

**RESOLUTION AUTHORIZING ISSUANCE OF NOTES
IN ANTICIPATION OF STATE SCHOOL AID
(AUGUST 2012 BORROWING THROUGH THE
MICHIGAN FINANCE AUTHORITY)**

Livonia Public Schools School District, Wayne County, Michigan (the "School District").

A regular meeting of the Board of Education of the School District was held in the Livonia Board of Education office, in the School District, on the 18th day of June, 2012, at seven o'clock in the evening.

The meeting was called to order at seven o'clock in the evening by Patrice Mang, President.

Present: Members

Absent: Members

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

WHEREAS, under the terms of Section 1225 of Act 451, Public Acts of Michigan, 1976, as amended (the "Act"), the School District is authorized to borrow money for school operations and issue its notes therefor, in one or more series, pledging for the payment thereof moneys to be received by it pursuant to the State School Aid Act of 1979, Act 94, Public Acts of Michigan, 1979, as amended (the "State Aid Act"), which notes shall be the full faith and credit obligation of the School District; and

WHEREAS, the estimated amount of the state school aid appropriations allocated or to be allocated to the School District for the fiscal year ending June 30, 2013 (the "2012/2013 State Aid"), is shown in paragraph 1 of Exhibit A; and

WHEREAS, the estimated amount of 2012/2013 State Aid allocated or to be allocated to the School District pursuant to Section 20 of the State Aid Act and expected to be received by the School District from January 2013 through August 2013 is shown in paragraph 2 of Exhibit A (the "Pledged State Aid"); and

WHEREAS, the School District has the need to borrow the sum of not to exceed the amount shown in paragraph 3 of Exhibit A to pay operating expenses for the fiscal year ending June 30, 2013, which amount is estimated to be not more than 70% of the difference between the total state school aid funds apportioned or to be apportioned to the School District for the 2012/2013 State Aid and that portion of the 2012/2013 State Aid already received or pledged; and

WHEREAS, the School District plans to issue or has issued notes, bonds or other obligations subject to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), relating to arbitrage and the rebate thereof, including but not limited to federally tax-exempt obligations, Qualified School Construction Bonds and Qualified Zone Academy Bonds, not including this

borrowing, during calendar year 2012 in the aggregate principal amount shown in paragraph 4 of Exhibit A; and

WHEREAS, the School District determines that it is in its best interest to borrow the sum of not to exceed the amount shown in paragraph 3 of Exhibit A and issue the general obligation notes in one or more series (the "Note" or "Notes") of the School District therefor to the Michigan Finance Authority (the "Authority").

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The School District, pursuant to Section 1225 of the Act, shall issue its Notes in one or more series in order to borrow for the above purpose a sum not to exceed the amount shown in paragraph 3 of Exhibit A, the final amount and series designation to be determined by an officer designated in paragraph 5 of Exhibit A, or a designee who shall be a member of the administrative staff or board of education of the School District (each an "Authorized Officer"), prior to the sale of the Notes, or such portion thereof as the Michigan Department of Treasury (the "Treasury") may approve, if prior approval is necessary, and issue the general obligation Notes of the School District therefor in anticipation of the distribution of the Pledged State Aid.

2. The Notes shall be issued in one or more series, bear interest at the rate or rates determined on the sale thereof, which shall not exceed the maximum rate permitted by law at the time of sale, be dated as set forth in paragraph 6 of Exhibit A, or as of the date of delivery, and be due and payable on the date shown in paragraph 6 of Exhibit A. The Notes shall be payable in lawful money of the United States of America at a bank or trust company qualified to act as paying agent in the State of Michigan, as shall be designated by the Authority. The Notes shall be in denominations to be determined by an Authorized Officer prior to the sale of the Notes. The Notes shall not be subject to redemption prior to maturity.

3. The School District hereby appropriates a sufficient amount of the Pledged State Aid to repay the principal of and interest on the Notes. In addition, the full faith and credit of the School District is hereby irrevocably pledged for payment of the principal of and interest on the Notes and, in case of the insufficiency of the Pledged State Aid, the School District shall pay the Notes from any funds legally available therefor, and, if necessary, levy sufficient taxes on all taxable property in the School District for the payment thereof, subject to applicable constitutional and statutory tax rate limitations.

