

CITY OF CHARLOTTE
DEPARTMENT OF FINANCE & TREASURY
INTEROFFICE MEMORANDUM

TO: MAYOR LEWIS, CITY COUNCIL AND MANAGER GUETSCHOW
FROM: CHRISTINE K. MOSSNER, FINANCE DIRECTOR
SUBJECT: REFUNDING OF 2008 FACILITY BUILDING AND SITE BONDS
DATE: AUGUST 25, 2017

Attached, please find an ordinance to authorize the issuance of General Obligation Unlimited Tax Refunding Bonds, Series 2017. This bond issuance would refund the City's existing 2008 Facility Building and Site Bonds.

Bond refunding is similar to re-financing your home in that by refinancing your mortgage, at a lower interest rate, you save money over the life of the mortgage. When the city sells bonds, it is in essence borrowing money from bondholders and agreeing to pay interest on the borrowed money. Refunding those bonds allows the city to pay off the old bondholders and issue new bonds at lower interest rates; thereby saving money over the life of the bonds.

Based on current municipal bond rates, PFM Financial Advisors LLC, our financial consultants, project net savings of approximately \$187,500 in interest payments over the remaining life of the bonds (\$156,900 present value).

The approval of this resolution is the first step in the refunding process. The City reserves the right to stop the process at any time prior to issuing the bonds if municipal bond rates change such that the refunding would not be cost beneficial to the City. However, I anticipate that the rates will stay low enough to proceed through the entire refunding process with the bond sale set for the week of October 11, 2017.

I therefore recommend that the City Council approve the first reading of the attached bond refunding resolution.

**CITY OF CHARLOTTE
(Eaton County, Michigan)**

Resolution No. 2017-91

**RESOLUTION TO AUTHORIZE ISSUANCE OF
GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS,
SERIES 2017**

Minutes of a regular meeting of the City Council of the City of Charlotte, Eaton County, Michigan, held in the City Hall, 111 E. Lawrence Avenue, Charlotte, Michigan, on _____, 2017, at _____ p.m., local time.

PRESENT: _____

ABSENT: _____

The following resolution was offered by Member _____ and supported by Member _____:

WHEREAS, the City of Charlotte (the "City") issued its 2008 Facility Building and Site Bonds (Unlimited Tax General Obligation), dated June 19, 2008, in the original aggregate principal amount of \$3,000,000 (the "Prior Bonds") pursuant to Act 279, Public Acts of Michigan, 1909, as amended, ("Act 279"); Chapter 8 of the Charter of the City; and a proposal approved by the voters of the City on November 6, 2007 (the "Ballot Proposal"), for the purpose of paying the cost of certain capital improvements including the cost of acquiring, constructing, furnishing, and equipping a fire station (the "Improvements");

WHEREAS, the Prior Bonds maturing on and after May 1, 2019, are subject to redemption prior to maturity at the option of the City, on any date on or after May 1, 2018;

WHEREAS, Act 279 and Act 34, Public Acts of Michigan, 2001, as amended, permit the City to refund all or part of the Prior Bonds;

WHEREAS, the City has received a savings report from PFM Financial Advisors LLC, which shows that refunding a portion of the Prior Bonds may provide a substantial savings in interest costs to the City;

WHEREAS, the City Council has determined that it is in the best interest of the City to refund all or a portion of the Prior Bonds and to authorize an officer of the City to award the sale of refunding bonds in the amount of not to exceed \$2,500,000 (the "Bonds") and refund all or a portion of the Prior Bonds.

NOW, THEREFORE, BE IT HEREBY RESOLVED as follows:

1. NECESSITY. The City Council (the “Council”) determines that it is a necessary public purpose of the City to refund all or a portion of the Prior Bonds maturing on and after May 1, 2019, as provided below.

2. ISSUANCE OF BONDS. Subject to the parameters of this Resolution, the Bonds, designated General Obligation Unlimited Tax Refunding Bonds, Series 2017, are authorized to be issued in the aggregate principal amount not to exceed \$2,500,000 for the purpose of refunding the portion of the Prior Bonds maturing on and after May 1, 2019, or such other portion of the Prior Bonds as determined by the Authorized Officer (defined below) (the “Refunded Bonds”) in an order signed by the Authorized Officer (the “Sale Order”) and to pay the legal and financial expenses and all other expenses incidental to the issuance of the Bonds.

3. PERIOD OF USEFULNESS. The estimated remaining period of usefulness of the Improvements is determined to be in excess of fifteen (15) years.

4. BOND TERMS. The Bonds shall be issued in fully registered form as to both principal and interest, in the denominations of \$5,000 each, or any whole multiple thereof, or such denominations determined by the Authorized Officer (“Authorized Denominations”). The Bonds shall be numbered consecutively in the order of their registration, shall be dated the date of delivery or such other date as determined by the Authorized Officer in the Sale Order and shall mature serially or as term bonds subject to mandatory redemption as determined by the Authorized Officer in the Sale Order.

