienced investor. If the Refunding Bonds are sold to an underwriter, the Board reserves the right to name additional co-managers and/or to develop a selling group, and the Chief Financial Officer is authorized to name additional co-managers and/or to develop a selling group in consultation with the Financial Advisor. By adoption of this resolution the Board assumes no obligations or liability to the underwriter or placement agent for any loss or damage that may result to the underwriter or placement agent from the adoption of this resolution, and all costs and expenses incurred by the underwriter or placement agent in preparing for sale of the Refunding Bonds shall be paid from the proceeds of the Refunding Bonds, if the Refunding Bonds are issued, except as may be otherwise provided in the Bond Purchase Agreement for Refunding Bonds.

Section 16. 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 recommends that the Board consider purchase of municipal bond insurance, then the Chief Financial Officer is hereby authorized to negotiate with insurers regarding acquisition of municipal bond insurance, and, in consultation with the Financial Advisor, to select an insurer and determine which bonds, if any, shall be insured, and the Chief Financial Officer is hereby authorized to execute an agreement with the insurer relating

to procedures for paying debt service on the insured bonds and notifying the insurer of any need to draw on the insurance and other matters.

Section 17. Official Statement. The Chief Financial Officer is authorized to approve circulation of a Preliminary Official Statement or private placement memorandum describing the Refunding Bonds and, after sale of the Refunding Bonds, to prepare, execute and deliver a final Official Statement or private placement memorandum.

Section 18. Continuing Disclosure. The Chief Financial Officer is hereby authorized to execute and deliver, prior to delivery of the Refunding Bonds, a written continuing disclosure undertaking as necessary in order to enable the underwriter or bond purchaser to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The continuing disclosure undertaking shall be in substantially the form which she shall, in consultation with bond counsel, determine to be appropriate.

Section 19. Sale of Refunding Bonds. The Chief Financial Officer is authorized, in consultation with the Financial Advisor, to accept an offer to purchase the Refunding Bonds without further resolution of this Board, 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. This authorization includes, but is not limited to, determination of original principal amount of the Refunding Bonds; the prices at which the Refunding Bonds are sold; the date of the Refunding Bonds; the schedule of principal maturities and whether the Refunding Bonds shall mature serially or as term bonds; provisions for early redemption, if any, including mandatory redemption of term bonds, if any; the interest rates and payment dates of the Refunding Bonds; and application of the proceeds of the Refunding Bonds. Approval of the matters delegated to the Chief Financial Officer under this resolution may be evidenced by her execution of the Bond Purchase Agreement or other offer to purchase the Refunding Bonds, or a certificate of award of sale, or the Official Statement or private placement memorandum.

The maximum interest rate on the Refunding Bonds shall not exceed 5.00%. The first maturity of principal on the Refunding Bonds shall occur no earlier than 2013, and the final date of maturity shall occur no later than 2026. The purchase price for the Refunding Bonds, exclusive of any original issue discount, shall not be less than 98.00% of the principal amount of the Refunding Bonds. In making such determinations the Chief Financial Officer is authorized to rely upon data and computer runs provided by the Financial Advisor.

Section 20. Verification Agent. The Chief Financial Officer is hereby authorized, at her discretion, to select an independent certified public accountant to serve as verification agent to verify that the securities and cash to be deposited to the Escrow Fund will be sufficient to provide, at the times and in the amounts required, sufficient moneys to pay the principal of and interest on the Series 2003A Bonds being refunded as they become due or upon call for redemption.

Section 21. 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 the Manager of Finance and Planning, the General Manager, or a person designated by the Chief Financial Officer or the General Manager is authorized to take the actions delegated to the Chief Financial Officer by this resolution. 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 Refunding 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 rating agency fees, bond insurance premiums, transfer agent fees, escrow agent fees, verification agent fees, financial advisor fees, placement agent fees, bond counsel fees, costs of printing the preliminary and final official statements, and any other costs necessary to accomplish sale and delivery of the Refunding Bonds.

Section 22. 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 Refunding Bonds issued pursuant to provisions of this resolution, such provisions of the Bond Resolution being made applicable to the Refunding Bonds.

Section 23. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Section 24. 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 25. Publication and Recordation. In accordance with the provisions of Section 6 of Act 94, this resolution shall be published once in full in either the City Pulse or the Lansing State Journal, either of which is 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 26. 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 January 22, 2013, 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: Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas and Sandra Zerkle and that the following Commissioners were absent: Cynthia Ward.

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

We further certify that the following Commissioners voted for adoption of said resolution: Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, 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.

Sandra Zerkle
Chairperson

M. Denise Griffin
Corporate Secretary

UNFINISHED BUSINESS

There was no Unfinished Business

NEW BUSINESS

There was no New Business

RESOLUTIONS

Resolution #2013-01-01 Adopted under Manager's Recommendation Agenda Section

MANAGER'S REMARKS

General Manager Lark:

- Reminded the Board of Commissioners that Mayor Bernero's State of the City presentation will be delivered next Monday, January 28, 2013 at 7:00 p.m. and will be held at the Board of Water & Light's new REO Town DePot.
- Acknowledge and congratulated Calvin Jones, Board of Water & Light's Director of Public Relations and Diversity on being named the Chairperson of the Board of Directors of the Lansing Economic Development Corporation, the Lansing Brownfield Redevelopment Authority, and the Lansing Tax Increment Finance Authority.
- Announced that the plans are in the works for the "Pennies for Power" "Dancing with the Starz" fundraising event. This year's event will be held April 18, 2013, from 5:00 p.m. to 9:00 p.m. at the Radisson Hotel downtown Lansing.
- Announced that as part of the Board of Water & Light's paperless initiative the company had its first paperless payroll, meaning that there was no use of any paper and everything was done through direct deposit or pay cards similar to how Social Security operates its payroll.

COMMISSIONERS' REMARKS

Chair Zerkle congratulated Calvin Jones on his appointment as the Chair to three different Economic Development Organizations. Chair Zerkle also acknowledge General Manager Lark and his Administration for the last Finance Report.

Commissioner Tracy Thomas wished everyone a Happy New Year. He congratulated Calvin Jones on his appointment to the different Boards/Organizations, Steve Serkaian for keeping the Commissioners well informed and General Manager Lark for being a member of the Martin Luther King Jr. Commission Committee and representing the Board of Water & Light positively.

Vice Chair Louney acknowledged Calvin Jones on his appointments to the different Boards/Organizations.

PUBLIC COMMENTS

There was Public Comments.

EXCUSED ABSENCE

On **motion** by Commissioner Thomas, seconded by Commissioner Bossenbery to excuse Commissioner Ward from tonight's meeting.

ADJOURNMENT

On motion by Commissioner Price, seconded by Commissioner Thomas the meeting adjourned at 5:43 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: January 31, 2013
Final Approved Minutes (Electronic) filed with the Lansing City Clerk: March 27, 2013