

ORDINANCE NO. 86-110

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF INGHAM MEDICAL CENTER REVENUE REFUNDING BONDS OF THE COUNTY OF INGHAM FOR THE PURPOSE OF REFUNDING ALL OF THE COUNTY'S OUTSTANDING INGHAM MEDICAL CENTER REVENUE BONDS, SERIES 1980; TO PROVIDE FOR THE RIGHTS OF THE OWNERS OF THE REFUNDING BONDS AND THE ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE REFUNDING BONDS AND THE CENTER.

Introduced by the Finance Committee

THE COUNTY OF INGHAM ORDAINS:

Section 1. Definitions. Whenever used in this Ordinance, except when otherwise indicated by the context:

(a) "Act 94" means Act 94, Public Acts of Michigan, 1933, as amended.

(b) "Additional Bonds" means any additional bonds issued pursuant to Section 19 of this Ordinance and having equal standing with the Series 1986 Bonds.

(c) "Bonds" means the Series 1986 Bonds, together with any Additional Bonds.

(d) "Board of Commissioners" means the Board of Commissioners of the County, the legislative and governing body thereof.

(e) "Board of Trustees" means the Board of Trustees of the Center appointed by the Board of Commissioners and charged with the management of the Center.

(f) "Bond Year" means the period commencing on October 1 and ending on the following September 30.

(g) "Center" means all land, buildings, equipment, fixtures, works, instrumentalities and properties (as the same shall from time to time exist), used or useful in connection with Ingham Medical Center owned and operated by the County.

(h) "County" means the County of Ingham, State of Michigan.

(i) "Escrow Fund" means the Escrow Fund created pursuant to Section 16 hereof.

(j) "Outstanding Bonds" means the Ingham Medical Center Revenue Bonds, Series 1980, dated as of October 1, 1980, in the original principal amount of \$10,250,000 and issued pursuant to Ordinance No.80-203, as amended.

(k) "Paying Agent" means the bank or trust company designated by the County to act as bond registrar and paying agent as provided in this Ordinance. The initial Paying Agent shall be the National Bank of Detroit.

(l) "Permitted Lease" means a lease of the Center to a corporation organized pursuant to either the Michigan Nonprofit Corporation Act, being Act 162 of the Public Acts of Michigan, 1982, as amended, or the Michigan Business Corporation Act, being Act 284 of the Public Acts of Michigan, 1974, as amended, for a term extending at least until after the last maturity of the Series 1986 Bonds and requiring the lessee to carry insurance on the Center of the types and in the amounts which are customary for not-for-

profit hospital corporations engaged in the same activities or similarly situated, to maintain all licenses, approvals, and consents necessary to operate the Center as a hospital, to maintain accreditations reasonably necessary to operate the Center as a hospital, to keep and maintain the Center in good condition and repair and to pay the County a charge for the use of the Center in the amounts required to be deposited to the Operation and Maintenance Fund and the Bond and Interest Redemption Fund at least 30 days prior to the date such deposits are required, prohibiting the assignment, transfer or conveyance of the lease by the lessee, except the lease may permit a sublease of vacant land which is not necessary for the operation of the Center as an acute care hospital, and, if the lease provides for the transfer and conveyance by the County of all or any part of the Center, prohibiting such transfer or conveyance until after either the payment, in full, of the principal of, redemption premium, if any, and interest on the Series 1986 Bonds or the defeasance of this Bond Ordinance pursuant to Section 5; provided, however, the lease may provide for the transfer, at any time, of cash, accounts receivable and securities of the Center held in the operating accounts and funded depreciation accounts of the Center to the lessee as part of the lease transaction.

(m) "Revenues" and "Net Revenues" mean the revenues and net revenues of the County from the Center and shall be construed as defined in Section 3 of Act 94,

including with respect to "Revenues," payments received pursuant to a Permitted Lease and the earnings derived from the investment of moneys in the various funds and accounts established by this Ordinance other than the Escrow Fund. For purposes of determining Net Revenues, payments to the Ingham County Building Authority representing the difference between rentals from the Medical Clinic Building and the remodeled Stanley Wing and the Lease Back rent due the Ingham County Building Authority pursuant to a Lease Back Agreement between the County and the Ingham County Building Authority dated December 17, 1971 shall be deemed to be costs of operation and maintenance of the Center.