The Bonds shall bear interest as determined by the Authorized Officer, payable semiannually as determined by the Authorized Officer. The Authorized Officer may alter the Bond terms within the parameters of this resolution as hereafter provided.

5. PAYMENT OF PRINCIPAL AND INTEREST. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America to the person appearing on the Bond registration books as the registered owner thereof. Payment of principal on the Bonds shall be made at the principal office of the Paying Agent (defined below). Payment of interest on the Bonds shall be paid to the registered owner at the address as it appears on the registration books as of the determination date. Initially, the determination date shall be the date as of the fifteenth (15th) day of the month prior to the payment date for each interest payment; however, the determination date may be changed by the City to conform to market practice.

6. PLEDGE OF FULL FAITH AND CREDIT, GENERAL OBLIGATION. The Bonds shall be payable from ad valorem property taxes authorized and approved by the Ballot Proposal. The City hereby pledges its unlimited tax, full faith and credit, general obligation for the prompt payment of the principal of and interest on the Bonds as and when due. The City shall levy upon the tax rolls of the City each year for the purpose of paying the principal of and interest on the Bonds a sum not less than the amount estimated to be sufficient to pay the principal and interest on the Bonds as such principal and interest fall due, prior to the next year's tax levy, the probable delinquency in collections being taken into consideration in arriving at the estimate. Taxes required to be levied to meet the principal and interest obligations may be without limitation as to rate or amount, as provided by Article IX, Section 6 of the Michigan Constitution of 1963.

7. PRIOR REDEMPTION.

(a) Mandatory Redemption. Principal designated as a term bond maturity shall be subject to mandatory redemption, in whole or in part, by lot, at par plus accrued interest, on the redemption dates and in the amounts determined by the Authorized Officer.

(b) Optional Redemption. The Bonds shall be subject to optional redemption prior to maturity as provided in the official notice of sale for the Bonds as approved by the Authorized Officer.

(c) Notice of Redemption. Notice of redemption of Bonds shall be given by mail to the Registered Owners of the Bonds to be redeemed not less than thirty (30) days prior to the date fixed for redemption, addressed to the Registered Owner at the registered address shown on the registration books of the City maintained by the Paying Agent. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Paying Agent to redeem the same. So long as the book-entry-only system remains in effect, the Paying Agent will give notice to Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), and only Cede & Co. will be deemed to be a holder of the Bonds.

8. PAYING AGENT AND REGISTRATION:

(a) Appointment of Paying Agent. The Authorized Officer shall, from time to time, designate and appoint a paying agent, which may also act as transfer agent and bond registrar (the "Paying Agent") and is authorized to remove the Paying Agent and appoint a successor Paying Agent. In the event of a change in the Paying Agent, notice shall be given in writing, by certified

mail, to each Registered Owner not less than sixty (60) days prior to the next interest payment date. The Paying Agent shall keep the official books for the recordation of the Registered Owners of the Bonds.

(b) Book Entry Eligible: At the option of the initial purchaser of the Bonds, the Bonds will be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company (“DTC”), New York, New York; if this option is selected, DTC will act as securities depository for the Bonds, purchase of the Bonds will be made in book-entry only form, in Authorized Denominations, and purchasers will not receive certificates representing their interest in Bonds purchased.

(c) Discontinuance of Book-Entry-Only. In the event the book-entry-only system is not selected or is discontinued, the following provisions would apply to the Bonds. Registration of the Bonds shall be recorded in the registration books of the City to be kept by the Paying Agent. Bonds may be transferred only by submitting the same to the Paying Agent, together with a satisfactory instrument of transfer signed by the Registered Owner or his or her legal representative duly authorized in writing, after which a new Bond or Bonds shall be issued by the Paying Agent to the transferee (new registered owner) in Authorized Denominations, in the same aggregate principal amount as the Bond submitted for transfer. No transfer of Bonds shall be valid unless and until recorded on the bond registration books in accordance with the foregoing. The person in whose name any bond is registered may for all purposes, notwithstanding any notice to the contrary, be deemed and treated by the City and the Paying Agent as the absolute owner thereof, and any payment of principal and interest on any Bond to the Registered Owner thereof shall constitute a valid discharge of the City’s liability upon such Bond to the extent of such payment. No Bond shall be transferred less than fifteen (15) days prior to an interest payment date nor after the Bond has been called for redemption. So long as the Bonds are registered to DTC or another bond depository, the Paying Agent, acting as bond registrar, shall have no responsibility with respect to such transfers.

9. BOND FORM. The Bonds shall be substantially in the form attached hereto as Exhibit A, and incorporated herein, with such changes as are recommended by the City’s Bond Counsel and approved by the officers of the City signing the Bonds, and whose signatures thereon shall be conclusive evidence of such approval.