4. In the event any Authorized Officer determines that it is in the best interest of the School District to choose to pay all or a portion of the principal and interest on the Notes with set-aside installments, the following provisions in this paragraph 4 shall apply:

Moneys to pay the principal and interest on the Notes when due shall be set aside in a separate fund with the depository designated in the Purchase Contract described below (the "Depository") in five (5) or seven (7) equal installments (the "Installment" or "Installments"), commencing on January 22, 2013, and thereafter on the 20th day of each month (or in the case of April, the 22nd) through May 20, 2013 (if payable in five (5) Installments) or July 22, 2013 (if payable in seven (7) Installments) or such other state school aid payment date as may be provided for under state law (each a "Payment Date"). If a Payment Date falls on a Saturday, Sunday or legal holiday, the Payment Date shall be the next regular business day. The payment to the Depository shall be made first from the Pledged State Aid received during the month of the Installment. If, for

any reason, the Pledged State Aid received during the month of the Installment is insufficient to pay the Installment, then in that event the School District pledges to use any and all other available funds to meet the set-aside Installment obligation. If the School District fails to set aside all or any portion of an Installment (the "Installment Shortfall") on the Payment Date, the Authority is authorized, pursuant to Section 17a(3) of the State Aid Act, to intercept 100% of the Pledged State Aid to be distributed to the School District beginning with the month following the School District's failure to meet the Installment obligation and all months thereafter, in accordance with the terms and conditions of the Purchase Contract (the "Purchase Contract") between the Authority and the School District. Beginning with the month following the Installment Shortfall, the Authority shall intercept 100% of the Pledged State Aid to be distributed to the School District and apply the intercepted amount on the following priority basis: (A) the Installment Shortfall; (B) the current month's Installment; and (C) any amounts remaining to be immediately distributed to the School District. The intercept process set forth above shall continue each month following the Installment Shortfall until sufficient funds are deposited with the Depository to pay the total principal and interest on the Notes. The Pledged State Aid due to the School District during each of the months of June, July and August (if a five (5) Installment schedule is applicable) or during the month of August (if a seven (7) Installment schedule is applicable) shall under no circumstances be less than the amount of one Installment.

If the School District has failed to deposit all or a portion of an Installment by the last regular business day of the month of the Installment, the Depository is authorized and directed to give written notice to the Authority, the State Treasurer and the School District on the first regular business day following the last regular business day of the month of the failure to deposit all or a portion of the Installment. Upon receipt of written notice from the Depository, the Authority shall promptly notify the School District that it will immediately commence to intercept 100% of the Pledged State Aid.

If the five (5) Installment schedule is applicable and if on May 31, 2013, the funds on deposit with the Depository, together with moneys to be received during June 2013 under the State Aid Act, are insufficient to pay the principal of and interest on the Notes when due, the School District, pursuant to Section 17a(3) of the State Aid Act, to the extent necessary to meet the remaining payment obligation, assigns to the Authority and authorizes and directs the State Treasurer to advance all or part of any state school aid payment which is dedicated for distribution or for which the appropriation authorizing the payment has been made under the State Aid Act.

If the seven (7) Installment schedule is applicable and if on July 31, 2013, the funds on deposit with the Depository, together with moneys to be received during August 2013 under the State Aid Act, are insufficient to pay the principal of and interest on the Notes when due, the School District, pursuant to Section 17a(3) of the State Aid Act, to the extent necessary to meet the remaining payment obligation, assigns to the Authority and authorizes and directs the State Treasurer to advance all or part of any state school aid payment which is dedicated for distribution or for which the appropriation authorizing the payment has been made under the State Aid Act.

Any Authorized Officer is further authorized to agree, if required by the Authority, to assign to the Authority and authorize and direct the State Treasurer to intercept all or part of any state school aid payment which is dedicated for distribution or for which the appropriation authorizing the state school aid payment has been made pursuant to Section 17(a)(3) of the State Aid Act.

5. Any Authorized Officer is authorized to sell all or a portion of the Notes to the Authority without an Installment payment schedule (the "No Set-Aside Notes") pursuant to the provisions of this resolution. In that event: (a) any Authorized Officer is further authorized to agree, if required by the Authority, to assign to the Authority and authorize and direct the State Treasurer to intercept or advance all or part of any state school aid payment which is dedicated for distribution or for which the appropriation authorizing the state school aid payment has been made pursuant to Section 17a(3) of the State Aid Act; (b) the School District acknowledges that payment of the principal and interest on certain of the No Set-Aside Notes may be secured by a direct-pay letter of credit issued for the account of the Authority and the School District by one or more providers selected by the Authority (each a "Letter of Credit"; and each issuer a "Letter of Credit Bank"); (c) it shall not be deemed a default by the School District under the provisions of the Purchase Contract or the No Set-Aside Notes if the principal and interest on the No Set-Aside Notes shall have been paid in full when due to the Authority from proceeds of a drawing on the Letter of Credit and the drawing on the Letter of Credit is reimbursed by the School District on the designated date set forth in the reimbursement agreement relating to the Letter of Credit; and (d) the School District appoints the Authority as its agent to enter into the reimbursement agreement for and on behalf of the School District, if required by the Authority, as well as on the Authority's own behalf, and the School District agrees to be referred to as an account party in the Letter of Credit obtained by the Authority to secure payment of No Set-Aside Notes and the Authority's State Aid Revenue Notes, Series 2012B-2.