(n) "Series 1986 Bonds" means the Ingham Medical Center Revenue Refunding Bonds, Series 1986, of the County authorized by this Ordinance.

Section 2. Necessity; Public Purpose. It is hereby determined to be a necessary public purpose of the County to refund the Outstanding Bonds, the effect of which will be to reduce the cost to the County of financing the improvements to the Center constructed with the proceeds of the Outstanding Bonds.

Section 3. Payment of All of Outstanding Bonds; Bonds Authorized. To pay part of the cost of refunding all of the Outstanding Bonds, including the payment of bond insurance, if any, underwriters' discount, escrow agent fees and expenses, legal, financial and other expenses incident

thereto and incident to the issuance and sale of the Series 1986 Bonds, the County shall borrow the sum of not to exceed \$12,000,000, presently estimated to be \$11,425,000, as finally determined in the ordinance authorizing the issuance and sale of the Series 1986 Bonds (the "Award Ordinance") and issue the Series 1986 Bonds therefor pursuant to the provisions of Act 94. The remaining cost, if any, of refunding the Outstanding Bonds shall be paid by the County from funds on hand and legally available for such use, including moneys in the Bond and Interest Redemption Fund established for the Outstanding Bonds.

The purpose of this Bond Ordinance is to authorize the issuance of revenue bonds to provide funds with which to refund all of the Outstanding Bonds.

Section 4. Series 1986 Bond Details, Issuance in Series, Registration and Execution. The Series 1986 Bonds hereby authorized shall be designated INGHAM MEDICAL CENTER REVENUE REFUNDING BONDS, SERIES 1986, shall be payable out of the Net Revenues, as set forth more fully in Section 5 hereof, shall consist of bonds in the denomination of \$5,000, or multiples of \$5,000 not exceeding for each maturity the outstanding principal amount of Series 1986 Bonds of such maturity, have an original issuance date of June 1, 1986 or such later date as the Commission shall approve in the Award Ordinance, be numbered in order of authentication, and shall mature on May 1 and November 1 in the years 1986 to 2002, both inclusive, or such of those

years as shall be determined in the Award Ordinance.

The Series 1986 Bonds shall bear interest at a rate or rates to be determined on sale thereof, but not exceeding 9% per annum, payable on May 1st and November 1st of each year, commencing November 1, 1986, by check drawn on the Paying Agent mailed to the registered owner at the registered address, as shown on the registration books of the County maintained by the Paying Agent. Interest shall be payable to the registered owner as of the 15th day of the month preceding any interest payment date. The principal of the Series 1986 Bonds shall be payable at the principal office of the Paying Agent. The Series 1986 Bonds shall be sold at not less than 98% of their par value.

The Series 1986 Bonds may be subject to redemption prior to maturity at the times and prices established by the Award Ordinance and in the manner and upon giving notice as provided in the form of the Bonds set forth in Section 17 of this Bond Ordinance.

If less than the full amount of an outstanding Series 1986 Bond is called for redemption, the Paying Agent upon presentation of any Series 1986 Bond called in part for redemption shall register, authenticate and deliver to the registered owner a new Series 1986 Bond in the principal amount of, having the same maturity and bearing interest at the same rate as the portion of the original Series 1986 Bond not called for redemption.

The Series 1986 Bonds shall be executed in the name of the County with the facsimile signatures of the Chairperson of the Board of Commissioners and the County Clerk and shall have the County's seal printed on them. No Series 1986 Bond shall be valid until authenticated by an authorized representative of the Paying Agent. The Series 1986 Bonds shall be delivered to the Paying Agent for authentication and shall be delivered by the Paying Agent to the purchaser of the Series 1986 Bonds in accordance with instructions from the County Treasurer upon payment of the purchase price for the Series 1986 Bonds.

Any Series 1986 Bond may be transferred upon the registration books of the County kept by the Paying Agent by the person in whose name the Series 1986 Bond is registered, in person or by his or her duly authorized attorney, upon surrender of the Series 1986 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent. Whenever any Series 1986 Bond or Series 1986 Bonds shall be surrendered for transfer, the County shall execute and the Paying Agent shall authenticate and deliver a new Series 1986 Bond or Series 1986 Bonds, in the same aggregate principal amount, of the same maturity or maturities, and bearing the same rate or rates of interest. The Paying Agent shall require payment by the registered owner requesting the transfer of any Series 1986 Bond of any tax or other governmental charge required to be paid with respect to such

transfer. The Paying Agent shall not be required to register the transfer of or exchange any Series 1986 Bond selected for redemption in whole or in part, except the portion of a Series 1986 Bond not being redeemed.