10. EXECUTION OF BONDS. The Mayor or the Mayor Pro Tem and the Clerk or the Deputy Clerk of the City are hereby authorized and directed to sign the Bonds, either manually or by facsimile signature, on behalf of the City. Upon execution, the Bonds shall be delivered to the purchaser thereof upon receipt of the purchase price in accordance with the accepted bid therefor.

11. BOND PAYMENT FUND. For payments of principal of and interest on the Bonds, there shall be established and maintained a debt service fund for the Bonds (the “Bond Payment Fund”). The accrued interest, if any, and capitalized interest, if any, received at the time of delivery of the Bonds and any amount of premium determined by the Authorized Officer shall be placed into the Bond Payment Fund. All proceeds from taxes levied for the payment of the principal of and interest on the Bonds shall also be deposited in the Bond Payment Fund. Moneys in the Bond Payment Fund shall be expended solely for payment of principal and interest on the Bonds. The City hereby pledges to set aside each year from the taxes levied for this purpose a sum sufficient to pay the principal of and interest on the Bonds coming due prior to the next collection of taxes.

12. INVESTMENT OF FUNDS. Moneys in the funds and accounts established herein may be invested by the City as allowed by law and subject to the limitations imposed by arbitrage regulations and Section 148 of the Code (defined below).

13. DEPOSITORY AND FUNDS ON HAND. Monies in the several funds and accounts maintained pursuant to this Resolution may be kept in one or more accounts at financial institutions designated by resolution of the City and, if kept in one account, the monies shall be allocated on the books and records of the City in the manner and at the times provided in this Resolution.

14. BOND PROCEEDS; ESCROW AGREEMENT. The proceeds of the Bonds shall be used to pay the costs of issuance of the Bonds and to secure payment of the Refunded Bonds, as follows:

(a) Any accrued interest received upon delivery of the Bonds and the amount of any premium determined by the Authorized Officer shall be deposited in the Bond Payment Fund.

(b) Proceeds of the Bonds in the amount designated by the Authorized Officer at the time of delivery of the Bonds, together with any monies transferred by the City from the debt retirement fund for the Prior Bonds and any other available funds of the City at the time of

sale of the Bonds, all as determined by the Authorized Officer, shall be deposited in an escrow fund (the “Escrow Fund”), to be used pursuant to the terms of the an escrow agreement (the “Escrow Agreement”) to be executed between the City and an escrow trustee selected by the Authorized Officer (the “Escrow Trustee”), providing for the deposit of the proceeds of the Bonds with the Escrow Trustee for the purposes of investment and administration.

The Escrow Fund shall be held in trust by the Escrow Trustee pursuant to the Escrow Agreement, which agreement shall irrevocably direct the Escrow Trustee to take all necessary steps to call for redemption the Refunded Bonds, including publication and mailing of redemption notices, on the first call date on which the Refunded Bonds may be called for redemption. The proceeds of the Bonds to be deposited in the Escrow Fund shall be invested in deposits of cash and/or any bonds or other obligations not callable at the option of the Issuer thereof, which as to principal and interest constitute direct obligations of the United States of America, or obligations the principal of and interest on which is fully guaranteed by the United States of America, including U. S. Treasury Trust Receipts, or any other obligations permitted under the terms of the Escrow Agreement. The investments held in the Escrow Fund shall be such that the principal will be sufficient, without reinvestment, to pay the principal and interest on the Refunded Bonds as they become due at their maturity or at the call for redemption required by this section. The Escrow Trustee shall serve as Trustee under the Escrow Agreement. The Authorized Officer is hereby authorized and directed to negotiate, approve and execute the Escrow Agreement for and on behalf of the City.

(c) The balance of the proceeds of the sale of the Bonds shall be deposited in a costs of issuance fund established under the Escrow Agreement (or be used directly) to be used to pay legal, financing or other expenses incidental to issuance of the Bonds.

15. CONTRACT WITH BONDHOLDERS. The provisions of this Resolution shall constitute a contract between the City and the holder or holders of the Bonds from time to time (the “Bondholders”), and after the issuance of any of such Bonds, no change, variation or alteration of the provisions of this Resolution may be made that would lessen the security for the Bonds. The provisions of this Resolution shall be enforceable by appropriate proceedings taken by such Bondholders, either at law or in equity.

16. SALE OF BONDS. The Bonds shall be sold at a public sale. The Authorized Officer shall set the date and time for sale of the Bonds, which date shall be at least seven (7) days

after the publication of the official notice of sale. The Authorized Officer of the City shall cause notice of the sale of the Bonds to be published in *The Bond Buyer*, which notice shall be in substantially the form attached hereto as Exhibit B, with such changes as are approved by the Authorized Officer.