6. The President and Secretary of the Board of Education shall execute the Notes on behalf of the School District, and the executed Notes shall be delivered to the Authority upon the receipt of the purchase price therefor. The Vice-President, Treasurer or Superintendent may execute the Notes instead of either the President or Secretary. The foregoing officials are hereby authorized to execute and deliver a temporary Note or Notes and exchange, when available, final printed Notes therefor at the request of the Authority.

7. Unless the Notes are issued as federally taxable, the School District hereby covenants for the benefit of all holders of the Notes to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be or continue to be excluded from gross income for federal income taxation purposes, including, but not limited to, requirements relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Note proceeds and moneys deemed to be Note proceeds.

8. If necessary, any Authorized Officer or designee is hereby authorized to make application to Treasury for and on behalf of the School District for an order approving the issuance of the Notes and to pay any applicable fee therefor, or a post-issuance filing fee, as applicable.

9. The President, Vice-President, Secretary, Treasurer, Superintendent, individual acting in the capacity of the school business official, or designee and any Authorized Officer are further authorized to execute any documents or certificates necessary to complete the transaction including, but not limited to, any certificates relating to federal or state securities laws, rules or regulations.

10. The Notes shall be sold to the Authority and the following provisions shall apply:

(a) Any Authorized Officer or designee is hereby authorized to execute and deliver one or more Purchase Contracts with the Authority (which shall be determined by whether one or more series of Notes are issued hereunder) in substantially the form attached hereto as Exhibit

B reflecting the terms and conditions of the borrowing with such additions, deletions or substitutions (including without limitation additions, deletions or substitutions required by any Letter of Credit Bank(s) or any original purchaser(s) of the State Aid Revenue Notes issued by the Authority to finance its purchase of the No Set-Aside Notes), as the Authority and any Authorized Officer or designee shall deem necessary and appropriate and not inconsistent with the provisions of this resolution. The choice of whether to make set-aside Installments for the Notes shall be conclusively evidenced by the Purchase Contract. The Purchase Contract shall include the School District's agreement with respect to any Installment not received by the Depository from the School District on the Payment Date, to pay the Authority an amount as invoiced by the Authority to recover its administrative costs and lost investment earnings attributable to that late payment.

(b) Any Authorized Officer or designee is further authorized to approve the specific interest rate(s) to be borne by the Notes, not exceeding the maximum rate permitted by law, the purchase price of the Notes, not less than the price specified in paragraph 7 of Exhibit A, a guaranteed investment agreement or other permitted investment in accordance with state law for funds paid to the Depository, if applicable, direct payments of Pledged State Aid to and if required by the Authority, the number of set-aside installments (other than five or seven) authorized by the Authority, and other terms and conditions relating to the Notes and the sale thereof.

(c) The form of the Notes shall contain the following language in substantially the form set forth below as applicable:

Series B-1 (with set-asides)

To the extent permitted by law, the principal of and interest on this Note which remains unpaid after this Note has matured shall bear interest until paid at an interest rate per annum based upon a 360-day year for the actual number of days elapsed equal to two percent (2%) above the stated interest rate on the Authority's State Aid Revenue Notes, Series 2012B-1.

Series B-2 and Series B-3 (with no set-asides and with or without a related Letter of Credit)

To the extent permitted by law, the principal of and interest on this Note which remains unpaid after this Note has matured shall bear interest until paid at an interest rate per annum based upon a 365/366 day year for the actual number of days elapsed equal to the Bank Reimbursement Rate or the Default Interest Rate as such terms are defined in Schedule I to the Purchase Contract.

11. By opting to issue its Notes to the Authority, the School District hereby determines that it is in the best interest of the School District to issue its Notes to the Authority rather than sell the Notes at a competitive sale based upon the historical performance of the Authority's note pool program whereby competitive interest rates and reduced costs of issuance are obtained by pooling several participating school districts in one or more series of notes.

12. The series of Notes issued hereunder are of equal standing as to the Pledged State Aid. The School District reserves the right to issue additional notes or other obligations of equal standing with the Notes as to the Pledged State Aid with the prior written consent of an authorized officer of the Authority. The School District further resolves that the amount payable as to principal

and interest on the Notes plus the amount payable as to principal and interest on or prior to the maturity date of the Notes on any additional notes or other obligations of equal standing with the Notes as to payment from Pledged State Aid will not exceed 75% of the amount of Pledged State Aid.

13. The Authority has appointed Thrun Law Firm, P.C. to act as underwriter's counsel for the August 2012 state aid note program. The School District consents to Thrun Law Firm, P.C. representing this School District and acting as underwriter's counsel for the Authority's August 2012 state aid note program.

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

Ayes: Members

Nays: Members

Resolution declared adopted.

Secretary, Board of Education

The undersigned duly qualified and acting Secretary of the Board of Education of Livonia Public Schools School District, Wayne County, Michigan hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board at a regular meeting held June 18, 2012, the original of which is a part of the Board's minutes and further certifies that notice of the meeting was given to the public pursuant to the provisions of the Open Meetings Act, 1976 PA 267, as amended.