The Paying Agent shall keep or cause to be kept on behalf of the County, at the principal office of the Paying Agent, sufficient books for the registration and transfer of the Series 1986 Bonds, which shall at all times be open to inspection by the County; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on the registration books, Series 1986 Bonds as herein provided.

If any Series 1986 Bond shall become mutilated, the County, at the expense of the registered owner of the Series 1986 Bond, shall execute, and the Paying Agent shall authenticate and deliver, a new Series 1986 Bond of like tenor in exchange and substitution for the mutilated Series 1986 Bond, upon surrender to the Paying Agent of the mutilated Series 1986 Bond. If any Series 1986 Bond shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Paying Agent and, if such evidence is satisfactory to both the County and the Paying Agent and indemnity satisfactory to the Paying Agent shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended, ("Act 354") being sections 129.131 to 129.135,

inclusive, of the Michigan Compiled Laws have been met, the County, at the expense of the registered owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Series 1986 Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Series 1986 Bond so lost, destroyed or stolen. If any such Series 1986 Bond shall have matured or shall be about to mature, instead of issuing a substitute Series 1986 Bond the Paying Agent may pay the same without surrender thereof.

Section 5. Payment of Series 1986 Bonds. The Bonds and the interest thereon shall not be a general obligation of the County and shall not be an indebtedness of the County within any state constitutional provisions or statutory or charter limitation. The Bonds and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues which shall be a first lien to continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or, until sufficient cash or 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, not redeemable at the option of the issuer, the principal and interest payments on which, without reinvestment of interest, come due at such times and in such amounts as to be fully sufficient to pay, when due, the principal

of, redemption premium, if any, and interest on the Bonds on the stated maturity date or earlier redemption, shall have been deposited in trust for payment in full of all Bonds with respect to which this Bond Ordinance is to be defeased to their maturity, or, if called for redemption, to the date fixed for redemption. Upon such deposit, the statutory lien herein created shall be terminated with respect to such Bonds, the holders of such Bonds shall have no further rights under this Ordinance except for payment from the deposited funds, and such Bonds shall no longer be considered to be outstanding under this Ordinance.

Section 6. Bondholders' Rights; Receiver. The registered owner or owners of the Bonds representing in the aggregate not less than twenty percent (20%) of the entire principal amount thereof then outstanding may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the County, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the Center and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the Center or any part thereof.

If there is a default in the payment of the principal of or interest on the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer

and operate the Center on behalf of the County and under the direction of the court, and by and with the approval of the court to perform all of the duties of the officers of the County more particularly set forth herein and in Act 94.

The registered owner or owners of the Bonds shall have all other rights and remedies given by Act 94 and law for the payment and enforcement of the Bonds and the security therefor.

Section 7. Management. Except as permitted by Section 18, the operation, repair and management of the Center shall continue to be under the supervision and control of the Board of Trustees.

Section 8. Rates and Charges. Except as such rates and charges and methods of collection and enforcement may hereafter be modified, the rates and charges for service furnished by and the use of the Center and the methods of collection and enforcement of the collection of the rates shall be those in effect on the date of adoption of this Ordinance.

Section 9. No Free Service or Use. No free service or use of the Center shall be furnished by the Center to any person, firm or corporation, public or private, or to any public agency or instrumentality, except as may be required by law.

Section 10. Fixing and Revising Rates; Rate Covenant. The rates now in effect are estimated to be sufficient to provide for the payment of the expenses of administration

and operation and such expenses for maintenance of the Center as are necessary to preserve the Center in good repair and working order, pay the principal of and interest on all of the Bonds as the same become due and payable, and to provide for all other obligations, expenditures and funds for the Center required by law and this Ordinance.

Rates shall be fixed and revised from time to time in the manner provided by law so as to produce the foregoing amounts and the County covenants and agrees, subject to applicable law, to cause to be maintained at all times such rates for services furnished by the Center as shall be sufficient to provide for the foregoing.

In the event the Net Revenues for any fiscal year of the Center are less than one hundred ten percent (110%) of the largest amount of principal of and interest thereafter maturing in any Bond Year on all Bonds then outstanding and payable from the revenues of the Center, a management consultant shall be employed by the Board of Trustees, or the lessee under a Permitted Lease, to study the operations of the Center and to submit recommendations for increasing the Net Revenues of the Center.

