

**RESOLUTION AUTHORIZING ISSUANCE OF
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012**

City of Albion
County of Calhoun, State of Michigan

Minutes of a regular meeting of the City Council of the City of Albion, County of Calhoun, State of Michigan, held on November 20, 2012, at 7:00 o'clock p.m., prevailing Eastern Time.

PRESENT: Members Krouse, Barnes, Reid, Brown, Zblewski,
Mayor Domingo

ABSENT: Members French

The following preamble and resolution were offered by Member Barnes and supported by Member Zblewski:

WHEREAS, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), authorizes the City of Albion, County of Calhoun, State of Michigan (the "City") to refund all or any part of its outstanding securities; and

WHEREAS, the Albion Building Authority, County of Calhoun, State of Michigan (the "Authority") has previously issued its 2009 Building Authority (Maple Grove Apartments) Bonds, dated July 17, 2009, in the original principal amount of \$500,000 (the "Prior Bonds"); and

WHEREAS, the City and the Authority have entered into a certain Limited Tax Full Faith and Credit General Obligation Contract of Lease dated as of May 13, 2009 (the "Contract") by which the City has agreed to pay cash rentals to the Authority in amounts sufficient to pay the debt service on the Prior Bonds when due, and has pledged the City's limited tax full faith and credit therefor; and

WHEREAS, the Prior Bonds and the Contract are "outstanding securities" of the City within the meaning of Act 34; and

WHEREAS, in order to achieve savings on the City's cash rental debt service payments for the

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

outstanding Prior Bonds, the City determines that it is in the best interest of the City to refund all or a portion of the Prior Bonds; and

AND WHEREAS, to finance the cost of refunding the Prior Bonds, the City Council deems it necessary to borrow the principal sum of not to exceed Three Hundred Forty-Five Thousand Dollars (\$345,000) and issue bonds therefor (the "Bonds").

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Bonds of the Issuer designated Limited Tax General Obligation Refunding Bonds, Series 2012 (the "Bonds") are authorized to be issued in the aggregate principal sum of not to exceed Three Hundred Forty-Five Thousand Dollars (\$345,000) for the purpose of paying the costs of refunding the Prior Bonds, including the costs incidental to the issuance, sale and delivery of the Bonds. The issue shall consist of bonds in fully-registered form of the denomination of \$5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, numbered consecutively in order of registration from 1 upwards. The Bonds will be dated as of the date of delivery and be payable on April 1 (or such other date as determined at the time of sale thereof) in the years 2014 to 2019, inclusive, in the annual amounts determined at the time of sale.

The Bonds shall bear interest at a rate or rates to be determined at the time of sale thereof, but in any event not to exceed three percent (3%) per annum, payable on April 1, 2013 (or such other date as determined at the time of sale thereof), and semiannually thereafter, by check or draft mailed by the Transfer Agent (as hereinafter defined) to the registered owner of record as of the 15th day of the month prior to the payment date for each interest payment. The record date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Issuer to conform to market practice in the future.

2. The Bonds of this issue shall be executed in the name of the Issuer with the manual or facsimile signatures of the Mayor and Clerk of the Issuer and shall have the seal of the Issuer, or a

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

facsimile thereof, printed or impressed on the Bonds. Bonds authorized by this resolution executed facsimile signatures shall not be valid until authenticated by an authorized representative of the Transfer Agent. The principal of the Bonds shall be payable at a bank or trust company located in Michigan and qualified to act as bond registrar, transfer agent and transfer agent or by the Treasurer of the City who may be appointed to act as transfer agent for the bonds (the "Transfer Agent"). The City Manager and Finance Director are each authorized to select and appoint the Transfer Agent.

The Bonds may be issued in book-entry-only form through the Depository Trust Company in New York, New York ("DTC") and any officer of the Issuer is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry-only form and to make such changes in the Bond form within the parameters of this resolution as may be required to accomplish the foregoing.

3. The Transfer Agent shall keep the books of registration for this issue on behalf of the Issuer. Any Bond may be transferred upon such registration books by the registered owner of record, 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 or Bonds shall be surrendered for transfer, the Issuer shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. 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.