Secretary, Board of Education

BJB/djp

EXHIBIT A

1. Estimated 2012/2013 State Aid allocated or to be allocated for fiscal year ending June 30, 2013: \$ _____ (total amount estimated to be received from October 1, 2012 through August 31, 2013).
2. Estimated Pledged State Aid allocated for fiscal year ending June 30, 2013: \$ _____ (total amount estimated to be received from January 1, 2013 through August 31, 2013).
3. Amount of borrowing not to exceed: \$7,000,000.
4. Principal amount of notes, bonds or other obligations subject to Section 148 of the Internal Revenue Code of 1986, as amended, relating to arbitrage and the rebate thereof, including but not limited to federally tax-exempt obligations, Qualified School Construction Bonds, and Qualified Zone Academy Bonds, not including this borrowing, issued or to be issued during the 2012 calendar year: \$ _____ (include plans for voted or non-voted bonds, refunding bonds, additional state aid notes, tax anticipation notes, installment purchase agreements, and lease-purchase agreements).
5. Authorized Officer: Superintendent, President or Vice President of the Board of Education, Assistant Superintendent or individual acting in the capacity of the school business official.
6. The Notes shall be dated August 20, 2012 and shall mature on August 20, 2013, or such other date as determined by any Authorized Officer.
7. Purchase price: Not less than 97% of the principal amount of the Notes.
8. Five percent (5%) of estimated fiscal year 2011/2012 operating expenses: \$_____.

EXHIBIT B
FORM OF PURCHASE CONTRACT

[Insert Name of School District Here]

The Michigan Finance Authority (the "Authority"), a public body corporate, separate and distinct from the State of Michigan, hereby offers to enter into this Purchase Contract with the Issuer named below (the "Issuer") which, upon the acceptance of this offer by the Issuer, will be binding upon the Authority and the Issuer. This offer is made subject to acceptance on or before the date set forth below. The Issuer accepts the electronic or digital signature of the Authority's Executive Director (or other authorized officer of the Authority) if set forth below and acknowledges that it has the same legal effect and enforceability as a manual signature.

Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, including those set forth on Schedule I hereto, the Authority hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Authority, notes (the "Notes") in the principal amount and with the interest rate as shown on Schedule I. The purchase price for the Notes shall be as set forth on Schedule I.

The Issuer represents and warrants to, and agrees with, the Authority that (A) the Issuer has, and on the Closing Date (specified below) will have, full legal right, power and authority (1) to enter into this Purchase Contract, and (2) to sell and deliver the Notes to the Authority and pledge and assign to the Authority the state school aid payments to be allocated and paid to the Issuer as provided herein and in the resolution authorizing the Notes and the Issuer has duly authorized and approved the execution and delivery of and the performance by the Issuer of its obligations contained in this Purchase Contract including those set forth in Schedule I; and (B) the Issuer shall promptly pay its pro rata share of the Costs of Issuance upon notification by the Authority. The term "Costs of Issuance" shall mean and include underwriting discount or fees, placement agent fees, underwriter's and placement agent's counsel fees, printing charges, letter of credit fees and related charges of a letter of credit (including, without limitation, all other amounts owing by the Authority under the reimbursement agreement relating to the letter of credit), rating agency charges, trustee fees, note counsel fees, fees and expenses of a private placement purchaser (each a "Purchaser") of all or a portion of the Authority's Notes (as defined below), and other counsel fees and issuance fees of the Authority and the Purchaser(s) related to the Authority's Notes; provided, however, that the Issuer's pro rata share of such Costs of Issuance shall not exceed the amount shown on Schedule I hereto.

IF FIVE OR SEVEN SET-ASIDE INSTALLMENTS ARE APPLICABLE, THE FOLLOWING LANGUAGE SHALL BE INCLUDED IN THE PURCHASE CONTRACT:

[The Issuer pledges to pay the principal and interest on the Notes from its 2012/2013 State School Aid allocated or to be allocated to it and to be paid during January 2013 through August 2013 (the "Pledged State Aid"). Moneys to pay the principal and interest on the Notes when due shall be set aside in a separate fund with the Depository (as defined in Schedule I hereto) as hereinafter described in 5 or 7 equal installments (the "Installment" or "Installments") specified in Schedule I, commencing on January 22, 2013, and thereafter on the 20th day of each month (or in the case of April, the 22nd) through May 20, 2013, if five (5) Installments are specified in Schedule I hereto, or through July 22, 2013, if seven (7) Installments are specified in Schedule I hereto or such other State School Aid payment date as may be provided for under state law (the "Payment Date"). If a Payment Date falls on a Saturday, Sunday or legal holiday, the Installment shall be due on the next regular