17. AUTHORIZED OFFICER. Notwithstanding any other provision of this Resolution, the Mayor, the City Manager, and the Finance Director of the City, or any one or more of them (the “Authorized Officer”), are authorized within the limitations set forth below to determine the title of the Bonds, the interest rate or rates, maximum interest rate, amount of discount or premium, amount of maturities, principal amount, amount of good faith deposit, if any, denominations, dates of issuance, dates of maturities, interest payment dates, optional and mandatory redemption rights, term bond options, and any provisions of the official notice of sale. The authority granted to the Authorized Officer by this Section, is subject to the following limitations:

- (a) The par amount of the Bonds shall not exceed \$2,500,000.
- (b) The true interest cost on the Bonds shall not exceed 3.25% per annum.
- (c) The final maturity date of the Bonds shall not be later than May 1, 2032.
- (d) The Bonds shall not be sold at a price of less than 99% or more than 105% of the par value of the Bonds.
- (e) The Bonds may be issued to refund the Refunded Bonds if such refunding will produce net present value savings of at least 3.00% of the Refunded Bonds.

The Authorized Officer is hereby authorized for and on behalf of the City, without further Council approval, to: (a) approve the circulation of a preliminary and a final Official Statement describing the Bonds, if considered necessary; (b) approve the form of the official notice of sale and award the sale of the Bonds; (c) purchase municipal bond insurance, if considered necessary, as additional security for the bondholders; (d) apply to rating agencies for a rating on the Bonds, if considered necessary; (e) negotiate, approve, and execute the Escrow Agreement; and (f) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Bonds.

Approval by the City of the matters delegated in this section or any other sections may be evidenced by execution or approval of such documents by the Authorized Officer. The

Authorized Officer, together with the Clerk and the Treasurer, or any one or more of them, are authorized to execute any documents or certificates necessary to complete the transaction, including, but not limited to, any applications including applications to the Michigan Department of Treasury (including an Application for State Treasurer's Approval to Issue Long-Term Securities, applications for waivers, and the submission of any supporting or related documents), any certificates, receipts, orders, agreements, instruments, security reports, a blanket letter of representations, and any certificates relating to federal or state securities laws, rules or regulations, and to pay any fees required by the State of Michigan. The Authorized Officer shall have the power to approve such policies as deemed necessary to comply with federal securities and tax laws, which shall be binding on the City.

The Authorized Officer is hereby authorized to select and retain, on behalf of the City, the Escrow Trustee to serve under the Escrow Agreement, a Paying Agent to serve pursuant to this Resolution, a Verification Agent to review calculations and verify savings resulting from issuance of the Bonds, a municipal advisor, and a bidding agent for the purchase of securities for the Escrow Fund, if considered necessary.

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

19. TAX COVENANT. The City covenants to comply with all requirements of the Code necessary to assure that the interest on the bonds will be and will remain excludable from gross income for federal income tax purposes. The Authorized Officer and other appropriate officials of the City 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 Bonds will be and will remain excludable from gross income for federal income tax purposes.

20. BONDS MUTILATED, LOST OR DESTROYED. If any Bond shall become mutilated, the City, at the expense of the holder of the Bond, shall execute, and the Paying Agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the Paying Agent of the mutilated Bond. If any Bond issued under this Resolution shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Paying Agent and, if this evidence is satisfactory to both the City and the Paying Agent and indemnity satisfactory to the Paying Agent shall be given, the City, at the expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like tenor, which shall bear the statement required by Act 354, Public Acts of Michigan, 1972, as amended, or any applicable law hereafter enacted, in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Paying Agent may pay the same without surrender thereof.

21. QUALIFIED TAX-EXEMPT OBLIGATION. The City reasonably anticipates that the amount of qualified tax-exempt obligations that will be issued by the City and all subordinate entities during the calendar year 2017 shall not exceed \$10,000,000. The City hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Code Section 265(b)(3)(B).

22. MUNICIPAL BOND INSURANCE. The Authorized Officer is hereby authorized to acquire municipal bond insurance to enhance the marketability of the Bonds. If the City acquires municipal bond insurance from a municipal bond insurer (the “Insurer”), the Authorized Officer, the Clerk, and the Treasurer, or any one of them, are hereby authorized to take all actions, including the payment of membership fees of a mutual insurance company, and to execute any documents, certificates, orders, applications, agreements, conditions, covenants or other instruments necessary to effectuate the issuance of the policy of bond insurance, including, but not limited to the execution of an order or agreement containing such provisions as the Insurer may require with respect to the insurance and the Insurer, which shall be binding on the City in the same manner as if contained herein.

23. OFFICIAL STATEMENT. The Authorized Officer is authorized to cause the preparation of an official statement or other offering document for the 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 Bonds, if required by the Rule, 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 Underwriter to enable the Underwriter to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

24. CONTINUING DISCLOSURE. The Authorized Officer is hereby authorized, if necessary, to execute and deliver in the name and on behalf of the City (i) a certificate of the City to comply with the requirements for a continuing disclosure undertaking of the City pursuant to subsection (b)(5) of the Rule and (ii) 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. The remedies for any failure of the City to comply with and carry out the provisions of the Continuing Disclosure Certificate shall be as set forth therein.

