

BOND RESOLUTION

Michigan Transportation Fund Bonds, Series 1992

At a regular meeting of the City Council of the City of Farmington Hills, Michigan, held June 15, 1992.

At a regular meeting of the City Council of the City of Farmington Hills, Michigan, held June 15, 1992. PRESENT: Bates, Grant, Lichtman, Marks, Sever and Vagstad. ABSENT: Smith.

The following resolution was offered by Sever and seconded by Marks: WHEREAS, the City Council hereby determines that it is necessary to construct Phase II of the Twelve Mile Road Boulevard Project (the "Improvements") in the City of Farmington Hills (the "City") and

WHEREAS, the cost of the Improvements is estimated to be Six Million Nine Hundred Ninety Eight Thousand Two Hundred Seventy Six Dollars (\$6,998,276), and

WHEREAS, the City deems it necessary to borrow the sum of Three Million One Hundred Fifty Thousand Dollars (the "Bonds") as authorized by Act 175, Public Act of Michigan, 1952, as amended ("Act 175"), to pay part of the cost of the Improvements, and

WHEREAS, the Improvements are in accordance with the purposes enumerated in Act 31, Public Act of Michigan, 1952, and

WHEREAS, the revenues received by the City from the Michigan Transportation Fund pursuant to Act 31 in 1991, the year preceding the contemplated borrowing, are more than sufficient to comply with all the requirements specified in Section 4 of Act 175.

THE FOLLOING BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FARMINGTON HILLS, AS FOLLOWS:

1. AUTHORIZATION OF BONDS - PURPOSE. The City Council hereby determines to borrow the sum of Three Million One Hundred Fifty Thousand Dollars (\$3,150,000) and issue the Bonds therefor pursuant to the provisions of Act 175, for the purpose of providing funds to pay part of the cost of the Improvements, the period of usefulness of the Bonds to be not less than twenty (20) years. The plans and cost estimate of each of the Improvements are hereby approved and adopted.

2. BOND DETAILS. The Bonds shall be designated "Michigan Transportation Fund Bonds, Series 1992," shall have a term of July 1, 1992 shall be numbered from 1 upwards, shall be fully registered, shall be in 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, shall bear interest at a rate of rates not exceeding the rate being determined upon the sale thereof payable on the first days of April and October in each year commencing April 1, 1993, and shall mature on October 1, 1994 in each year as follows:

Table with columns: Year, Principal Amount, Year, Principal Amount. Rows for 1993, 1994, 1995, 1996, 1997, 1998, 1999.

3. PAYMENT OF PRINCIPAL AND INTEREST. The principal of and interest on the bonds shall be payable in lawful money of the United States. Principal shall be payable upon presentation of a certificate of the bond registrar and interest shall be payable as they severally mature. 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 paying agent to the registered owner at the registered address.

4. PRIOR REDEMPTION. Bonds maturing prior to October 1, 2002 shall not be subject to redemption prior to maturity. Bonds maturing on and after October 1, 2002, shall be subject to redemption prior to maturity at the option of the City upon the terms and conditions set forth in the form of bond contained in Section 10 hereof.

5. BOND REGISTRAR AND PAYING AGENT. The Director of Finance shall designate, and may enter into an agreement with, a bond registrar and paying agent for the bonds which shall be a bank or trust company located in the State of Michigan which is qualified to act as a bond registrar and paying agent of the United States of America or the State of Michigan. The Director of Finance from time to time as required may designate a similarly qualified successor bond registrar and paying agent.

6. EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS. The Bonds shall be executed in the name of the City by the facsimile signatures of the Mayor and City Clerk and authenticated by the manual signature of an authorized representative of the bonding agent. The seal of the City or the facsimile thereof shall be impressed or imprinted on the bonds. After the bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered by the Director of Finance to the purchaser upon receipt of the purchase price in full. The seal of the facsimile signatures of the Mayor and City Clerk and upon which the seal of the City or a facsimile thereof has been impressed or imprinted may be delivered to the bond registrar and paying agent for authentication and delivery in connection with the exchange of the surrendered bond and the new bond, and the paying agent shall indicate on each bond the date of its authentication.

7. EXCHANGE AND TRANSFER OF BONDS. Any bond, upon surrender thereof to the bond registrar and paying agent, shall be deemed to be surrendered to the bond registrar and paying agent, and the interest on such bond shall be paid to the registered owner or his duly authorized agent, at the option of the registered owner thereof, may be exchanged for bonds of any other authorized denomination, and the principal and maturity date and interest on such bond shall be the same as that of the surrendered bond.

Each bond shall be transferable only upon the books of the City, which shall be kept for that purpose by the bond registrar and paying agent, upon surrender of such bond together with a written instrument of transfer, and the bond registrar and paying agent duly executed by the registered owner or his duly authorized agent.