Upon receiving the recommendations of the management consultant, the methods of operation of the Center shall be revised to comply with the recommendation of the management consultant; provided however, such recommendations of the management consultant as the Board of Trustees, or its successor Board responsible for the management of the

Center, do not consider feasible need not be implemented.

Section 11. Operating and Fiscal Year. The Center shall be operated on the basis of an operating and fiscal year commencing on January 1 and ending on the following December 31.

Section 12. Funds and Accounts; Flow of Funds. All Revenues of the Center shall continue to be set aside as collected and credited to the INGHAM MEDICAL CENTER RECEIVING FUND (the "Receiving Fund") which was established pursuant to Ordinance No. 80-203, as amended, and is hereby continued under this Bond Ordinance. In addition, except as otherwise provided herein, the funds in the Receiving Fund on the date of the issuance and delivery of the Series 1986 Bonds and Revenues credited to the Receiving Fund are pledged for the purpose of the following funds and shall be transferred from the Receiving Fund periodically in the manner and at the times and in the following order of priority:

A. OPERATION AND MAINTENANCE FUND: There shall be first set aside in, or credited to, a fund designated OPERATION AND MAINTENANCE FUND (the "Operation and Maintenance Fund"), periodically, a sum sufficient to provide for the payment of the expenses, if any, of the County in the administration and operation of the Center during the next period, including the amounts, if any, payable to the Ingham County Building Authority representing the difference between rentals from the

Medical Clinic Building and the remodeled Stanley Wing and the Lease Back rent due the Ingham County Building Authority pursuant to the Lease Back Agreement between the County and the Ingham County Building Authority dated December 17, 1971, and such current expenses for the maintenance thereof as may be necessary to preserve the Center in good repair and working order.

B. BOND AND INTEREST REDEMPTION FUND: There shall be established and maintained a separate depository fund designated BOND AND INTEREST REDEMPTION FUND (the "Redemption Fund"), the moneys on deposit therein from time to time to be used solely for the purpose of paying the principal of, redemption premiums, if any, and interest on the Bonds. The moneys in the Redemption Fund, including the Bond Reserve Account, shall be kept on deposit with the bank or trust company which is the Paying Agent.

After provision for the Operation and Maintenance Fund, there shall be set aside monthly in the Redemption Fund a sum proportionately sufficient to provide for the payment when due of the current principal of and interest on the Bonds, less any amount in the Redemption Fund representing accrued interest on the Bonds; provided, that the amount so set aside for interest on the Bonds in each month during the first six (6) months of each Bond Year shall not be less than

one-sixth (1/6) of the total amount of principal and interest due on the following May 1st, and during the last six (6) months shall not be less than one-sixth (1/6) of the total amount of principal and interest due on the following November 1st. If there is any deficiency in the amount previously set aside, that deficiency shall be added to the next succeeding month's requirements.

There shall be established a separate account in the Redemption Fund to be known as the BOND RESERVE ACCOUNT (the "Bond Reserve Account"). On the date of delivery of the Series 1986 Bonds, the County shall transfer to the Bond Reserve Account from the bond reserve account established for the Outstanding Bonds the lesser of the amount of the maximum annual principal of and interest due on the Bonds in the then current and any subsequent Bond Year or 125% of the average annual debt service on the Bonds. With respect to any other series of Bonds issued hereunder, the County shall deposit in the Bond Reserve Account, an amount, if needed, which will result in the amount in the Bond Reserve Account, valued at the lower of cost or amortized cost, being equal to not less than the amount of the maximum annual principal of and interest due on the Bonds in the then current and any subsequent calendar year. In calculating the maximum

amount of principal and interest due on the Bonds, there shall be disregarded (1) the principal amount of any series of Bonds having a single principal maturity and no sinking fund requirements and (2) the final principal maturity of any series of Bonds if the principal amount due at final maturity exceeds an amount equal to 120% of the maximum principal amount of the series of Bonds due (whether at maturity or pursuant to a sinking fund redemption requirement) in any preceding year.

Except as otherwise provided in this Section, the moneys credited to the Bond Reserve Account shall be used solely for the payment of the principal of, redemption premiums, if any, and interest on the series of Bonds with respect to which such account was funded and as to which there would otherwise be a default. If at any time it shall be necessary to use moneys credited to the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required for expenses of administration operation and maintenance of the Center or for current principal and interest requirements on any of the Bonds.