business day. The payment to the Depository shall be made first from the Pledged State Aid received during the month of the Installment. Notwithstanding the foregoing, the Issuer hereby irrevocably directs the State of Michigan to directly transfer to the Depository payment of the Issuer's current month's Installment from the Pledged State Aid received during the month of the Installment on the Payment Date. If, for any reason, the Pledged State Aid received during the month of the Installment is insufficient to pay the Installment, then in that event the Issuer pledges to use any and all other available funds to meet the Installment obligation. If the Issuer fails to set aside any portion of an Installment (the "Installment Shortfall"), pursuant to Section 17a(3) of the State School Aid Act of 1979, as amended (the "Act"), the Authority is authorized to intercept 100% of the Pledged State Aid to be distributed to the Issuer. Beginning with the month following the Installment Shortfall, the Authority shall intercept 100% of the Pledged State Aid to be distributed to the Issuer and apply the intercepted amount on the following priority basis: (A) the Installment Shortfall; (B) the current month's Installment; and (C) any amounts remaining to be immediately distributed to the Issuer. The intercept process set forth above shall continue each month following the Installment Shortfall until sufficient funds are deposited with the Depository to pay the principal of and interest on the Notes. The Authority shall promptly notify the Issuer that it will immediately commence to intercept the Pledged State Aid.

If the Issuer has failed to deposit all or a portion of the Installment by the last regular business day of the month of the Installment, the Depository is authorized and directed to give written notice to the Authority, the State Treasurer and the Issuer on the first regular business day following the last regular business day of the month of the failure to deposit all or a portion of the Installment. Upon receipt of written notice from the Depository, the Authority shall promptly notify the Issuer that it will immediately commence to intercept 100% of the Pledged State Aid.

If five (5) Installments are specified in Schedule I hereto and if on May 31, 2013, the funds on deposit with the Depository, together with moneys to be received during June 2013 pursuant to the Act, or if seven (7) Installments are specified in Schedule I hereto and if on July 31, 2013, the funds on deposit with the Depository, together with moneys to be received during August 2013 pursuant to the Act, are, in either case, insufficient to pay the principal of and interest on the Notes when due, the Issuer, pursuant to Section 17a(3) of the Act, to the extent necessary to meet the payment obligation assigns to the Authority and authorizes and directs the State Treasurer to advance all or part of any payment which is dedicated for distribution or for which the appropriation authorizing payment has been made under the Act.

The Issuer consents to the Authority's pledge and assignment of and grant of a security interest in the Authority's rights and interest (subject to certain rights of indemnification) in the Notes and this Purchase Contract as security for the Authority's State Aid Revenue Notes, Series 2012B-1 (the "Authority's Notes") and a Trust Indenture dated as of August 1, 2012, issued by the Authority pursuant to its Note Authorizing Resolution adopted _____, 2012.

The Issuer acknowledges that Section 15 of the Authority's enabling statute, the Shared Credit Rating Act, as amended, provides for a statutory lien on the Authority's pledge of the Pledged State Aid which is paramount and superior to all other liens for the sole purpose of paying the principal of, and interest on, the Authority's Notes.]

IF NO SET-ASIDE INSTALLMENTS ARE APPLICABLE, THE FOLLOWING LANGUAGE SHALL BE INCLUDED IN THE PURCHASE CONTRACT:

[The Issuer acknowledges that: (i) the Authority will purchase the Notes with proceeds from the State Aid Revenue Notes, Series 2012B-2 and Series 2012B-3, to be issued by the Authority (the "Authority's Notes"); (ii) the payment of principal and interest on the Authority's Notes of Series 2012B-2 (the "2012B-2 Notes") will be secured by a direct-pay letter of credit (the "Letter of Credit") to be issued JPMorgan Chase Bank, National Association (the "Bank"), pursuant to a reimbursement agreement among the Authority, The Bank of New York Mellon Trust Company, N.A. (as Trustee and Depository), and the Bank, dated as of August 20, 2012 (the "Reimbursement Agreement"); and (iii) the Authority's Notes of Series 2012B-3 (the "2012B-3 Notes") will be directly purchased from the Authority by Wells Fargo Bank, National Association (the "Purchaser"), unsecured by any letter of credit.

The Issuer agrees that it will deposit with the Depository (as defined in Schedule I) payment of the principal of and interest on the Notes in immediately available funds received by the Depository by 11:00 a.m. on the maturity date of the Notes. The Issuer pledges to pay the principal and interest on its Notes from the 2012/2013 State School Aid to be allocated to it and to be paid during January 2013 through August 2013, inclusive (the "Pledged State Aid"). If on the maturity date of the Notes there are insufficient funds on deposit with the Depository to pay the principal of and interest on the Notes when due, the Issuer, pursuant to Section 17a(3) of the Act, to the extent necessary to meet the payment obligation, assigns to the Authority and authorizes and directs the State Treasurer to intercept or advance all or part of any state school aid payment which is dedicated for distribution to the Issuer or for which the appropriation authorizing the payment has been made under the Act. The Issuer acknowledges that a State Aid Agreement will be executed among the Authority, the State Treasurer, the Depository, and the Trustee for the Authority whereby the State Treasurer agrees to intercept and/or advance all or part of any State School Aid as described under this Purchase Contract. Notwithstanding the foregoing:

