



LANSING BOARD OF WATER AND LIGHT

BOARD OF COMMISSIONERS

SPECIAL MEETING MINUTES

May 10, 2011

The Board of Commissioners met at the Executive Offices of 1232 Haco Drive, Lansing, Michigan.

Present: Commissioners Margaret Bossenbery, Frank Lain, Dennis M. Louney, Marilyn Plummer, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None

The Secretary declared a quorum present.

Chairperson Zerkle called the meeting to order at 7:00 p.m.

PUBLIC COMMENT

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

There were no public comments.

MANAGER'S RECOMMENDATION

General Manager Lark stated that this resolution is to authorize up to \$250 Million of Series 2011A Bond for the Moores Park Replacement Cogeneration Plant and other system improvement and asks that the Board approve the Eleventh Supplemental Revenue Bond Resolution. He also stated that the Resolution was approved by Finance Committee on April 12, 2011.

RESOLUTION #2011-05-01

Lansing Board of Water and Light

ELEVENTH SUPPLEMENTAL REVENUE BOND RESOLUTION

A RESOLUTION TO AUTHORIZE:

Issuance of up to \$250,000,000 of Series 2011A Bonds for Moores Park Replacement Cogeneration Plant, System improvements, Capitalized Interest and costs of issuance;

- Appointment of senior managing underwriter;
- Chief Financial Officer to sell Series 2011A Bonds without further resolution;
- Other matters relative to issuance, sale and delivery of Series 2011A Bonds.

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

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

WHEREAS, it is necessary for the public health, safety and welfare of the residents of the City and the users of the System to acquire and construct the Series 2011A Project (as defined below); and

WHEREAS, on August 4, 2010, the Board published in the *City Pulse* a Notice of Intent to Issue Revenue Bonds and Right to Petition for Referendum describing revenue bonds to be issued to finance costs of the Series 2011A Project, and no petitions requesting referendum as described in the Notice were filed with the City Clerk; 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 revenue bonds, and the Board is ready to authorize issuance of the first series of revenue bonds to finance the Series 2011A Project.

NOW, THEREFORE, BE IT RESOLVED THAT:

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

- (a) "Additional Bonds" means any Additional Bonds of equal standing with the Series 2008A Bonds and the Series 2011A Bonds 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, and this Eleventh Supplemental Revenue Bond Resolution, and any other resolution which amends or supplements the Bond Resolution.
- (c) "Bonds" means the Series 2008A Bonds and the Series 2011A Bonds and any Additional Bonds of equal standing hereafter issued.
- (d) "Chief Financial Officer" means the Assistant General Manager and Chief Financial Officer of the Board.
- (e) "Reserve Requirement" shall mean the Reserve Requirement established by Section 11 of the Tenth Supplemental Revenue Bond Resolution and described in Section 10 herein.
- (f) "Series 1999-2005 Bonds" means: the Water Supply, Steam and Electric Utility System Revenue Bonds, Series 1999A, the Water Supply, Steam and Electric Utility System Revenue Bonds, Series 2002A, the Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2002B, the Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2003A, and the Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2005A.
- (g) "Series 2008A Bonds" means the Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A.

- (h) "Series 2011A Bonds" means the Utility System Revenue Bonds, Series 2011A issued pursuant to this Eleventh Supplemental Revenue Bond Resolution.
- (i) "Series 2011A Construction Fund" shall mean the Series 2011A Construction Fund established pursuant to this Eleventh Supplemental Revenue Bond Resolution.
- (j) "Series 2011A Project" means the acquisition and construction of a Moores Park Replacement Cogeneration Plant, a combined cycle natural gas facility producing steam and electricity including two combined cycle sets, each set consisting of a combustion turbine, a heat recovery steam generator, a steam turbine and an auxiliary boiler to provide backup steam service, and System improvements including, but not limited to, construction, improvement, and renovation of transmission and distribution lines and related utility system facilities for the water supply, steam, and chilled water systems and electric transmission and distribution lines and related electric utility system facilities, together with any appurtenances and attachments thereto and any related site acquisition or improvements.
- (k) "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. The Bond Resolution establishes requirements for the issuance of Additional Bonds of equal standing and priority of lien with the Outstanding Series 1999-2005 Bonds and Outstanding Series 2008A Bonds. Until payment or defeasance in full of the Outstanding Series 1999-2005 Bonds, the Board must comply with the additional bonds test required by Section 18(a) of the Bond Resolution as amended by Section 6 of the Second Supplemental Revenue Bond Resolution. The Series 2011A Bonds can be issued as Additional Bonds pursuant to the requirements of the Bond Resolution if the Board determines that the actual or augmented Net Revenues for the fiscal year ending not more than 15 months prior to the sale of Additional Bonds are equal to at least one hundred fifty (150%) percent of the maximum Aggregate Debt Service Requirement in any current or future fiscal year on the Outstanding Bonds and on the Additional Bonds. Section 18(a) permits Net Revenues to be augmented if the System rates, fees or charges were increased prior to the time of authorizing the Additional Bonds. On January 25, 2011 the Board enacted rate increases. The Board has obtained the opinion of a Consulting Engineer on the amount of Net Revenues which would have resulted for the fiscal year ending June 30, 2010