25. APPOINTMENT OF BOND COUNSEL. The firm of Dickinson Wright PLLC is hereby approved as bond counsel to the City for the Bonds. The City acknowledges that Dickinson Wright PLLC represents a number of financial institutions and firms in public finance matters, including financial institutions and firms that may potentially purchase the Bonds, and consents to Dickinson Wright PLLC’s representation of the City as bond counsel and waives any conflict of interest arising from such representation of a financial institution or underwriter that may purchase the Bonds.

26. APPOINTMENT OF MUNICIPAL ADVISOR. The firm of PFM Financial Advisors LLC is hereby approved as registered municipal advisor to the City for the Bonds.

27. RESOLUTION SUBJECT TO MICHIGAN LAW. The provisions of this Resolution are subject to the laws of the State of Michigan.

28. SECTION HEADINGS. The section headings in this Resolution are furnished for convenience of reference only and shall not be considered to be a part of this Resolution.

29. SEVERABILITY. 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.

30. CONFLICT. Except as provided above, all resolutions or parts thereof, insofar as the same may be in conflict herewith, are hereby repealed; provided, that the foregoing shall not operate to repeal any provision thereof, the repeal of which would impair the obligation on the Bonds.

31. EFFECTIVE DATE OF RESOLUTION. This Resolution is determined by the Council to be immediately necessary for the preservation of the peace, health and safety of the City and shall be in full force and effect from and after its passage.

YEAS: _____

NAYS: _____

ABSTAIN: _____

RESOLUTION DECLARED ADOPTED.

Ginger Terpstra, Clerk
City of Charlotte

CERTIFICATION

I, the duly qualified and acting Clerk of City of Charlotte, Eaton County, Michigan (the “City”) do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council at a meeting held on _____, 2017, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act 267, Public Acts of Michigan, 1976, as amended.

Date: _____, 2017

Ginger Terpstra, Clerk
City of Charlotte

EXHIBIT A

No. ____

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF EATON

CITY OF CHARLOTTE
GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS,
SERIES 2017**

Interest Rate

Maturity Date

Date of Original Issue

Registered Owner:

Principal Amount:

The City of Charlotte, Eaton County, Michigan (the "City"), acknowledges itself indebted and, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Date of Maturity specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon 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 the first day of May and November of each year, beginning May 1, 2018.

This Bond is one of a total authorized series of bonds of even date and like tenor, except as to date of maturity, amount, and interest rate, numbered in order of registration aggregating the principal sum of \$ _____ issued in accordance with the provisions of Act 279, Public Acts of Michigan, 1909; Act 34, Public Acts of Michigan, 2001, as amended; and a Resolution duly adopted by the City Council on _____, 2017, for the purpose of refunding the City's 2008 Facility Building and Site Bonds (Unlimited Tax General Obligation), which were issued to defray the cost of purchasing certain capital improvements in the City.

The Bonds shall be payable from the proceeds of a special ad valorem property tax levy approved by the electorate on November 6, 2007. Pursuant to such approval, the City has pledged its unlimited tax, full faith or credit, general obligation, for the prompt payment of the principal of and interest on the Bonds as and when due. Unless the City has sufficient funds on hand, the City shall annually levy a tax on all taxable property in the City for the prompt payment of principal and interest on the Bonds, which tax shall be unlimited as to rate and amount as approved by the electorate.

Principal of this Bond is payable at the principal office of _____, or such other Paying Agent as the City may hereafter designate (the "Paying Agent") by notice mailed to the Registered Owner not less than sixty (60) days prior to the next interest payment date. Interest on this Bond is payable to the Registered Owner of record as of the fifteenth (15th) day of the month preceding the payment date as shown on the registration books of the City maintained by the Paying Agent, by check or draft mailed to the Registered Owner at the registered address..

[Bonds or portions of the Bonds maturing on May 1, ____ (the "Term Bond"), are subject to mandatory redemption prior to maturity in part, by lot and will be redeemed at the par value thereof plus accrued interest to the redemption date as follows:

Redemption Date

Principal Amount

(maturity)]

Bonds maturing on or before May 1, 2027, shall not be subject to redemption prior to maturity. Bonds maturing on or after May 1, 2028, are subject to redemption prior to maturity as a whole or in part, at the option of the City, in such order as the City shall determine, on any dates, on or after May 1, 2027. Bonds called for redemption shall be redeemed at the par value thereof and accrued interest to the date of redemption, without a premium.

