

**THE ECONOMIC DEVELOPMENT CORPORATION
OF THE CITY OF ROCHESTER HILLS
Oakland County, Michigan**

**RESOLUTION OF INDUCEMENT AND INTENT
TO ISSUE REVENUE BONDS,
TO PROCEED WITH A PROJECT UNDER THE
ECONOMIC DEVELOPMENT CORPORATIONS ACT,
AND TO APPOINT BOND COUNSEL**

(VEHMA INTERNATIONAL PROJECT)

At a special meeting of the Board of Directors of The Economic Development Corporation of the City of Rochester Hills, Michigan, held at 1000 Rochester Hills Drive, Rochester Hills, Michigan, on the 28th day of September, 2010, at 5:30 o'clock p.m., Michigan Time, pursuant to notice duly given:

PRESENT: Directors: _____

ABSENT: Directors: _____

The following preamble and resolution were offered by Director _____ and supported by Director _____:

WHEREAS, there exists in the City of Rochester Hills (the "City") and the State of Michigan (the "State") the need for programs to alleviate and prevent conditions of unemployment, to assist and retain local industrial and commercial enterprises, and to encourage the location and expansion of such enterprises in order to strengthen and revitalize the City's and State's economy and to provide needed services and facilities to the City and its residents; and

WHEREAS, the Economic Development Corporations Act, Act No. 338 of the Michigan Public Acts of 1974, as amended (the "Act"), provides a means for the encouragement and assistance of industrial and commercial enterprises in locating, purchasing, constructing, reconstructing, modernizing, improving, maintaining, repairing, furnishing and equipping facilities in the City; and

WHEREAS, The Economic Development Corporation of the City of Rochester Hills (the "EDC") has preliminarily determined to undertake a "project" within the meaning of the Act in the City of Rochester Hills (as further described below, the "Project") for the benefit of Vehma International of America, Inc., and/or one or more of its affiliates (collectively, the "Company"), which Project is designed for and capable of providing needed services, facilities and employment to the residents of the City; and

WHEREAS, the Project will consist of the construction of an approximately 180,744 square foot building suitable for engineering, research and development and general office activities desired by the Company and will be leased to the Company by the EDC pursuant to mutually agreeable terms and conditions; and

WHEREAS, the costs of the Project, including land, construction, equipment, architectural, administrative, legal and financial costs, are estimated not to exceed \$16,000,000; and

WHEREAS, the EDC is authorized by the Act to issue revenue bonds to finance the costs of the Project and to lease the Project to the Company; and

WHEREAS, the issuance of revenue bonds by the EDC for the Project will induce the Company to establish and/or expand its business within the City; and

WHEREAS, all administrative, legal, financial or other costs incurred by the EDC are includable in the costs of the Project and will be repaid out of the proceeds of the bonds and/or lease payments by the Company; and

WHEREAS, the EDC deems it desirable, reasonable and necessary to commence the appropriate proceedings pursuant to which bonds may be issued by the EDC to finance the Project under the Act;

NOW, THEREFORE, BE IT HEREBY RESOLVED THAT:

1. The EDC finds that there is a public purpose in the Project.
2. In order to induce the Company to consolidate its business in the City and lease the Project from the EDC, and subject to the provisions of this Resolution, the EDC will issue its limited obligation economic development revenue bonds in an amount presently estimated not to exceed \$16,000,000, for the purpose of paying all or part of the costs of the Project and the costs incidental to the issuance of the bonds. Such bonds will be issued pursuant to the Act in form and substance acceptable to this EDC, its counsel and Bond Counsel, subject to the completion of all necessary proceedings, hearings, approvals and other requirements of the Act.
3. The proceedings and agreements relating to the EDC's involvement with the Project and issuance of the bonds shall contain such provisions and details as shall absolutely and unequivocally make certain that under no circumstances will the EDC or the City or any of the City's taxpayers or citizens, ever be required to pay the principal of and interest on, or any costs relating to, the bonds from tax revenues or other funds of the EDC or the City, shall contain provisions fully protecting the EDC and the City against any other liability and all costs relating to the bonds and the Project, and shall provide for the payment of all debt service on the bonds from lease revenues or other sources acceptable to the EDC.

4. By adoption of this resolution the EDC assumes no obligation or liability to the Company for any loss or damage that may result to the Company from the adoption of this resolution, from costs and expenses in connection with the Project, and from costs of the issuance of the bonds. Any and all costs relating to the acquisition, financing, ownership or operation of the Project shall be paid from the proceeds of sale of the bonds or by the Company.

5. Each revenue bond, when, as, and if issued in connection with the Project, shall clearly recite in substance that the principal of, interest, and premium, if any, on such bond are payable solely from the revenues received from the Project or the Company, and do not constitute a debt or liability of the EDC or the City. The property which constitutes the Project may be pledged or mortgaged as security for the payment of the bonds, as permitted by the Act.

6. The firm of Clark Hill PLC, Birmingham, Michigan, is hereby designated and retained by the EDC as Bond Counsel with respect to the revenue bonds to be issued in connection with the Project, and is authorized and directed to prepare and submit to all appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of such bonds, to make application on behalf of the EDC to the United States Internal Revenue Service and other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of such bonds, and any one or more officers of this EDC are authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. The legal fees of Bond Counsel for work done in connection with the Project shall be paid from the proceeds of sale of such bonds or by the Company and in no event shall be a liability of the EDC or the City.

7. The EDC makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

- (a) This declaration of official intent is specifically made pursuant to Treas. Reg. § 1.150-2.
- (b) The EDC reasonably expects to reimburse itself with proceeds of the bonds for the expenditures related to the Project, including costs of issuing the bonds.
- (c) The maximum principal amount of debt expected to be issued for reimbursement purposes described herein is \$16,000,000.
- (d) Reimbursement of the expenditures described in (b) above with the proceeds of the borrowing described herein will occur not earlier than the date on which the expenditure is paid and not later than (1) the date that is 18 months after the date on which the expenditure is paid, or (2) the date on which the project is placed in service (but in no event more than 3

years after the original expenditure is paid), and the reimbursement will comply with the rules described in Treas. Reg. § 1.150-2(d).

- (e) The expenditures described in (b) above are "capital expenditures" and costs of bond issuance as defined in Treas. Reg. § 1.150-2(d)(3).

8. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and they are hereby rescinded.

YEAS: Directors: _____

NAYS: Directors: _____

ABSENT: Directors: _____

ABSTENTIONS: Directors: _____

RESOLUTION DECLARED ADOPTED:

Maureen Gentry
Secretary
Board of Directors
The Economic Development Corporation
of the City of Rochester Hills

STATE OF MICHIGAN)
) SS.
COUNTY OF OAKLAND)

I, Maureen Gentry, the duly qualified and acting Secretary of The Economic Development Corporation of the City of Rochester Hills, Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of said Corporation at a special meeting held on the 28th day of September, 2010, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267 of the Michigan Public Acts of 1976, as amended.

Maureen Gentry
Secretary
Board of Directors
The Economic Development Corporation
of the City of Rochester Hills

Dated: _____