(A) The Issuer hereby irrevocably directs the State of Michigan to pay to the Depository 100% of the Pledged State Aid to be distributed to the Issuer in August 2013, and the Depository shall apply the August 2013 state school aid payment on the following priority basis: (1) on a parity basis with respect to (a) the Bank, the amount necessary to reimburse it for the drawing on the Letter of Credit to pay principal and interest on the 2012B-2 Notes on August 20, 2013 and all other amounts due and owing to the Bank under the Reimbursement Agreement, and (b) first, the registered owner of the 2012B-3 Notes, the principal and interest due on the 2012B-3 Notes on August 20, 2013, and second, the Purchaser, all other amounts due and owing to the Purchaser under the Note Purchase Agreement among the Authority, the Purchaser and the Depository relating to the 2012B-3 Notes; and (2) any amount remaining to be immediately distributed to the Issuer; and

(B) if (1) the Issuer's August 2013 state school aid payment will be less than the principal and interest on the Notes and (2) the Issuer will pay any of the remaining amount due from any source other than proceeds from its borrowing in the Authority's August 2013 state aid note pool, the Issuer shall give written notice by August 10, 2013 to the Authority and the Depository specifying each such source and amount (e.g., \$_____ will be wired to the Depository from [bank name]); and

(C) if at any time and from time to time prior to the maturity date of the Notes the Authority has reason to believe that the Issuer will be unable to pay in full the principal and interest on the Notes when due, the Authority may request by phone or email from the Issuer a written confirmation of both its ability to pay the Notes when due and a description of the source of funds for the repayment of the Notes. If the Issuer fails within ten days to provide such confirmation to the satisfaction of the Authority, the Issuer hereby authorizes the intercept of any Pledged State Aid to be distributed to the Issuer earlier than August 2013 in such amount as determined by the Authority to be appropriate and further authorizes the Authority to give notice to the State Treasurer to intercept that amount of any Pledged State Aid which has not already been transferred to the Issuer. Any Pledged State Aid which is thus intercepted shall be transferred to the Depository and shall be applied after the Authority's Notes are paid in the same manner as provided in paragraph (A) above.]

The Issuer consents to the Authority's pledge and assignment of and grant of a security interest in the Authority's rights and interest (subject to certain rights of indemnification) in the Notes and this Purchase Contract as security for the Authority's Notes and a Trust Indenture dated as of August 1, 2012, issued by the Authority pursuant to its Note Authorizing Resolution adopted _____, 2012 and the Authority's obligations under the Reimbursement Agreement.

The Issuer acknowledges that Section 15 of the Authority's enabling statute, the Shared Credit Rating Act, as amended, provides for a statutory lien on the Authority's pledge of the Pledged State Aid which is paramount and superior to all other liens for the sole purpose of paying the principal of, and interest on, the Authority's Notes.

Section 17a(3) of the Act does not require the State to make an appropriation to any school district or intermediate school district and shall not be construed as creating an indebtedness of the State.

With respect to any payment not received from the Issuer by the Depository by the time and date due under this Purchase Contract, the Issuer agrees to pay the Authority an amount as invoiced by the Authority to recover its administrative costs attributable to the late payment. The Issuer further agrees to reimburse the Authority (A) for any and all amounts which the Authority may have to rebate to the federal government due to investment income which the Issuer may earn in connection with the issuance or repayment of its Notes and (B) for the Issuer's pro rata share of the Costs of Issuance that were paid by the Authority in the event that the Authority is required to rebate investment earnings to the federal government regardless, in either case, whether the Issuer is subject to such rebate or not. In the event the Issuer does not meet any arbitrage rebate exception pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, relative to the Notes, the Issuer will make any required rebate payment to the federal government when due.

The Issuer shall make the Notes and its Closing Documents (defined below) available for inspection by the Authority on August 13, 2012, at the offices of the Thrun Law Firm, P.C., East Lansing, Michigan. At 9:00 a.m., prevailing Eastern time, on August 20, 2012 ("Closing Date"), the Issuer shall deliver the Notes to the Authority at the offices of Miller, Canfield, Paddock and Stone, P.L.C., Lansing, Michigan, together with such other documents, certificates and closing opinions as the Authority shall require (the "Closing Documents") and the Authority shall accept delivery of the Notes and the Closing Documents and pay the purchase price for the Notes.

The Authority shall have the right in its sole discretion to terminate the Authority's obligations under this Purchase Contract to purchase, accept delivery of and pay for the Notes if the Authority is unable for any reason to sell and deliver the Authority's Notes on or prior to the Closing Date.