Notice of the call of any Bonds for redemption shall be given by first class mail not less than thirty (30) days prior to the date fixed for redemption, to the Registered Owner at the registered address. Bonds called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Paying Agent to redeem such Bonds. 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 Bond by \$5,000, and such Bonds may be redeemed in part. The notice of redemption of Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed, a new Bond or Bonds in aggregate principal amount equal to the unredeemed portion of the Bond surrendered shall be issued to the Registered Owner thereof. So long as the book-entry-only system remains in effect, the Paying Agent will give notice to Cede & Co., as nominee of The Depository Trust Company, a New York corporation, only, and only Cede & Co. will be deemed to be a holder of the Bonds.

This Bond shall be registered in the name of the Registered Owner on the registration books kept by the Paying Agent and such registration noted hereon, and thereafter no transfer shall be valid unless made upon the registration books and likewise noted hereon. This Bond is exchangeable at the request of the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the office of the Paying Agent, but only in the manner, subject to the limitations and at his sole expense, for other bonds of an equal aggregate amount, upon surrender of this Bond to the Paying Agent. Upon such transfer, a new registered bond or bonds of the same series and the same maturity of authorized denomination will be issued to the transferee in exchange therefor.

The City has designated the Bonds as qualified tax-exempt obligations for the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

IN WITNESS WHEREOF, City of Charlotte, Eaton County, Michigan, by its City Council has caused this Bond to be signed, by the manual or facsimile signatures of its Mayor and its Clerk, all as of the ____ day of _____, 2017.

Tim Lewis, Mayor

Ginger Terpstra, Clerk

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This Bond is one of the City of Charlotte \$_____ General Obligation Unlimited Tax Refunding Bonds, Series 2017, and has been registered in the name of the Registered Owner designated on the face thereof in the bond register maintained for the City.

Authentication Date: _____
As Paying Agent/Bond Registrar/Transfer Agent

WRONGFUL USE OF CERTIFICATE

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Township or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____

_____ (please print or type social security number or taxpayer identification number and name and address 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: _____

Signed: _____

In the presence of: _____

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his City to act must accompany the bond.

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

Signature Guaranteed: _____

EXHIBIT B

OFFICIAL NOTICE OF SALE

\$ _____¹

**CITY OF CHARLOTTE
COUNTY OF EATON, STATE OF MICHIGAN**

**GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS,
SERIES 2017**

SEALED BIDS: Sealed bids for the purchase of the above Bonds will be received by the undersigned at the offices of the City of Charlotte (the “City”), located at 111 East Lawrence Avenue, Charlotte, Michigan, on _____, 2017, until _____ . m., local time, at which time and place the bids will be publicly opened and read. In the alternative, sealed bids will also be received on the same date and until the same time by an agent of the undersigned at the Municipal Advisory Council of Michigan (the “MAC”), Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan 48226-3699, where they will be opened and read.

FAXED BIDS: Members of the MAC may submit signed bids by fax to the MAC at (313) 963-0943, and other bidders may submit bids by fax to the City at fax number (517) 543-8845; provided that faxed bids must arrive before the time of sale and the bidder bears all risks of transmission failure.

ELECTRONIC BIDS: Electronic bids will also be received on the same date and until the same time by PARITY as agent of the undersigned. For further information about PARITY, including any fee charged, bidders may contact PARITY, at (212) 849-5021. If any provision of the Official Notice of Sale shall conflict with information provided by PARITY, this Official Notice of Sale shall control.

BOND DETAILS: The Bonds will be fully registered Bonds of the denomination of \$5,000 each or any whole multiple thereof within any maturity, dated the date of their delivery, numbered in order of their registration, and will bear interest from their date payable on May 1, 2018, and semiannually thereafter.

The Bonds will mature on the first day of May in each year as follows¹:

<u>YEAR</u>	<u>AMOUNT</u>
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	

¹ Subject to change.

YEAR	AMOUNT
2027	
2028	
2029	
2030	
2031	
2032	

ADJUSTMENT TO MATURITY: The aggregate principal amount of the Bonds is believed to be the amount necessary to provide adequate funds to refund the City’s 2008 Facility Building and Site Bonds (Unlimited Tax General Obligation) Bonds (the “Prior Bonds”) and to pay transactional costs. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds after receipt of the bids and prior to final award. Such adjustment, if necessary, will be made in increments of \$5,000 and may be made in any maturity. The interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw the bid as a result of any such change made.

If no bid results in debt service savings acceptable to the City when the proceeds of the Bonds are used to refund the Prior Bonds, the City may reject all bids and negotiate with one or more bidders for the sale of the Bonds on terms that will enable the City to achieve debt service savings acceptable to the City.

ADJUSTMENT TO PURCHASE PRICE: The purchase price of the Bonds will be adjusted proportionally to the adjustment in principal amount of the Bonds and in such manner as to maintain as comparable an underwriter spread as possible to that bid.