Upon the exchange or transfer of any bond, the bond registrar and paying agent on behalf of the City shall cancel the surrendered bond and shall authenticate and deliver to the transferee a new bond or bonds of any authorized denomination of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered bond. If, at the time the bond registrar and paying agent authenticates and delivers a new bond or bonds in accordance with this section, payment of interest on the bonds is in default, the bond registrar and paying agent shall endorse upon the new bond the following: "Payment of interest on this bond is in default. The last date to which interest has been paid is

The City and the bond registrar and paying agent may deem and treat the person in whose name any bond shall be registered upon the books of the City as the absolute owner of such bond, shall be entitled to receive the principal and interest thereon, and shall be entitled to receive the principal and interest thereon for the purpose of receiving payment of the principal and interest on such bond and for all other purposes, and all payments made to any such registered owner, or upon his order, in accordance with the provisions of Section 3 of this resolution shall be valid and effective to discharge the City of its obligations on such bond to the extent of the sum or sums so paid, and neither the City nor the bond registrar and paying agent shall be affected by any notice to the contrary. The City agrees to indemnify and save the bond registrar and paying agent harmless from and against any and all loss, cost and expenses, including reasonable attorney's fees, incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

For every exchange or transfer of bonds, the City or the bond registrar and paying agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

8. APPROPRIATION OF CITY'S MICHIGAN TRANSPORTATION FUND PAYMENTS. To provide moneys to pay the principal of and interest on the Bonds and in accordance with the provisions of Act 175, until payment in full of the principal of and interest on all the Bonds, or until sufficient cash or direct obligations of the United States of America or obligations of the principal of and interest on which is fully guaranteed by the United States of America, not redeemable at the option of the issuer, is available to pay the principal of and interest on such bonds, without reimbursement of interest, come due at such times and in such amounts as to be fully satisfied to pay, when due, the principal of, redemption premium, if any, and interest on the Bonds on the stated maturity date or earlier redemption date, shall have been deposited in a separate depository account to their maturity, or, if called for redemption, to the date fixed for redemption, there is hereby made an irrevocable appropriation of the annual necessary to pay the principal of and interest on the Bonds from the moneys to be derived from any collected taxes returned to the City for highway purposes pursuant to law. In the event of such deposit in trust, this Resolution shall be deemed and the holders of the Bonds shall have no further rights under this Resolution except for payment from the deposited funds and such Bonds shall no longer be considered to be outstanding under this Resolution.

9. PLEDGE OF FULL FAITH AND CREDIT. Pursuant to Act 175, and as additional security for the prompt payment of the principal and interest on the Bonds, there is hereby irrevocably pledged the limited tax fall and full faith and credit of the City. If the revenues of the City are not sufficient to pay the principal of and interest on the Bonds, the City will be authorized and obligated to levy a tax to pay the principal and interest on the Bonds. In no event may the City levy an ad valorem tax for the purpose of paying the principal of and interest on the Bonds in an amount in excess of the rate permitted by law pursuant to the City Charter, the Michigan Constitution or Michigan statutes.

10. FORM OF BONDS. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA STATE OF MICHIGAN COUNTY OF OAKLAND CITY OF FARMINGTON HILLS

MICHIGAN TRANSPORTATION FUND BOND, SERIES 1992

Interest Rate Maturity Date Date of Original Issue Coup

Registered Owner: Principal Amount:

The City of Farmington Hills, County of Oakland, State of Michigan (the "City"), acknowledges itself indebted to, and for value received, hereby promises to pay to the registered owner identified, or registered assignee, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the principal corporate trust office of Michigan National Bank, the City of Detroit, Michigan, or to any successor bond registrar or paying agent as such successor bond registrar and paying agent may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner at the close of business on the 15th day of the calendar month preceding the month for which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address. Interest on such Principal Amount until the City's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first days of April and October in each year, commencing on April 1, 1993. Principal and interest are payable in lawful money of the United States of America.

This bond is one of a series of bonds aggregating the principal sum of Three Million One Hundred Fifty Thousand Dollars (\$3,150,000) issued for the purpose of paying part of the cost of street improvements in the City in accordance with the provisions of the "Resolution" adopted by the City Council of the City on June 15, 1992, pursuant to the provisions of Act 175, Public Act of Michigan, 1952, as amended.

This bond and the interest thereon are payable from the proceeds of state collected taxes returned to the City for highway purposes pursuant to law, or in case of insufficiency of said funds, out of the general funds of the City, and the Resolution contains an irrevocable appropriation of the amount necessary to pay the principal of and interest on this bond and the series of bonds of which this is one from moneys to be derived from the State of Michigan returned to the City for highway purposes which have not been otherwise specifically allocated and pledged for the payment of indebtedness. As additional security, the City has pledged its full faith and credit to the payment of the principal of and interest on the bonds. If the payments from the said funds are insufficient to pay the principal of and interest on the bonds, then the City is obligated to make such payments as a first budget obligation from its general funds, including any collections of ad valorem taxes, or from any other source of funds, which shall be subject to charter, statutory and constitutional limitations. The City may issue additional bonds payable from said state collected taxes within the limitations prescribed by law.