C. SURPLUS MONEYS: Any Revenues remaining in the Receiving Fund at the end of any operating year after satisfying the foregoing requirements of this Section

shall be deemed to be surplus moneys, and may, at the option of the Board of Trustees be used and applied for any purpose related to the Center; provided however, that if there should be any deficit in the Operation and Maintenance Fund or the Redemption Fund (including the Bond Reserve Account), then deposits of surplus moneys shall be made to such funds in the priority and order named to the extent of any such deficit.

Section 13. Depository and Funds on Hand. Moneys in the several funds and the accounts established or continued pursuant to this Bond Ordinance, except moneys in the Escrow Fund, and moneys derived from the proceeds of sale of the Series 1986 Bonds, may be kept in one or more bank accounts at a bank or banks designated by resolution of the Board of Trustees, and if kept in one bank account the moneys shall be allocated on the books and records of the County in the manner and at the times provided in this Ordinance.

Section 14. Priority of Funds. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Redemption Fund, any moneys or securities in other funds of the Center, except moneys in the Escrow Fund and the proceeds of the sale of any Bond, shall be credited or transferred, first, to the Operation and Maintenance Fund

and second, to the Redemption Fund, to the extent of any deficit therein.

Section 15. Investments. Except as herein otherwise provided, moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Bonds may be invested by the Board of Trustees in accordance with Section 24 of Act 94. Investment of moneys in the Redemption Fund being accumulated for payment of the next maturing principal or interest payment of the Bonds shall be limited to obligations bearing maturity dates prior to the date of the next maturing principal and/or interest payment on the Bonds. Investment of the proceeds of the Series 1986 Bonds deposited in the Escrow Fund shall be as provided in the Escrow Deposit Agreement pursuant to which the Escrow Fund is established. Investment of moneys in the Bond Reserve Account, if any, shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than ten years from the date of the investment. In the event investments are made, any securities representing the same shall be kept on deposit with the bank or trust company having on deposit the fund or funds or account from which the purchase was made. Profit realized or interest income earned on investment of funds in the Receiving Fund, Operation and Maintenance Fund and Redemption Fund (including the Bond Reserve Account)

shall be deposited in or credited as received to the Receiving Fund.

Section 16. Series 1986 Bond Proceeds. From the proceeds of the sale of the Series 1986 Bonds there shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest and premium, if any, received on the delivery of the Series 1986 Bonds. From the balance of the proceeds of the sale of the Series 1986 Bonds there shall be deposited in an escrow fund (the "Escrow Fund") 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, not redeemable at the option of the issuer, in amounts sufficient to pay, when due, the principal of, redemption premium, if any, and interest on the Outstanding Bonds. The Escrow Fund shall be held by a trustee (the "Trustee") in trust pursuant to an escrow deposit agreement (the "Escrow Agreement"), which Escrow Agreement shall irrevocably direct the Trustee to take all necessary steps to pay the principal of and interest on the Outstanding Bonds when due and to call the Outstanding Bonds for redemption, as specified in the Escrow Agreement. The amounts held in the Escrow Fund shall be such that the cash and investments and income received thereon will be sufficient, without any reinvestment of interest, to pay the principal, interest and redemption

premiums on the Outstanding Bonds when due at maturity or by optional redemption as required by the Escrow Agreement.

The remaining proceeds of the Series 1986 Bonds shall be used to pay the costs of issuance of the Series 1986 Bonds and costs incidental to the refunding. Any proceeds in excess of the proceeds deposited in the Escrow Fund or required to pay costs of issuance shall be deposited in the Redemption Fund and used to pay interest on the Series 1986 Bonds due on November 1, 1986.

The Board of Commissioners shall in the Award Ordinance appoint the Trustee and authorize the execution of an Escrow Agreement for and on behalf of the County.

Section 17. Series 1986 Bond Form. The Series 1986 Bonds shall be in substantially the following form, with such changes and additions as shall be determined appropriate by the County:

FINANCE COMMITTEE

Yeas: Sweet, Guerriero, Byrum, Grebner,
Thomas, Tubbs

Nays: None

Absent: McDonald, Jeffries

(29.)