had the System's billings during such time been at the increased rates. The Board has also obtained schedules prepared by Robert W. Baird & Co. (the "Financial Advisor") showing the maximum Aggregate Debt Service Requirement on the Outstanding Bonds and the Series 2011A Bonds if the Series 2011A Bonds are issued within the parameters of this resolution.

Based on the opinion of the Consulting Engineer and the schedules provided by the Financial Advisor, the Board hereby determines that the augmented Net Revenues for the fiscal year ending June 30, 2010 are equal to at least 150% of the maximum Aggregate Debt Service Requirement in any current or future fiscal year on the Outstanding Bonds and the Series 2011A Bonds.

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. Necessity; Preliminary Approval of Plans; and Statement of Purpose. It is hereby determined to be a necessary public purpose of the Board to acquire and construct the Series 2011A Project in accordance with the plans and specifications prepared by the Board's consulting engineers, which plans and specifications are hereby approved.

Section 4. Costs; Useful Life. The total cost of the Series 2011A Project is estimated to be not-to-exceed Two Hundred Fifty Million Dollars (\$250,000,000) including the payment of capitalized interest and incidental expenses as specified in Section 5 of this resolution, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the Series 2011A Project is estimated to be not less than thirty (30) years.

Section 5. Payment of Cost of Project; Bonds Authorized; Applicable Law. To pay part of the cost of acquiring and constructing all or a portion of the Series 2011A Project, including payment of all legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2011A Bonds and capitalized interest in the amount to be determined at the time of sale of the Series 2011A Bonds, the City, acting by and through the Board, shall borrow the sum of not-to-exceed Two Hundred Fifty Million Dollars (\$250,000,000) and shall issue the Series 2011A Bonds therefor pursuant to the provisions of Act 94. The remaining cost of the Series 2011A Project, if any, shall be defrayed from funds on hand and legally available for such use, or, if the principal amount of the Series 2011A Bonds is less than \$250,000,000, from an additional series of bonds to be issued upon approval of a future resolution. The Series 2011A Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94.

The capitalized interest to be paid from proceeds of the Series 2011A Bonds shall not exceed the amount necessary to pay interest for three years, as finally determined at the time of sale of the Series 2011A Bonds.

Section 6. Series 2011A Bond Details. The Series 2011A Bonds shall be designated as the "Utility System Revenue Bonds, Series 2011A" and shall be payable solely out of the Net Revenues of the System. City Council shall not be requested to pledge the full faith and credit of the City for payment of the Series 2011A Bonds. The Series 2011A Bonds shall be issued as fully registered bonds registered in the denomination of \$5,000 or integral multiples thereof and shall be numbered in consecutive order of registration or authentication from 1 upwards. The Series 2011A Bonds shall be dated as of the date of delivery thereof or such other date as determined at the time of sale of the Series 2011A Bonds, shall mature as serial bonds or term bonds on such dates as shall be determined at the time of sale of the Series 2011A Bonds but not-to-exceed thirty (30) annual maturities.

The Series 2011A Bonds shall be subject to optional or mandatory redemption prior to maturity at the times and prices finally determined at the time of sale of the Series 2011A Bonds.

The Series 2011A Bonds shall bear interest at a rate or rates to be determined on sale thereof, payable on January 1, 2012, or such other date as provided at the time of sale of the Series 2011A Bonds, and semi-annually thereafter on January 1st and July 1st of each year, provided, however, that the first interest payment date shall be not later than ten months following the delivery date of the Series 2011A Bonds.

The Series 2011A Bonds shall be executed by the manual or facsimile signature of the Chairperson and the Corporate Secretary of the Board. No Series 2011A Bond shall be valid until authenticated by an authorized representative of the Transfer Agent. The Series 2011A Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser in accordance with instructions from the Chief Financial Officer upon payment of the purchase price for the Series 2011A Bonds in accordance with the bid therefor when accepted. Executed blank bonds for registration and issuance to transferees shall be delivered to the Transfer Agent for safekeeping from time to time as necessary.