4. The City hereby pledges its limited tax full faith and credit for the prompt payment of the principal and interest on the Bonds. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance as a first budget obligation from its general funds available therefor, or, if necessary levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations,

such sums as may be necessary to pay such debt service in said fiscal year. The Treasurer is authorized and directed to open a separate fund with a bank or trust company designated by the City Council to be known as the LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012 DEBT RETIREMENT FUND (the "Debt Retirement Fund"), the moneys to be deposited into the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds as they mature. Into said fund there shall be placed the accrued interest, if any, received at the time of delivery of the Bonds.

In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay the principal of and interest on the Bonds when due, shall be deposited in trust, this Resolution shall be defeased and the owners of the Bonds shall have no further rights under this Resolution except to receive payment of the principal of and interest on the Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein.

5. The proceeds of the Bonds shall be used to pay the costs of issuance of the Bonds and to secure payment of the Prior Bonds as provided in this paragraph. Upon receipt of the proceeds of sale of the Bonds, the accrued interest, if any, shall be deposited in the Debt Retirement Fund for the Bonds. From the proceeds of the Bonds there shall next be set aside a sum sufficient to pay the costs of issuance of the Bonds in a fund designated LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012 ISSUANCE FUND (the "Issuance Fund"). Moneys in the Issuance Fund shall be used solely to pay expenses of issuance of the Bonds. Any amounts remaining in the Issuance Fund after payment of issuance expenses shall be transferred to the Debt Retirement Fund for the Bonds.

The balance of the proceeds of the Bonds together with any moneys transferred by the Issuer at the time of sale of the Bonds from the debt retirement funds for the Prior Bonds and any other

available funds of the Issuer, shall be held as cash or invested in direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing (the "Escrow Fund") and used to pay principal, interest and redemption premiums, if any, on the Prior Bonds. The Escrow Fund shall be held by an escrow agent (the "Escrow Agent") pursuant to an escrow agreement (the "Escrow Agreement") which shall irrevocably direct the Escrow Agent to take all necessary steps to call for redemption any Prior Bonds specified by the Issuer upon sale of the Bonds, including publication and mailing of redemption notices, on any call date, as specified by the Issuer. The investment held in the Escrow Fund shall be such that the principal and interest payments received thereon will be sufficient, without reinvestment, to pay the principal, interest and redemption premiums, if any, on the Prior Bonds as they become due pursuant to maturity or the call for redemption required by this paragraph. Following establishment of the Escrow Fund, any amounts remaining in the debt retirement funds for the Prior Bonds shall be transferred to the Debt Retirement Fund for the Bonds. The Treasurer is authorized to select a Michigan bank or trust company to serve as Escrow Agent pursuant to the Escrow Agreement.

6. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF CALHOUN

CITY OF ALBION
LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, SERIES 2012

REGISTERED OWNER:

PRINCIPAL AMOUNT:

INTEREST RATE:

DATE OF ORIGINAL ISSUE: December __, 2012

The City of Albion, County of Calhoun, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, with interest thereon (computed on the basis of a 360-day year consisting 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 April 1, 2013 and semiannually thereafter. Principal of this bond is payable by the Treasurer of the Issuer, or such other paying agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). 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 of the Issuer kept by the Transfer Agent by check or draft mailed by the Transfer Agent to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

This bond is a single, non-convertible bond in the principal amount of \$ _____, issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended and pursuant to a resolution of the City Council of the Issuer adopted November 2, 2012 for the purpose of defraying the costs of refunding a certain contract by and between the Issuer and the Albion Building Authority, County of Calhoun, State of Michigan (the "Authority") by which the Issuer has agreed to pay cash rentals to the Authority in amounts sufficient to pay the debt service when due on the Authority's 2009 Building Authority (Maple Grove Apartment Bonds), dated July 17, 2009.

Bonds of this issue are not subject to redemption prior to maturity.

This bond is transferable only upon the registration books of the Issuer kept by the Transfer Agent by the registered owner of record 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 executed by the registered owner or the registered owner's 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 resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

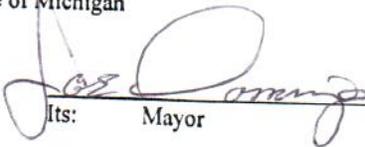
This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations.