UNITED STATES OF AMERICA

STATE OF MICHIGAN

COUNTY OF INGHAM

INGHAM MEDICAL CENTER REVENUE REFUNDING BOND

SERIES 1986

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
		June 1, 1986	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The COUNTY OF INGHAM, State of Michigan (the "County"), for value received, hereby promises to pay the Principal Amount shown above to the Registered Owner specified above on the Maturity Date specified above with interest thereon from the Date of Original Issue specified above until paid at the Interest Rate per annum specified above, payable on November 1, 1986, and on each May 1 and November 1 thereafter until the obligation of the County to pay the Principal Amount is satisfied. Principal of this bond is payable at the principal office of _____ or such other paying agent as the County may hereinafter designate by notice mailed to the registered owner not less than 60 days prior to any interest payment date (the "Paying Agent"). Interest on this bond is payable to the registered owner of this bond as of the 15th day of the month next preceding the payment date as shown on the registration books of the County kept by the Paying Agent by check or draft mailed to the registered owner at the registered address, and for the prompt payment thereof, the revenues of the Ingham Medical Center of the County (the "Center"), including all appurtenances, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the "Net Revenues"), are irrevocably pledged and a statutory lien thereon has been created.

This bond is one of a series of bonds of like tenor, except as to denomination, rate of interest, date of

maturity and prior redemption, aggregating the principal sum of \$_____, issued pursuant to Ordinance No.____ (the "Ordinance"), duly adopted by the Board of Commissioners of the County and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of paying part of the cost of refunding certain outstanding revenue bonds of the County and the costs of issuing the bonds.

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal standing may hereafter be issued, the rights and limitations on the owners of the bonds and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Ordinance.

Bonds of this series maturing prior to November 1, 199__ are not subject to redemption prior to their respective dates of maturity. Bonds of this series maturing on November 1, 199__ and thereafter are subject to redemption prior to maturity, at the option of the County, in such order as the County may determine, in whole at any time and in part on any one or more interest payment dates on and after November 1, 199__, at the redemption prices (expressed as percentages of the principal amount of the bonds to be redeemed) set forth below plus in each case accrued interest to the date of redemption:

<u>Redemption Date</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
November 1, _____ to October 31, _____	%
November 1, _____ to October 31, _____	%
November 1, _____ to October 31, _____	%
November 1, _____ and thereafter	%

Notice of call of bonds for redemption shall be given to the registered owner by registered mail, mailed not less than 20, but not more than 45 days prior to the date fixed for redemption to the registered address, provided that the failure to receive such notice shall not affect the validity of the redemption. 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 bonds called for redemption.

This bond is a self-liquidating bond and is not a general obligation of the County and does not constitute an indebtedness of the County within any constitutional, statutory or charter limitation, but is payable, both as to principal and interest, solely from the Net Revenues of the Center. The principal of and interest on this bond are secured by a statutory lien on the Net Revenues of the Center.

The County has covenanted and agreed, and does hereby covenant and agree to fix and maintain at all times while any bonds payable from the Net Revenues of the Center shall be outstanding, such rates for service furnished by the Center as shall be sufficient to provide for payment of the principal of and interest on the bonds of this issue and any other bonds payable from the Net Revenues as and when the same shall become due and payable, and to maintain a bond redemption fund therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Center as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the Center as are required by the Ordinance.

This bond is transferable only upon the registration books of the County kept by the Paying Agent by the registered owner hereof in person, or by his or her attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Paying Agent duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount, interest rate and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance authorizing the bonds, and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond and the series of bonds of which this is one have been done and performed in regular and due time and form as required by law.

This bond is not valid or obligatory for any purpose until the Certificate of Authentication on this bond has been executed by the Paying Agent.

IN WITNESS WHEREOF, the County of Ingham, State of Michigan, by its Board of Commissioners, has caused this

bond to be executed with the facsimile signatures of its Chairperson and the County Clerk and its seal to be printed on this bond.

COUNTY OF INGHAM

By (FACSIMILE)
Chairperson

(Seal)

By (FACSIMILE)
County Clerk

Certificate of Authentication

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

Paying Agent

By _____
Authorized Representative

Date of Authentication:

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: _____

The signature must be guaranteed by a commercial bank, a trust company or a brokerage firm which is a member of a major stock exchange.