This bond is a general obligation of the State of Michigan.

This bond is transferable, as provided in the Resolution, only upon the books of the City kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent, and upon the exchange or transfer of this bond a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

The bond registrar and paying agent shall not be required to transfer or exchange this bond or any portion of this bond which has been selected for redemption.

Bonds maturing prior to October 1, 2002, are not subject to redemption prior to maturity. Bonds maturing on and after October 1, 2002, are subject to redemption prior to maturity at the option of the City in such order as shall be determined by the City on any one or more of the following dates: on and after October 1, 2001. Bonds of a denomination greater than \$5,000 may be partially redeemed in the amount of \$5,000 or any integral multiple thereof. If less than all of the bonds maturing in any year are to be redeemed, the bonds or portions of bonds to be redeemed shall be selected by lot. The redemption price shall be the par value of the bond or portion of the bond called to be redeemed plus interest to the date fixed for redemption and a premium as follows:

0.5% of the par value if called for redemption on or after October 1, 2001, but prior to October 1, 2004.

No premium if called for redemption on or after October 1, 2004.

Not less than thirty days notice of redemption shall be given to the registered owners of bonds called to be redeemed by mail to each registered owner 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 12% per annum, to be fixed by the bid therefor, expressed in multiples of 1/4 or 1/8 of 1%. 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 3 percentage points. No proposal for the purchase of less than all of the bonds or at a price less than 95% of their par value will be considered.

BOND REGISTRAR AND PAYING AGENT: The bonds shall be payable to the principal or lawful assignee of the United States or the State of Michigan at the principal corporate trust office of Michigan National Bank, in the City of Detroit, Michigan; the bond registrar and paying 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 paying agent to the registered owner at the registered address. The City reserves the right to designate, from time to time as required, a successor bond registrar and paying agent.

REGISTRATION OF BONDS: The successful bidder shall notify the bond registrar and paying agent in writing of the denomination of the initial interest rate of the bonds on or before 5:00 p.m., 1992. 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 the 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 being issued for the purpose of defraying part of the cost of street improvements in the City. The City has made an irrevocable appropriation of the amount necessary to pay the principal of and interest on the bonds from moneys to be derived from State of Michigan collected taxes returned to the City for highway purposes pursuant to law, as set forth in the bond authorizing resolution. The full faith and credit of the City of Farmington Hills have been pledged for the payment of the principal of and interest on the bonds and in case of the insufficiency of said state collected taxes, moneys shall be advanced from the general fund of the City to meet such deficiency. The City hereby certifies that the bonds are issued in compliance with all constitutional, statutory and charter limitations on the taxing power of the City.

GOOD FAITH: A certified or cashier's check in the amount of \$31,500 drawn upon an incorporated bank or trust company and payable to the order of the City 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 is accepted and the bidder fails to take up and pay for the Bonds. No interest shall be allowed on the good faith check and checks of the unsuccessful bidder will be returned to the bidder's representative or by the United Parcel Service Co. - Next Day Air Service. The good faith check of the successful bidder will be 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 produced 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 1992 to their maturity and deducting therefrom any premium or adding thereto any discount.

LEGAL OPINION: Bonds shall be conditioned upon the approving opinion of Dickinson, Wright, Moon, Van Dusen & Freeman, attorneys of 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 and the delivery agent. 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 above bonds, Dickinson, Wright, Moon, Van Dusen & Freeman has no responsibility as to any financial statements, memoranda or materials 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, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, such opinion will, however, that certain corporations must take into account interest on the bonds for purposes of computing their alternative minimum tax. The opinion set forth in clause (a) above will be subject to the condition that the City comply with its obligations to raise such minimum tax as may be applicable to bonds in order that interest thereon (or, for continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such obligations may result in the interest on the bonds to be included in gross income retroactive to the date of issuance of the bonds. The City 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 has designated the bonds as "qualified tax-exempt obligations" for purposes of Section 266(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. In addition, if the successful bidder will obtain a municipal bond insurance policy or other credit enhancement for the bonds in connection with their original delivery, the successful bidder will be required, as a condition of delivery of the bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. 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, notwithstanding the fact that the interest thereon is exempt from all taxation in the State of Michigan except for the payment of taxes on gains realized from the sale, payment or other disposition thereof.

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By: City Clerk, Mayor

CERTIFICATE OF AUTHENTICATION. This bond is one of the bonds described in the within mentioned Resolution. MICHIGAN NATIONAL BANK, Bond Registrar and Paying Agent.

AUTHENTICATION DATE: Assigned. For value received, the undersigned hereby sells, assigns and transfers unto please print or type name, address and taxpayer identification number of transferee the within bond and all rights thereunder and does hereby irrevocably constitute and appoint. Date: Signature: Guaranteed by a commercial bank, a trust company or a broker-dealer firm which is a member of a major stock exchange.

END OF BOND FORM