INTEREST RATE AND BIDDING DETAILS: The Bonds shall bear interest at a rate or rates not exceeding 5% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. Interest shall be computed using a 360-day year consisting of twelve 30-day months. The interest on any one Bond shall be at one rate only. 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 three percentage points. No proposal for the purchase of less than all of the Bonds will be considered and the Bonds shall not be sold at a price that would make the true interest cost for the Bonds exceed 3.25% per annum or at a price less than 99% nor more than 105% of their par value. **THE INTEREST RATE BORNE BY BONDS MATURING AFTER MAY 1, 2019, MUST BE EQUAL TO OR GREATER THAN THE INTEREST RATE BORNE BY BONDS MATURING IN THE RESPECTIVE PRECEDING YEAR.**

TERM BOND OPTION. Bidders shall have the option of designating bonds of any maturity as serial bonds or term bonds, or both. Any such designation shall be made within 24 hours of the time the bonds are awarded to the successful bidder. A term bond may consist of bonds subject to optional redemption or bonds not subject to optional redemption but may not consist of both types of bonds. The amounts of the maturities that are aggregated in a designated term bond shall be subject to mandatory redemption on May 1 of the years and in the amounts set forth above, at par and accrued interest to the date fixed for redemption.

PRIOR REDEMPTION:

A. **Mandatory Redemption.** Bonds designated as term bonds shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities hereinbefore set forth. The bonds or portions of bonds to be redeemed shall be selected by lot.

B. **Optional Redemption.** Bonds maturing on or prior to May 1, 2027, are not subject to redemption prior to maturity. Bonds maturing on and after May 1, 2028, are subject to redemption prior to maturity, at the option of the City, in such order as determined by the City, in whole or in part, on any date, on or after May 1, 2027, in integral multiples of \$5,000 and by lot within a maturity, at the par value of the bond or portion of the bond called to be redeemed, plus accrued interest to the redemption date.

C. **Notice of Redemption.** Not less than thirty days' notice of redemption shall be given by first class mail to the registered owner at the registered address. Failure to receive notice of redemption shall not affect the validity of the proceedings for redemption. 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 bonds called for redemption.

DTC BOOK-ENTRY-ONLY: The Bonds are being initially offered as registered in the name of Cede & Co., as Registered Owner and nominee for The Depository Trust Company, New York, New York (“DTC”) under DTC’s Book-Entry-Only system of registration. Purchasers of interests in the Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates and ownership by the Beneficial Owners of the Bonds will be evidenced by book-entry-only. As long as Cede & Co. is the Registered Owner of the Bonds as nominee of DTC, payments of principal and interest will be made directly to such Registered Owner, which will in turn remit such payments to the DTC participants for subsequent distribution to the Beneficial Owners. It will be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds.

PAYING AGENT AND REGISTRATION: Principal shall be payable at the designated office of _____, as Paying Agent (which shall also act as transfer agent and bond registrar) or such other Paying Agent as the City may from time to time hereafter designate by notice mailed to the Registered Owner not less than 60 days prior to the next interest payment date. Interest shall be paid when due to the Registered Owner as shown by the registration books of the City as of the 15th day of the month prior to any interest payment date. The Bonds will be transferable only upon the registration books of the City kept by the Paying Agent.

PURPOSE AND SECURITY: The Bonds are issued under the provisions of Act 279, Public Acts of Michigan, 1909, as amended, and a resolution of the City adopted on _____, 2017 (the “Resolution”), for the purpose of refunding the City’s 2008 Facility Building and Site Bonds (Unlimited Tax General Obligation). The City has pledged its unlimited tax, full faith and credit, general obligation for the prompt payment of the principal of and interest on the Bonds as and when due. The City is required to levy upon the tax rolls of the City each year for the purpose of paying the principal of and interest on the Bonds a sum not less than the amount estimated to be sufficient to pay the principal and interest on the Bonds as such principal and interest fall due,

prior to the next year's tax levy, the probable delinquency in collections being taken into consideration in arriving at the estimate. Taxes required to be levied to meet the principal and interest obligations may be without limitation as to rate or amount, as provided by Article IX, Section 6 of the Michigan Constitution of 1963.

AWARD OF BONDS – TRUE INTEREST COST: The Bonds will be awarded to the bidder whose bid produces the lowest true interest cost to the City. True interest cost will be computed by determining the annual interest rate (compounded on May 1, 2018, and semiannually thereafter) necessary to discount the debt service payments from the payment dates thereof to _____, 2017 (expected closing date), in an amount equal to the price bid, excluding accrued interest.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson Wright PLLC, Grand Rapids, Michigan (“Bond Counsel”), the original of which will be furnished without expense to the purchaser of the Bonds at the delivery thereof. The fees of Bond Counsel 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 Bonds, Bond Counsel has made no inquiry as to any financial information, statements or material 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, including specifically the Official Statement, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

TAX-EXEMPTION: The approving opinion of Bond Counsel will include an opinion that, under existing laws, regulations, rulings and judicial decisions, existing on the date of closing and as presently interpreted, and assuming compliance with certain covenants by the City, interest on the Bonds: (a) will be excluded from gross income for federal income tax purposes; and (b) will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, it should be noted that certain corporations must take into account interest on the Bonds in determining adjusted net current earnings for purposes of calculating the federal alternative minimum tax imposed on such corporations. The opinion of Bond Counsel will be subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements include rebating certain earnings to the United States. Failure to comply with such requirements could cause 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 and the interest thereon.