Section 18. Covenants. The County hereby covenants and agrees with the holder or holders, from time to time, of the Bonds that it will punctually perform all duties with reference to the Center and the Bonds required by the constitution and laws of the State of Michigan and by this Bond Ordinance; that it will not sell, lease, mortgage or in any manner dispose of the Center or any substantial part thereof until all bonds payable from the revenues thereof shall have been paid in full or provision has been made therefor, except the County may enter into a Permitted Lease after first obtaining an opinion of nationally recognized bond counsel that such Permitted Lease will not adversely affect the tax-exempt status of the interest on the Bonds; that it will cause the Center to be maintained in good condition and operated in an efficient manner, so long as any of the bonds are outstanding; that it will cause insurance or self-insurance on the Center to be maintained for the benefit of the holders of the bonds in an amount which usually would be carried by private corporations operating a similar type of facility; that it will cause records, statements and accounts to be prepared, maintained and filed as may be required by Act No. 94, Michigan Public Acts of 1933, as now or hereafter amended, that it will promptly file with the original purchasers of the Bonds a copy of an annual audit of the Center, prepared by a certified public accountant, within one hundred twenty (120) days

after the close of each fiscal year; and that it will furnish a copy of the foregoing statement and audit to any bondholder upon payment of the actual cost of such copy. Any such audit shall be in such reasonable detail as will present the full financial condition of the Center to the holders of Bonds and shall include auditor's comments on the manner in which the Center's management has complied with the provisions of this ordinance in respect to the several funds of the Center.

Section 19. Additional Bonds. Except as hereinafter provided, the County shall not issue additional Bonds of equal or prior standing with the Series 1986 Bonds.

The right is reserved in accordance with the provisions of Act 94, to issue additional Bonds payable from the Revenues of the Center which shall be of equal standing and priority of lien on the Net Revenues of the Center with the Series 1986 Bonds but only for the purpose of making repairs, extensions, enlargements or improvements to the Center or for the purpose of refunding part of the Bonds then outstanding and for the purpose of paying costs of issuing such additional Bonds, including deposits to be made to the Bond Reserve Account. Bonds for such purposes shall not be issued pursuant to this Section 19 unless either the average Net Revenues of the Center for the then last two (2) preceding operating years shall be equal to at least one hundred twenty percent (120%) of the maximum annual princi-

pal and interest due in any future operating year on all outstanding Bonds and on the additional Bonds of equal standing then being issued or, if the additional Bonds are being issued to pay the cost of repairing, extending, enlarging or improving the Center, the average Net Revenues of the Center for the two (2) operating years following the estimated completion of the repairs, extension, enlargement or improvement for which the additional Bonds are being issued, as projected by an independent management consultant having experience in the operations of acute care hospitals, shall be equal to at least one hundred thirty percent (130%) of the maximum annual principal and interest due in any future operating year on all outstanding Bonds and on the additional Bonds of equal standing then being issued; provided however, that in calculating the maximum amount of principal and interest to become due in any future year on the Bonds, there shall be disregarded (1) the principal amount of any series of Bonds having a single principal maturity and no sinking fund requirements and (2) the final principal maturity of any series of Bonds if the principal amount due at final maturity exceeds an amount equal to 120% of the maximum principal amount of the series of Bonds due (whether at maturity or pursuant to a sinking fund redemption requirement) in any preceding fiscal year. If any of the additional Bonds or any Bonds at the time outstanding are term Bonds with mandatory redemption requirements, the principal amount of such term Bonds shall be deemed to

mature in the years and amounts of the mandatory redemption requirements. If the additional Bonds are to be issued in whole or in part for refunding outstanding Bonds, the maximum annual principal and interest due in any future year shall be determined by deducting from the principal and interest due in any future year the annual principal and interest due in the same year on any Bonds to be refunded from the proceeds of the additional Bonds. For purposes of this Section 19, the County may elect to use as the last preceding operating year, any operating year ending not more than sixteen months from the date of delivery of the additional Bonds and as the next to the last preceding operating year, any operating year ending not more than twenty-eight months prior the date of delivery of the additional Bonds. Permission of the Department of Treasury (or such other State commission or agency as shall have jurisdiction over the issuance of municipal bonds) to issue such additional Bonds, shall be conclusive as to the existence of conditions permitting the issuance thereof. No additional Bonds or notes or other obligations of equal standing as to the Net Revenues of the Center shall be issued or incurred pursuant to the authorization contained in this Section 19 if the County shall then be in default in making its required payments to the Operation and Maintenance Fund or Redemption Fund.

