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Table with 5 columns: Date, Ver., Action By, Action, Result. Row 1: 8/29/2011, 1, City Council Special Meeting, Adopted by Resolution, Pass

Request for Authorization to refund all or part of the outstanding City issued General Obligation Limited Tax Capital Improvement Bonds, Series 2002

Whereas, pursuant to the provisions of Section 517 of Act 34, Public Acts of Michigan, 2001 ("Act 34"), the City of Rochester Hills (the "City") issued its General Obligation Limited Tax Capital Improvement Bonds, Series 2002 (the "2002 Bonds") in the aggregate principal amount of \$4,600,000 for the purpose of paying part of the cost of constructing local road improvements in the following subdivisions in the City: Great Lakes #1 West, Lochmoor Hills, Larchwood, Independence Court, Whispering Willow, Avon Manor, Stratford Knolls #1, 2, 3, 4, 5, 6 and 8, and Spring Hills #3 and 4; and

Whereas, the 2002 Bonds remain outstanding in the aggregate principal amount of \$2,550,000, mature in various principal amounts on August 1 in the years 2012 through 2017 and bear interest at rates per annum which vary from 4.00% to 4.50%; and

Whereas, Part VI of Act 34 authorizes the City to refund all or any part of its outstanding securities; and

Whereas, the Finance Director has recommended that this resolution be adopted in order to effect the refunding of all or part of the outstanding 2002 Bonds and this Council has determined that it is in the best interest of the City that such refunding be undertaken.

Now, Therefore, Be It Resolved:

- 1. AUTHORIZATION OF BONDS -- PURPOSE. Bonds of the City, aggregating the principal sum of not to exceed Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000) (the "Refunding Bonds") shall be issued and sold pursuant to the provisions of Act 34, and other applicable statutory provisions, for the purpose of refunding all or part of the 2002 Bonds (the "2002 Bonds To Be Refunded"), as determined by the Finance Director at the time of sale, and paying the costs of issuing the Refunding Bonds. The Finance Director is authorized to determine the principal amount of the Refunding Bonds at the time of sale.
2. BOND DETAILS. The Refunding Bonds shall be designated "General Obligation Limited Tax Refunding Bonds, Series 2011"; shall be dated as of such date as shall be approved by the Finance Director at the time of sale; 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 or rates not exceeding 5% per annum to be determined by the Finance Director upon the sale thereof, payable on each August 1 and February 1 as determined by the Finance Director at the time of sale; and shall be issued as serial

bonds or term bonds, or both, which shall mature or be subject to mandatory redemption on August 1 in such years and principal amounts as determined by the Finance Director at the time of sale.

3. PAYMENT OF PRINCIPAL AND INTEREST. The principal of and interest on the Refunding Bonds shall be payable in lawful money of the United States. Principal shall be payable upon presentation and surrender of the Refunding Bonds to the bond registrar and paying agent as they severally mature. Interest shall be paid to the registered owner of each Refunding Bond as shown on the registration books at the close of business on the fifteenth 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. (a) Optional Redemption. If so determined by the Finance Director at the time of sale of the Refunding Bonds, the Refunding Bonds shall be subject to redemption prior to maturity at the option of the City, in whole or in part, in such order of maturity as the City shall direct and by lot within a maturity, at any time on and after a date to be determined by the Finance Director at the time of sale of the Refunding Bonds. The redemption price shall be the par value of the Refunding Bond or portion of the Refunding Bond called to be redeemed plus accrued interest to the date fixed for redemption and a premium, if any, not to exceed 3% of the principal amount of the Refunding Bonds being redeemed, as determined by the Finance Director at the time of sale of the Refunding Bonds.

(b) Mandatory Redemption of Term Bonds. Any Refunding Bonds that are designated by the Finance Director at the time of sale as term bonds shall be subject to mandatory redemption prior to maturity on each August 1 at the par value thereof plus accrued interest to the date of redemption in such amounts as shall be determined by the Finance Director at the time of sale. The Refunding Bonds to be so redeemed shall be selected by lot.