Michigan Finance Authority

By _____
Its Authorized Officer

Accepted and Agreed to this
_____ day of _____, 2012

_____ ("Issuer")
By _____
Title: _____

Schedule I
[INSTALLMENT PAYMENT SCHEDULE]

All capitalized terms used and not expressly defined in this Schedule I shall have the meanings given to them in the Purchase Contract to which this Schedule I is attached (the "Purchase Contract").

1. The Issuer hereby covenants that it will deposit all Installment payments commencing on January 22, 2013, with The Bank of New York Mellon Trust Company, N.A., or its successor (the "Depository") at its designated corporate trust office located in Detroit, Michigan. The Issuer directs the Depository to use the proceeds of the Installment payments to acquire U.S. Treasury Obligations -- state and local government series (SLGS) and/or such other U.S. Treasury notes, bonds, bills and securities as authorized and directed by the Authority and as permitted by law, or, if authorized and directed by the Authority to enter into an Investment Contract with a financial institution on behalf of the Issuer for the investment of the Installment payments. In the event the Depository resigns, or is removed, the Issuer hereby accepts and appoints a successor depository appointed by the Authority as depository for the Notes.
2. The number of equal Installments shall be [five] or [seven]. The Issuer hereby agrees to deposit funds with the Depository in accordance with the Purchase Contract and its resolution authorizing the Notes.
3. The Issuer covenants that it will deliver from time to time such additional information regarding the financial condition of the Issuer as the Authority may reasonably request.
4. The Issuer covenants that the principal amount of the Notes, together with any additional notes or other obligations of equal standing with the Notes as to the Pledged State Aid, will not exceed 75% of the amount of state school aid to be received by the Issuer during the period from January 1, 2013, through August 31, 2013.
5. The principal amount and the interest rate on the Notes shall be \$ _____ and _____% per annum, respectively.
6. The Issuer's pro rata share of the Costs of Issuance shall not exceed \$ _____.
7. The Notes shall be dated August 20, 2012 and shall mature on August 20, 2013.
8. The purchase price of the Notes shall be \$ _____ (par of \$ _____ [less net discount of \$ _____] [plus net premium of \$ _____]).
9. As long as the Notes are outstanding, the Issuer shall neither pledge nor make any request for an advancement pursuant to Section 17b of the State School Aid Act of 1979, as amended, of any portion of its August 2013 or October 2013 state school aid without the prior written consent of the Authority, by its Executive Director, which consent shall not be unreasonably withheld. The Issuer shall not, at any time prior to the maturity of the Notes, issue any other obligations pledging the Pledged State Aid ("Other Obligations") unless: (i) the Issuer shall have given prior written notice to the Authority of the Issuer's intent to issue any Other Obligations promptly after forming such intent; (ii) any Other Obligations shall mature after August 20, 2013; and (iii) any pledge of the Pledged State Aid as security for the payment of any Other Obligations shall be: (A) expressly subject to the prior right of interception set forth in this Purchase Contract; and (B) expressly subordinate, under

written subordination terms satisfactory to the Authority and its counsel, to the Issuer's prior pledge of Pledged State Aid as security for the Notes. "Other Obligations" defined in this paragraph 9 shall not include state aid notes, if any, issued by the Issuer as a separate series on August 20, 2012 and purchased by the Authority with proceeds from the State Aid Revenue Notes, Series 2012B-2 and Series 2012B-3, to be issued by the Authority pursuant to the Trust Indenture dated as of August 1, 2012. Any one or more of the foregoing restrictions set forth in this paragraph 9 may be waived in writing by the Authority, by its Authorized Officer, in his or her sole and absolute discretion.

Schedule I
[NO INSTALLMENTS]

All capitalized terms used and not expressly defined in this Schedule I shall have the meanings given to them in the Purchase Contract to which this Schedule I is attached (the "Purchase Contract").

1. The Issuer hereby agrees to deposit or cause to be deposited funds to pay principal and interest on the Notes with The Bank of New York Mellon Trust Company, N.A., or its successor (the "Depository") at its designated corporate trust office located in Detroit, Michigan, in accordance with the Purchase Contract and resolution authorizing the Notes.
2. The Issuer covenants that it will deliver from time to time such additional information regarding the financial condition of the Issuer as the Authority may reasonably request.
3. The Issuer covenants that the principal amount of the Notes, together with any additional notes or other obligations of equal standing with the Notes as to the Pledged State Aid, will not exceed 75% of the amount of state school aid to be received by the Issuer during the period from January 1, 2013, through August 31, 2013.
4. The principal amount and the interest rate on the Notes shall not exceed \$_____ and _____% per annum, respectively.
5. The Issuer's pro rata share of the Costs of Issuance shall not exceed: (A) \$_____, plus (B) the Issuer's pro rata share of related charges pursuant to the Reimbursement Agreement among the Authority, the Bank and the Depository (including, without limitation, all other amounts owing by the Authority under the Reimbursement Agreement and the initial fee of the Bank), plus (C) the Issuer's pro rata share of related charges pursuant to the Note Purchase Agreement among the Authority, the Purchaser and the Depository (including, without limitation, all other amounts owing to the Purchaser under the Note Purchase Agreement).
6. The Notes shall be dated August 20, 2012 and shall mature on August 20, 2013.
7. The purchase price of the Notes shall be \$ _____ (par of \$ _____ [less net discount of \$ _____] [plus net premium of \$ _____]).
- [8. Drawings on the Letter of Credit shall be reimbursed to the Bank on the same day in immediately available funds and reasonable charges and expenses which the Bank may pay or incur relative to the Letter of Credit shall be reimbursed to the Bank on demand as provided in the Reimbursement Agreement. Interest shall be payable to the Bank at a daily fluctuating interest rate per annum (the "Bank Reimbursement Rate") equal to (i) in the case of any amount drawn under the Letter of Credit and not so reimbursed, the Base Rate plus 4.0%; and (ii) in the case of any aforesaid reasonable charges and expenses which the Bank may pay or incur relative to the Letter of Credit, the Base Rate plus 4.0%.