In the event that Additional Bonds are issued at a

variable rate, for the purpose of determining compliance with the provisions of Section 10 and the requirements of this Section 19, the variable rate Bonds shall be assumed to bear interest at a fixed rate equal to the highest interest rate borne by such Bonds during the preceding 24 month period, which in the case of variable rate Bonds proposed to be issued shall be the rate borne by other variable rate debt of comparable character, quality and maturities for which the interest rate is computed by reference to an index which is the same or similar to the index to be used to determine the rate on the Additional Bonds proposed to be issued.

Section 20. Sale, Issuance, Delivery, Transfer And Exchange Of Bonds. The Chairperson of the Board of Commissioners, the County Clerk, County Treasurer and the County Controller are each hereby authorized to do all things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Bonds in accordance with the provisions of this resolution.

Section 21. Department of Treasury Approval; Sale of Series 1986 Bonds. The County Controller shall make application to the State Treasurer for authority to issue and sell the Series 1986 Bonds. The County Controller is hereby authorized to negotiate and, subject to the approval of the Board of Commissioners, execute a bond purchase agreement with a purchaser, approve the circulation of a preliminary

official statement and, after approval by the Commission, a final official statement describing the Series 1986 Bonds.

Section 22. Repeal, Savings Clause. Ordinance No. 80-203, as amended, except provisions thereof relating to the procedures for payment of the principal of, redemption premium, if any, and interest on the Outstanding Bonds, shall be repealed effective the date of delivery of the Series 1986 Bonds and upon the required deposit to the Escrow Fund. All other ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Bond Ordinance are, to the extent of such conflict, repealed.

Section 23. Severability; Paragraph Headings; and Conflict. If any section, paragraph, clause or provision of this Bond Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Bond Ordinance. The paragraph headings in this Bond Ordinance are furnished for convenience of reference only and shall not be considered to be part of this Ordinance.

Section 24. Bond Insurance. The County Controller is further authorized to purchase municipal bond insurance for the Series 1986 Bonds, if, in his judgment, such insurance is deemed desirable and necessary.

Section 25. Publication and Recordation. This Ordinance shall be published in full in The State Journal, a newspaper of general circulation in the County qualified

under State law to publish legal notices, promptly after its adoption, and shall be recorded in the minutes of the Board of Commissioners and the Board of Trustees and such recording shall be authenticated by the signatures of the Chairperson of the Board of Commissioners, the County Clerk, and the Chairperson and the Secretary of the Board of Trustees.

ARTICLE VI

Section 26. H.R. 3838 Covenant. In order to maintain the exemption from Federal income taxation of interest on the Series 1986 Bonds, and for no other purpose, the County covenants to comply with the Tax Reform Act of 1985 (H.R. 3838), as adopted by the United States House of Representatives on December 17, 1985 (the "Bill"), except any such requirement with respect to which (a) the County receives an opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that continuing compliance by the County with such requirement of the Bill is not required in order to maintain the Federal income tax exemption of interest on the Series 1986 Bonds, or (b) congressional action shall have taken place which is generally accepted by the municipal bond market as providing assurance that the effective date with respect to such requirement or the substantive requirement applicable to the Series 1986 Bonds set forth in the Bill will be changed so

that such requirement would no longer apply to the Series 1986 Bonds. The provisions of this Section 26 shall no longer be of any force or effect upon receipt of an Opinion of Counsel of recognized standing in the field of law relating to municipal bonds to the effect that noncompliance with the applicable requirements of the Bill will not adversely affect the Federal income tax exemption of the interest on the Series 1986 Bonds.

Section 27. Effective Date. This Bond Ordinance shall be effective immediately upon its adoption.

Adopted and signed on the 27th day of May, 1986.

Jess Sobel
Chairperson, Board of Commissioners

Quigg Brewer
County Clerk Lingg Brewer

Chairperson, Board of Trustees

Secretary, Board of Trustees

ADOPTED:

YEAS: Ballbach, Bunka, Byrum, Evanoff, Frederickson, Grebner, Guerriero, Kestenbaum, Klein, Lilly, Martinez, McDonald, Porter, Schafer, Sweet, Thomas, Wilbur, Sobel...18

NAYS: none

ABSTAIN: none

ABSENT: Jeffries, Tubbs...2

001/703/6/c1