Section 7. Registration and Transfer. The Chief Financial Officer is hereby authorized to appoint as transfer agent for the Series 2011A Bonds a bank or trust company qualified to act as bond registrar, paying agent and transfer agent (the "Transfer Agent"). The Chief Financial Officer is hereby authorized to execute one or more agreements with the Transfer Agent on behalf of the Board. The Board reserves the right to replace the Transfer Agent at any time, provided written notice of such replacement is given to the registered owners of record of bonds not less than sixty (60) days prior to an interest payment date. Principal of and interest on the Series 2011A Bonds shall be payable by check or draft mailed by the Transfer Agent to the registered owner at the registered address as shown on the registration books of the Board maintained by the Transfer Agent. Interest shall be payable to the person or entity who or which is the registered owner of record as of the fifteenth (15th) day of the month prior to the payment date for each interest payment. The date of

determination of the registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Board to conform to market practice in the future.

The Series 2011A Bonds may be issued in book-entry-only form through The Depository Trust Company in New York, New York ("DTC"), and the Chief Financial Officer is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Series 2011A Bonds in book-entry-only form and to make such changes in the form of the Series 2011A Bonds within the parameters of this resolution as may be required to accomplish the foregoing. Notwithstanding the foregoing, if the Series 2011A Bonds are held in book-entry-only form by DTC, payment of principal of and interest on the Series 2011A Bonds shall be made in the manner prescribed by DTC.

The Series 2011A 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.

Upon payment by the Board of all outstanding principal of and interest on the Series 2011A Bonds, the registered owner thereof shall deliver the Series 2011A Bonds to the Board for cancellation.

Section 8. Deposit to Bond Reserve Account. On or prior to the date of delivery of the Series 2011A 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 9. Series 2011A Bond Proceeds; Construction Fund. From the proceeds of sale of the Series 2011A Bonds there first shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest and premium, if any, received on delivery of the Series 2011A 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 Series 2011A Bonds; provided, however, that at the discretion of the Chief Financial Officer, all or a portion of any premium received upon delivery of the Series 2011A Bonds may be deposited in the Bond Reserve Account or the Series 2011A Construction Fund in consultation with Bond Counsel.

The capitalized interest shall next be deposited in the Redemption Fund, and the Board may take credit for the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of interest on the Series 2011A Bonds.

There shall next be deposited in the Bond Reserve Account an amount, if any, designated at the time of sale of the Series 2011A Bonds as necessary to cause the amount on deposit in the Bond Reserve Account to be equal to the Reserve Requirement.

The remaining proceeds of the Series 2011A Bonds shall be deposited in the Series 2011A Construction Fund which shall be established by the Chief Financial Officer in a bank or banks qualified to act as depository of the proceeds of sale under the provisions of Section 15 of Act 94. Monies in the Construction Fund shall be applied solely in payment of the portion of the cost of the Series 2011A Project being financed with proceeds of the Series 2011A Bonds and any costs of engineering, legal, financial, bond insurance premiums and other expenses incident thereto and to the issuance of the Series 2011A Bonds.

Any unexpended balance of the proceeds of sale of the Series 2011A Bonds remaining in the Construction Fund after completion of the Series 2011A Project may, in the discretion of the Chief Financial Officer, be deposited to the Bond Reserve Account in order to meet the Reserve Requirement, or be used for further improvements, enlargements and extensions to the System. Any balance remaining after such expenditure shall be paid into the Redemption Fund for the purpose of calling Series 2011A Bonds for redemption or for the purpose of purchasing Series 2011A Bonds on the open market at not more than the fair market value thereof but not more than the price at which the Series 2011A Bonds may next be called for redemption.

Section 10. Reserve Requirement. Until payment or defeasance in full of the Outstanding Series 1999-2005 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 1999-2005 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 11. Rate Covenant. Until payment or defeasance in full of the Outstanding Series 1999-2005 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 1999-2005 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 12. Additional Bonds Test. Until payment or defeasance in full of the Outstanding Series 1999-2005 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 1999-2005 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 13. Covenants. The Board covenants and agrees as follows with the holders of the Series 2011A Bonds as long as any of the Series 2011A Bonds remain outstanding and unpaid as to either principal or interest:

- (a) The Board will cause the portion of the Series 2011A Project being financed with proceeds of the Series 2011A Bonds to be acquired and constructed promptly and in accordance with the plans and specification therefor.
- (b) The Board covenants and agrees with the Registered Owners of the Series 2011A Bonds that as long as any of the Series 2011A Bonds remain outstanding and unpaid as to either principal or

interest, the Board shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Series 2011A Bonds pursuant to the Internal Revenue Code in such a manner as to cause the Series 2011A Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code. The Board hereby covenants that, to the extent permitted by law, it will take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exemption of interest on the Series 2011A Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds, all as more fully set forth in the Tax Compliance Certificate to be delivered by the Board with the Series 2011A Bonds.