"Adjusted One Month LIBOR Rate" means an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the sum of (i) 2.50% per annum plus (ii) the quotient of (a) the interest rate determined by the Bank by reference to the Reuters Screen LIBOR01 Page (or on any successor or substitute page) to be the rate at approximately 11:00 a.m. London time, on such date or, if such date is not a Business Day, on the immediately preceding Business Day, for dollar

deposits with a maturity equal to one (1) month divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to dollar deposits in the London interbank market with a maturity equal to one (1) month.

"Base Rate" means, for any day, the highest of (a) the Prime Rate, (b) the Adjusted One Month LIBOR Rate and (c) eight percent (8.0%) per annum.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in the States of Michigan, Illinois or New York are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

"Prime Rate" means, for any day, the greater of:

(i) the rate of interest announced by the Bank from time to time as its prime commercial rate for U.S. dollar loans, or equivalent, as in effect on such day, with any change in the Prime Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate; and

(ii) the sum of (x) the rate determined by the Bank to be the average (rounded upwards, if necessary, to the next higher 1/100 of 1%) of the rates per annum quoted to the Bank at approximately 10:00 a.m. (Chicago time) (or as soon thereafter as is practicable) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) by two or more Federal funds brokers selected by the Bank for the sale to the Bank at face value of Federal Funds in an amount equal or comparable to the principal amount owed to the Bank for which such rate is being determined, plus (y) 1/2 of 1% (0.50%).

"Reserve Requirement" means a percentage equal to the daily average during the most recently completed interest period of the aggregate maximum reserve requirements (including all basic, supplemental, marginal and other reserves), as specified under Regulation D of the Federal Reserve Board, or any other applicable regulation that prescribes reserve requirements applicable to Eurocurrency liabilities (as presently defined in Regulation D) or applicable to extensions of credit by the Bank the rate of interest on which is determined with regard to rates applicable to Eurocurrency liabilities. Without limiting the generality of the foregoing, the Eurocurrency Reserve Requirement shall reflect any reserves required to be maintained by the Bank against any category of liabilities that includes deposits by reference to which the Adjusted One Month LIBOR Rate is to be determined.]

[9. So long as the Notes are outstanding or any amounts are due and owing to the Bank under the Reimbursement Agreement, the Issuer shall neither pledge nor make any request for an advancement pursuant to Section 17b of the State School Aid Act of 1979, as amended, of any portion of its August 2013 or October 2013 state school aid without the prior written consent of the Authority, by its Executive Director, which consent shall not be unreasonably withheld. The Issuer shall not, at any time prior to the maturity of the Notes, issue any other obligations pledging the Pledged State Aid ("Other Obligations") unless: (i) the Issuer shall have given prior written notice to the Authority of the Issuer's intent to issue any Other Obligations promptly after forming such intent; (ii) any Other Obligations shall mature after August 20, 2013; and (iii) any pledge of the Pledged State Aid as security for the payment of any Other Obligations shall be: (A) expressly subject to the prior right of interception set forth in this Purchase Contract; and (B) expressly subordinate, under written subordination terms satisfactory to the Authority and its counsel, to the Issuer's prior pledge of

Pledged State Aid as security for the Notes. "Other Obligations" defined in this paragraph 9 shall not include state aid notes, if any, issued by the Issuer as a separate series on August 20, 2012 and purchased by the Authority with proceeds from the State Aid Revenue Notes, Series 2012B-1 or Series 2012B-3, to be issued by the Authority pursuant to the Trust Indenture dated as of August 1, 2012. Any one or more of the foregoing restrictions set forth in this paragraph 9 may be waived in writing by the Authority, by its Authorized Officer, in his or her sole and absolute discretion.]

[NOTE: If the Purchaser of the Authority's Notes with no Set-Asides requires a Default Interest Rate, ADD THAT PROVISION HERE.]