The opinion of Bond Counsel will also include an opinion that based on existing State of Michigan statutes, regulations, rulings and court decisions, as presently interpreted, the Bonds and the interest on the Bonds are exempt from all taxation presently in effect in the State of Michigan, except for inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

ISSUE PRICE. The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting

forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, in the form provided by Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the City is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that competitive sale requirements are satisfied, the winning bidder shall be expected to certify as to the reasonably expected initially offering price of the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. The City shall treat (i) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as of the sale date as the issue price of that maturity and (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds not satisfying the 10% test as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. Any maturity of the Bonds (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) that does not satisfy the 10% test as of the date and time of the award of the Bonds shall be subject to the hold-the-offering-price rule. **Bids will not be subject to cancellation in the event that any maturity of the Bonds is subject to the hold-the-offering-price rule.** Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

By submitting a bid, each bidder confirms that, except as otherwise provided in its bid, it has an established industry reputation for underwriting new issuances of municipal bonds, and, further,

the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the City to the winning bidder.

QUALIFIED TAX-EXEMPT OBLIGATION: The City will designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3)(B) of the Code for purposes of deduction of interest by financial institutions.

BIDDER CERTIFICATION: NOT “IRAN-LINKED BUSINESS:” By submitting a bid, the bidder shall be deemed to have certified that it is not an “Iran-Linked Business” as defined in Act 17, Public Acts of Michigan, 2012; MCL 129.311 et seq.

DELIVERY OF BONDS: The City will furnish Bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC. (Payment for the Bonds shall be made in Federal Reserve Funds.) The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds, will be delivered at the time of the delivery of the Bonds. If the Bonds are not tendered for delivery by 12:00 p.m. prevailing local time, on the 45th day following the date of sale, or the first business day thereafter if the 45th day is not a business day, the successful bidder may on that day or any time thereafter until delivery of the Bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit.

CUSIP: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds or any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the bid therefor. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City and all other charges shall be the responsibility of the purchaser.

OFFICIAL STATEMENT: Copies of the Preliminary Official Statement may be obtained by contacting the Financial Advisor at the address referred to below. The Preliminary Official Statement is in a form deemed final as of its date by the City for purposes of SEC Rule 15c2-12 (the "Rule"), but is subject to revision, amendment and completion of a final Official Statement.

The successful bidder shall supply to the City, within twenty-four (24) hours after the award of the Bonds, all pricing information and any underwriter identification determined by bond counsel to be necessary to complete the final Official Statement. The City will furnish a reasonable number of final official statements to the managing underwriter at no cost. Additional copies will be supplied upon the bidder's agreement to pay the costs incurred by the City for those additional copies. Requests for additional copies of the Official Statement must be made to the Financial Advisor within 24 hours of the award of the Bonds.

The City shall deliver, at closing, an executed certificate to the effect that as of the date of delivery of the Bonds, the information contained in the Official Statement, including revisions, amendments and completions as necessary, relating to the City and the Bonds is true and correct in all material respects, and that such Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: As described more fully in the Official Statement, the City agrees to provide or cause to be provided, in accordance with the requirements of the Rule, (i) not later than the date seven months after the end of the fiscal year of the City, commencing with the fiscal year ended June 30, 2017, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year (or if audited financial statements are not available, unaudited financial statements), generally consistent with the information contained or cross-referenced in the Official Statement relating to the Bonds, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in (i) above.

BOND INSURANCE: At the option of the bidder/purchaser, if the Bonds qualify for issuance of a policy of municipal bond insurance or commitment therefore, the purchaser may purchase such insurance policy or cause the issuance of such commitment, at its option and sole expense. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser. Any rating agency fees, except for a rating on the Bonds requested by the City, shall be the responsibility of the purchaser. If the purchaser obtains a municipal bond insurance policy or other credit enhancement for the Bonds in connection with their original issuance, 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. **FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE**

POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE CITY.

BOND RATING: Application has been made to Standard & Poor's Ratings Services for a rating on the Bonds. No application was made to any other rating agency for a rating on the Bonds.

REGISTERED MUNICIPAL ADVISOR: Further information with respect to the Bonds may be obtained from PFM Financial Advisors LLC. 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108. Telephone: (734) 994-9700.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for 2017 Refunding Bonds."

Ginger Terpstra, Clerk
City of Charlotte