- (c) The Board will not issue additional bonds of prior standing to the Series 2011A Bonds.

Section 14. Series 2011A Bond Form. The Series 2011A 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 Series 2011A Bonds established upon sale thereof:

BOND NO.

R-

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

CITY OF LANSING
LANSING BOARD OF WATER AND LIGHT
UTILITY SYSTEM REVENUE BOND, SERIES 2011A

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

Registered Owner: Cede & Co.

Principal Amount:

The City of Lansing, Counties of Ingham and Eaton, State of Michigan (the "City"), acting by and through 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. For the prompt payment of principal and interest on this bond, the revenues received by the Board from the operations of the water supply and electric utility systems including the steam, steam heat and chilled water distribution systems (the "System") after provision has been made for reasonable and necessary expenses of operation, maintenance and administration of the System (the "Net Revenues"), are irrevocably pledged and a statutory lien thereon has been created to secure the payment of the principal of and interest on this Bond, when due; however, the pledge of Net Revenues and the statutory lien are on a parity with the pledge of Net Revenues and statutory lien in favor of the Water Supply, Steam and Electric Utility System Revenue Bonds, Series 1999A, the Water Supply, Steam and Electric Utility System Revenue Bonds, Series 2002A, Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2002B, Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2003A, Water Supply, Steam and Electric Utility System Revenue Refunding Bonds, Series 2005A, and Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A. 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 like tenor, except as to denomination, rate of interest and date of maturity, aggregating the principal sum of \$[principal amount], issued pursuant to a Bond Resolution adopted by the Board on October 24, 1989, as amended and supplemented from time to time, including by a Eleventh Supplemental Revenue Bond Resolution adopted by the Board on [date of resolution] (collectively, the "Bond Resolution"), and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), for the purpose of financing costs of improvements to the System, [making a deposit to a bond reserve account,] and paying the costs of issuing the bonds.

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which

additional bonds of equal standing as to the Net Revenues may hereafter be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Bond Resolution. Reference is hereby made to the Bond Resolution and any and all supplements thereto and modifications and amendments thereof, if any, and to Act 94, for a more complete description of the pledges and covenants securing the bonds of this issue, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the bonds of this issue with respect thereto and the terms and conditions upon which the bonds of this issue are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Bond Resolution, the provisions of the Bond Resolution or any resolution or agreement amendatory thereof or supplemental thereto, may be modified or amended by the 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 on or prior to [date] are not subject to redemption prior to maturity.

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

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

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

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

This bond is transferable only upon the books of the 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 therefore as provided in the Bond Resolution, and upon the payment of the charges, if any, therein prescribed. The Transfer Agent shall not be required (i) to issue, register the transfer of, or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption under the Bond Resolution and ending at the close of business on the date of that mailing, or (ii) to register the transfer of or exchange any bond so selected for redemption in whole or in part, except the unredeemed portion of bonds being redeemed in part.

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

The 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 by and through the Board, has caused this bond to be signed in its name with the facsimile signatures of 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.

CITY OF LANSING by and through the
LANSING BOARD OF WATER AND LIGHT

By: Chairperson Sandra Zerkle
Countersigned By: Corporate Secretary M. Denise Griffin

[INSERT STANDARD FORMS OF CERTIFICATE
OF AUTHENTICATION AND ASSIGNMENT]

Section 15. Negotiated Sale. Based upon the advice of the Financial Advisor, given the volatile nature of the bond market, in order to enable the Board to select and adjust terms for the Series 2011A Bonds, to enter the market on short notice at a point in time which appears to be most advantageous, and thereby possibly obtain a lower rate of interest on the Series 2011A Bonds, and to achieve sale efficiencies so as to reduce the cost of issuance and interest expense, it is determined in the best interests of the Board to negotiate the sale of the Series 2011A Bonds. The Board hereby determines to sell the Series 2011A Bonds at a negotiated sale instead of a competitive sale.