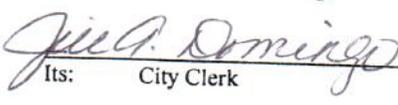
It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the Issuer, including this bond and the series of bonds of which this is one, does not exceed any constitutional, statutory or charter debt limitation.

[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 of Albion, County of Calhoun, State of Michigan, by its City Council, has caused this bond to be executed with the [manual/facsimile] signatures of its Mayor and its City Clerk and its corporate seal or a facsimile thereof to be printed hereon, all as of the Date of Original Issue.

CITY OF ALBION
County of Calhoun
State of Michigan

By: 
Its: Mayor

By: 
Its: City Clerk

(SEAL)

SCHEDULE A

<u>Installment Date</u>	<u>Principal Installment</u>
04/01/2014	\$55,000
04/01/2015	55,000
04/01/2016	60,000
04/01/2017	55,000
04/01/2018	60,000
04/01/2019	60,000

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

(Form of Transfer Agent's Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION

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

Transfer Agent

By: _____

Authorized: _____

DATE OF REGISTRATION:

[Bond printer to insert form of assignment]

7. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exemption of the interest on the Bonds from general federal income taxation (as opposed to any alternative minimum or other indirect taxation) under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

8. The Bonds shall not be subject to redemption prior to maturity.

9. The City Council has considered the option of selling the Bonds through a competitive sale and a negotiated sale and, pursuant to the requirements of Act 34, determines that a negotiated sale of the Bonds will result in the most efficient and expeditious means of selling the Bonds and will result in the lowest interest cost to the Issuer.

10. The City hereby appoints Robert W. Baird & Co. to act as Placement Agent in connection with the Bonds. The City Manager and Finance Director are each hereby authorized to negotiate the sale of the Bonds with the purchaser, execute a Sale Order specifying the final terms of the Bonds and take all other necessary actions required to effectuate the sale, issuance and delivery of the Bonds within the parameters authorized in this resolution.

11. The City Manager and Finance Director are each authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing is authorized to exercise the authority and make the determinations authorized pursuant to Section 315(1)(d) of Act 34, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, designation of series, name of the Bonds, the portion or portions of the Prior Bonds to be refunded, and other matters, within the parameters established by this Resolution, pursuant to the Sale Order, *provided*

that the Treasurer shall find and determine that a net present value savings of at least 2% of the principal amount of the Prior Bonds to be refunded shall exist upon the sale of the Bonds and said refunding. The City Manager and Finance Director are each authorized to do all other acts and take all other necessary procedures required to effectuate the sale, issuance, and delivery of the Bonds.

12. The City Manager and Finance Director are each hereby authorized and directed to take all other actions necessary or advisable, and make such other filings with the Michigan Department of Treasury or with other parties, to enable the sale and delivery of the Bonds as contemplated herein.

13. The Bonds are hereby designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions.

14. The City Council hereby confirms the appointment of Miller, Canfield, Paddock and Stone, P.L.C. as bond counsel.

15. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution be and the same hereby are rescinded.

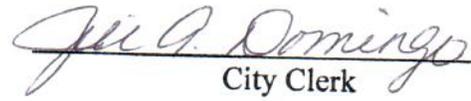
AYES: Members Krause, Barnes, Reid, Brown, Zblewski,
Mayor Domingo

NAYS: Members None

RESOLUTION DECLARED ADOPTED.

Jill A. Domingo
City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Albion, County of Calhoun, State of Michigan, at a regular meeting held on November 20, 2012, 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.


City Clerk

City of Albion
Limited Tax General Obligation Bonds, Series 2012
Dated: December 12, 2012

Table of Contents

Report

Debt Service To Maturity And To Call.....	1
Escrow Fund Cashflow.....	2
Sources & Uses.....	3
Debt Service Schedule.....	4
Debt Service Comparison.....	5
Pricing Summary.....	6
Current Outstanding Debt Service.....	7