(c) General. Refunding 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 Refunding Bonds subject to redemption maturing in any one year are to be redeemed, the Refunding Bonds or portions of Refunding Bonds to be redeemed shall be selected by lot. Not less than thirty days nor more than sixty days' notice of redemption shall be given to the registered owners of Refunding Bonds called to be redeemed by mail to each registered owner at the registered address. Refunding Bonds or portions of Refunding Bonds called for redemption shall not bear interest on and after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

5. BOOK-ENTRY SYSTEM. Initially, one fully-registered bond for each maturity of the Refunding Bonds, in the aggregate amount of such maturity, shall be issued in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") for the benefit of other parties (the "Participants") in the book-entry-only transfer system of DTC. In the event the City determines that it is in the best interest of the City not to continue the book-entry system of transfer or that the interests of the holders of the Refunding Bonds might be adversely affected if the book-entry system of transfer is continued, the City may notify DTC and the bond registrar and paying agent, whereupon DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the bond registrar and paying agent shall deliver, transfer and exchange bond certificates as requested by DTC and any Participant or "beneficial owner" in appropriate amounts in accordance with this resolution. DTC may determine to discontinue providing its services with respect to the Refunding Bonds at any time by giving notice to the City and the bond registrar and paying agent and discharging its responsibilities with respect thereto under applicable law or the City may determine that DTC is incapable of discharging its duties and may so advise DTC. In either such event, the City shall use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor securities depository), the City and the bond registrar and paying agent shall be obligated to deliver bond certificates in accordance with the procedures established by this resolution. In the event bond certificates are issued, the provisions of this resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City and the bond registrar and paying agent to do so, the City and the bond registrar and paying agent shall cooperate with DTC in taking appropriate action after reasonable notice to make available one or more separate certificates evidencing the Refunding Bonds to any Participant having Refunding Bonds certificated to its DTC account or to arrange for another securities depository to maintain custody of certificates evidencing the Refunding Bonds.

Notwithstanding any other provision of this resolution to the contrary, so long as any bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, interest on and redemption premium, if any, on the Refunding Bonds and all notices with respect to the Refunding Bonds shall be made and given, respectively, to DTC as provided in the Blanket Issuer Letter of Representations previously entered into by the City and DTC, and the Finance Director is authorized to enter into any additional documents with DTC as deemed to be appropriate in order to accomplish the issuance of the Refunding Bonds in accordance with law and this resolution.

6. BOND REGISTRAR AND PAYING AGENT. Huntington Bank is hereby appointed as bond registrar and paying agent for the bonds, and the Finance Director may enter into an agreement with the bond registrar and paying agent. The Finance Director from time to time may designate, and may enter into an agreement with, a new bond registrar and paying agent, which shall be a bank or trust company authorized to do business in the State of Michigan which is qualified to act in such capacity under the laws of the United States of America or the State of Michigan.

7. EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS. The Refunding Bonds shall be executed in the name



the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution identified below, and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in 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 from \_\_\_\_\_, 2011, or such later date through which interest has been paid 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 August and February in each year, commencing on \_\_\_\_\_, 201\_. 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 \_\_\_\_\_ Dollars (\$\_\_\_\_\_) issued by the City under and pursuant to and in full conformity with the Constitution and Statutes of Michigan (especially Act No. 34, Public Acts of 2001, as amended) and a resolution adopted by the City Council of the City and an order executed by the Finance Director of the City (said resolution and order are herein collectively referred to as the "Resolution") for the purpose of refunding the City's outstanding General Obligation Limited Tax Capital Improvement Bonds, Series 2002 maturing in the years \_\_\_ through \_\_\_. The full faith and credit of the City have been pledged to the prompt payment of the principal of and interest on this bond. The principal of and interest on the bonds of this series are payable as a first budget obligation of the City from its general funds. The ability of the City to raise such funds is subject to applicable constitutional, statutory and charter limitations on the taxing power of the City.

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 duly executed by the registered owner or his attorney duly authorized in writing. 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 in exchange therefor 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 bonds or portions of bonds which have been selected for redemption.

Bonds maturing prior to August 1, 201\_, are not subject to redemption prior to maturity. Bonds maturing on and after August 1, 201\_, 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 dates on and after \_\_\_\_\_, \_\_\_\_\_. 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:

\_\_\_% of the par value if called for redemption on or after \_\_\_\_\_, \_\_\_\_\_, but prior to \_\_\_\_\_, \_\_\_\_\_;

No premium if called for redemption on or after \_\_\_\_\_, \_\_\_\_\_.]

[Bonds maturing on August 1, \_\_\_ and \_\_\_ are subject to redemption commencing on August 1, \_\_\_ and \_\_\_, respectively, in accordance with redemption requirements set forth in the Resolution at a redemption price of par, without premium, plus accrued interest to the date of redemption.]

[Not less than thirty nor more than sixty 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 on and after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.]

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

IN WITNESS WHEREOF, the City of Rochester Hills, County of Oakland, State of Michigan, by its City Council, has

caused this bond to be executed in its name by facsimile signatures of the Mayor and City Clerk and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon. This bond shall not be valid unless the Certificate of Authentication has been manually executed by an authorized representative of the bond registrar and paying agent.