Section 16. Appointment of Senior Managing Underwriter. Bank of America Merrill Lynch (the "Underwriter") is hereby named as senior managing underwriter for the Series 2011A Bonds. 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 for any loss or damage that may result to the Underwriter from the adoption of this resolution, and all costs and expenses incurred by the Underwriter in preparing for sale of the Series 2011A Bonds shall be paid from the proceeds of the Series 2011A Bonds, if the Series 2011A Bonds are issued, except as may be otherwise provided in the Bond Purchase Agreement for Series 2011A Bonds.

Section 17. 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 18. Official Statement. The Chief Financial Officer is authorized to approve circulation of a Preliminary Official Statement describing the

Series 2011A Bonds and, after sale of the Series 2011A Bonds, to prepare, execute and deliver a final Official Statement.

Section 19. Continuing Disclosure. The Chief Financial Officer is hereby directed to execute and deliver, prior to delivery of the Series 2011A Bonds, a written continuing disclosure undertaking in order to enable the Underwriter 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 20. Sale of Series 2011A Bonds. The Chief Financial Officer is authorized, in consultation with the Financial Advisor, to negotiate a Bond Purchase Agreement with the Underwriter, and to accept an offer by the Underwriter to purchase the Series 2011A Bonds without further resolution of this Board. This authorization includes, but is not limited to, determination of original principal amount of the Series 2011A Bonds; the prices at which the Series 2011A Bonds are sold; the date of the Series 2011A Bonds; the schedule of principal maturities and whether the Series 2011A Bonds shall mature serially or as term bonds; provisions for early redemption including mandatory redemption of term bonds, if any; the interest rates and payment dates of the Series 2011A Bonds; and application of the proceeds of the Series 2011A Bonds including the amount of capitalized interest, if any. Approval of the matters delegated to the Chief Financial Officer under this resolution may be evidenced by execution of the Bond Purchase Agreement or the Official Statement. The Chief Financial Officer is authorized to execute the Bond Purchase Agreement.

The net interest cost of the Series 2011A Bonds shall not exceed 8.00%. The first maturity of principal on the Series 2011A Bonds shall occur no earlier than 2012, and the date of the final maturity shall not cause the Series 2011A Bonds to exceed thirty (30) annual maturities. The Underwriter's discount for the Series 2011A Bonds shall not be greater than 1.00% of the principal amount of the Series 2011A Bonds, net of original issue discount or premium. In making such determinations the Chief Financial Officer is authorized to rely upon data and computer runs provided by the Financial Advisor.

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 Manager of Finance and Planning 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 Series 2011A 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, financial advisor fees, bond counsel fees, costs of printing the Series 2011A

Bonds and the preliminary and final official statements, and any other costs necessary to accomplish sale and delivery of the Series 2011A 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 Series 2011A Bonds issued pursuant to provisions of this resolution, such provisions of the Bond Resolution being made applicable to the Series 2011A Bonds herein authorized.

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 the *City Pulse*, a newspaper of general circulation in the City qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the minutes of the Board and such recording authenticated by the signatures of the Chairperson and Corporate Secretary of the Board.

Section 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 Special meeting held on Tuesday, May 10, 2011, at 6:30 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 notice of said Special meeting was given to each member of the Board in accordance with the rules of procedure of the Board.

We further certify that the following Commissioners were present at said meeting Margaret Bossenbery, Frank Lain, Dennis M. Louney, Marilyn Plummer, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle and that the following Commissioners were absent, none.

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

We further certify that the following Commissioners voted for adoption of said resolution ALL COMMISSIONERS PRESENT 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

Action: Carried unanimously.

MANAGER'S REMARKS

General Manager Lark stated that some time ago Commissioner Louney brought to his attention that the Michigan Department of Community Health would be offering a fluoridation equipment grant funded by Delta Dental. The Board of Water & Light (BWL) applied for the grant and received \$16,524 to apply towards the replacement of the aging fluoridation equipment at the Wise Conditioning Plant. General Manager Lark thanked Commissioner Louney for bringing the grant information to his attention.

General Manager Lark stated that Bob Trezise of the Lansing Economic Development Corporation wanted him to announce that there is going to be a dedication of a statue called "Inspiration" at 2:00 p.m. on Sunday at the City Market.

COMMISSIONER REMARKS

In response to Commissioner Louney's remarks regarding General Manager Lark performing at this years Chili Cook Off, General Manager Lark stated that at this year's Chili Cook Off the performing bands will consist of Board of Water & Light employees at which there is no cost to the BWL.

EXCUSED ABSENCE

None.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

On motion by Commissioner Price, seconded by Commissioner Ward, the meeting adjourned at 7:08 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes Filed with Lansing City Clerk on May 16, 2011
Final Approved Minutes Filed with Lansing City Clerk on May 26, 2011