CITY OF ROCHESTER HILLS

(SEAL)

By: \_\_\_\_\_  
City Clerk

By: \_\_\_\_\_  
Mayor

CERTIFICATE OF AUTHENTICATION

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

Huntington Bank,  
Bond Registrar and Paying Agent

By: \_\_\_\_\_  
Authorized Representative

AUTHENTICATION DATE:

ASSIGNMENT

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 \_\_\_\_\_ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

END OF BOND FORM

10. SECURITY. The Refunding Bonds shall be limited tax general obligations of the City. The full faith and credit of the City are pledged for the prompt payment of the principal of and interest on the Refunding Bonds as the same shall become due. Each year the City shall include in its budget as a first budget obligation an amount sufficient to pay such principal and interest as the same shall become due. The ability of the City to raise funds to pay such amounts is subject to applicable constitutional, statutory and charter limitations on the taxing power of the City.

11. PRINCIPAL AND INTEREST FUND. There shall be established for the Refunding Bonds a Principal and Interest Fund which shall be kept in a separate bank account. From the proceeds of the sale of the Refunding Bonds there shall be set aside in the Principal and Interest Fund any premium and any accrued interest received from the purchaser thereof at the time of delivery of the same. All payments made by the City pursuant to Section 10 of this Bond Resolution are pledged for payment of the principal of and interest on the Refunding Bonds and as made shall be placed in the Principal and Interest Fund.

12. DEFEASANCE. 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, at maturity or irrevocable call for earlier optional redemption, the principal of, premium, if any, and interest on the Refunding Bonds, shall have been deposited in trust, this

resolution shall be defeased and the owners of the Refunding Bonds shall have no further rights under this resolution except to receive payment of the principal of, premium, if any, and interest on the Refunding Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange bonds as provided herein.

13. PAYMENT OF ISSUANCE EXPENSES -- ESCROW FUND. The remainder of the proceeds of the Refunding Bonds shall be used to pay the issuance expenses of the Refunding Bonds and to establish an escrow fund for the 2002 Bonds To Be Refunded. After the issuance expenses have been paid or provided for the remaining proceeds shall be used to establish an escrow fund (the "Escrow Fund") consisting of cash and investments 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 and used to pay the principal of and interest on the 2002 Bonds To Be Refunded. The Escrow Fund shall be held by Huntington Bank, which is hereby appointed as escrow agent (the "Escrow Agent"), in trust pursuant to an escrow agreement (the "Escrow Agreement") which irrevocably shall direct the Escrow Agent to take all necessary steps to pay the principal of and interest on the 2002 Bonds To Be Refunded when due prior to redemption and to call the 2002 Bonds To Be Refunded for redemption at such time as shall be determined in the Escrow Agreement. The Finance Director shall approve the Escrow Agreement at the time of sale of the Refunding Bonds. The amounts held in the Escrow Fund shall be such that the cash and the investments and the income received thereon will be sufficient without reinvestment to pay the principal of and interest on the 2002 Bonds To Be Refunded when due at maturity or call for redemption as required by the Escrow Agreement.

14. APPROVAL OF DEPARTMENT OF TREASURY. The issuance and sale of the Refunding Bonds shall be subject to permission being granted therefor by the Department of Treasury of the State of Michigan and the Finance Director is authorized and directed, if necessary, to make application to the Department of Treasury for permission to issue and sell the Refunding Bonds as provided by the terms of this resolution and by Act 34.

15. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF REFUNDING BONDS. The Refunding Bonds shall be sold pursuant to a negotiated sale to a purchaser to be selected by the Finance Director (the "Purchaser") in connection with a private placement of the Refunding Bonds or to Fifth Third Securities, Inc., as underwriter (the "Underwriter") in connection with a public offering of the Refunding Bonds, whichever is determined by the Finance Director, following consultation with the City's financial advisor, to be in the best interests of the City. It is hereby determined that such negotiated sale is in the best interests of the City and is calculated to provide the maximum flexibility in pricing the Refunding Bonds. The Finance Director is authorized to enter into a Bond Purchase Agreement with the Purchaser or the Underwriter, as the case may be, such Bond Purchase Agreement to set forth the principal amount, principal maturities and dates, interest rates and interest payment dates, redemption provisions, if any, and purchase price to be paid by the Purchaser or the Underwriter with respect to the Refunding Bonds and compensation to be paid to any placement agent for the Purchaser in connection with a private placement of the Refunding Bonds or to the Underwriter and such other terms and provisions as the Finance Director determines to be necessary or appropriate in connection with the sale of the Refunding Bonds. The approval of the Bond Purchase Agreement, as well as the foregoing provisions with respect to the Refunding Bonds, shall be set forth in an order authorizing the sale of the Refunding Bonds to be executed by the Finance Director. The Mayor, the City Clerk, the Finance Director and the Treasurer are each hereby authorized to do all things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Refunding Bonds in accordance with the provisions of this resolution. In making the determination in the order authorizing the sale of the Refunding Bonds and in the Bond Purchase Agreement with respect to principal maturities and dates, interest rates, redemption provisions, purchase price of the Refunding Bonds and compensation to be paid to any placement agent for the Purchaser or to the Underwriter, the Finance Director shall be limited as follows:

- (a) The interest rate on any Refunding Bond shall not exceed 5.0% per annum.
- (b) The final maturity date of the Refunding Bonds shall not be later than August 1, 2017.
- (c) The present value of the savings (net of issuance costs) to be realized by the issuance of the Refunding Bonds shall be equal to or greater than 2.0% of the principal amount of the 2002 Bonds To Be Refunded.
- (d) The purchase price of the Refunding Bonds shall not be less than 98.0% of the principal amount thereof.
- (e) The Underwriter's discount with respect to the Refunding Bonds or the compensation to be paid to any placement agent or the Underwriter shall not exceed 1.0% of the principal amount of the Refunding Bonds.

16. REPLACEMENT OF BONDS. Upon receipt by the City Clerk of proof of ownership of an unmatured Refunding Bond, of satisfactory evidence that the bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the City Clerk, the City Clerk may authorize the bond registrar and paying agent to deliver a new executed Refunding Bond to replace the Refunding Bond lost, apparently destroyed or wrongfully taken in compliance with applicable law. In the event an outstanding matured Refunding Bond is lost, apparently destroyed or wrongfully taken, the City Clerk may authorize the bond registrar and paying agent to pay the Refunding Bond without presentation upon the receipt of the same documentation required for the delivery of a replacement Refunding Bond. The bond registrar and paying agent, for each new Refunding Bond delivered or paid without presentation as provided above, shall require the payment of expenses, including counsel fees, which may be incurred by the bond registrar and paying agent and the City in the premises. Any Refunding Bond delivered pursuant to the provisions of this Section 16 in lieu of any Refunding Bond lost, apparently destroyed or wrongfully taken shall be of

the same form and tenor and be secured in the same manner as the Refunding Bond in substitution for which such Refunding Bond was delivered.

17. TAX COVENANT. The City covenants to comply with all applicable requirements of the Internal Revenue Code of 1986, as amended, necessary to assure that the interest on the Refunding Bonds will be and will remain excludable from gross income for federal income tax purposes. The Mayor, the City Clerk, the Finance Director, the Treasurer and other appropriate City officials are authorized to do all things necessary (including the making of such covenants of the City as shall be appropriate) to assure that the interest on the Refunding Bonds will be and will remain excludable from gross income for federal income tax purposes.

18. QUALIFIED TAX EXEMPT OBLIGATIONS. The Refunding Bonds are hereby designated as Qualified Tax Exempt Obligations as described in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

19. OFFICIAL STATEMENT. The Finance Director of the City is authorized to cause the preparation of an official statement for the Refunding Bonds for the purpose of enabling compliance with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended (the "Rule") and to do all other things necessary to enable compliance with the Rule. After the award of the Refunding Bonds, the City will provide copies of a "final official statement" (as defined in paragraph (e)(3) of the Rule) on a timely basis and in reasonable quantity as requested by the purchaser thereof to enable the purchaser to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

20. CONTINUING DISCLOSURE. The Mayor and the City Clerk are hereby authorized to execute a certificate of the City to comply with the continuing disclosure undertaking of the City with respect to the Refunding Bonds pursuant to paragraph (b)(5) of the Rule, and amendments to such certificate from time to time in accordance with the terms of such certificate (the certificate and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Certificate"). The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

21. PROFESSIONAL SERVICES. The following are appointed to act in the following capacities with respect to the Refunding Bonds:

As financial consultant: Public Financial Management, Inc., Ann Arbor, Michigan

As bond counsel: Dickinson Wright PLLC, Troy, Michigan

As underwriter: Fifth Third Securities, Inc., Southfield, Michigan

22. BOND INSURANCE. The Finance Director is authorized and directed to take any actions that may be necessary or appropriate to purchase a policy or policies of municipal bond insurance with respect to the Refunding Bonds to the extent that the Finance Director determines in the order authorizing the sale of the Refunding Bonds that the purchase of such municipal bond insurance is in the best interests of the City. If the Finance Director makes such a determination, the purchase of a policy or policies and the payment of premiums therefor and the execution by the Finance Director of any necessary commitments or other documents with respect thereto are hereby authorized.

23. CONFLICTING RESOLUTIONS. All resolutions and parts of resolutions insofar as they may be in conflict herewith are hereby rescinded.