

A meeting of the Economic Development Corporation was held on Tuesday, October 13, 1992 in the Conference Room C at City Hall. The meeting was called to order by Chairman Ronald H. Mansell at 7:00 P.M.

PRESENT: Ronald H. Mansell, Chairman
Kenneth L. Courtney
Robert S. Gigliotti
Laurence G. Keisling
Ernest Reschke (arr. 7:05 p.m.)
Douglas J. Schroeder

ABSENT: Michael Parker
Charles Salgat

EXCUSED: Nelson Ritner

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MINUTES

Resolution #92-3
Moved by Schroeder
Supported by Gigliotti

RESOLVED, That the Minutes of the meeting of September 22, 1992 be approved.

Yeas: Courtney, Gigliotti, Keisling, Mansell, Schroeder
Absent: Parker, Reschke, Ritner, Salgat

STATUS CHART

The Status Chart of EDC applicants was reviewed.

DRURY INN-TROY PROJECT

Resolution #92-4
Moved by Courtney
Supported by Reschke

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF ECONOMIC DEVELOPMENT REVENUE REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF \$6,200,000 TO LOAN THE BOND PROCEEDS TO THE COMPANY TO REFUND THE PRIOR BONDS INITIALLY ISSUED FOR THE ACQUISITION, CONSTRUCTION, FURNISHING AND EQUIPPING OF THE PROJECT AND THE ACQUISITION OF THE SITE THEREOF FOR THE COMPANY, AUTHORIZING THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT, THE TRUST INDENTURE AND THE BOND PURCHASE AGREEMENT; ACKNOWLEDGING THE REIMBURSEMENT AGREEMENT, THE GUARANTY, THE MORTGAGE, AND MAKING ELECTION RELATING TO \$10,000,000 LIMITATION AND AUTHORIZING AND DETERMINING OTHER MATTERS RELATIVE THERETO.

The Economic Development Corporation of the City of Troy (the "Issuer") is empowered under Act 338, Public Acts of Michigan 1974, as amended (the "Act"), to assist in the financing and refinancing of certain projects and facilities through the issuance of its economic development limited obligation revenue or refunding revenue bonds. Drury Inn-Troy (the "Company") has proposed that the Company refinance the acquisition, furnishing, equipping and construction of a 153 room motel and restaurant and acquisition of the site thereof (the "Project"), and has requested the Issuer to assist in refinancing of the Project in the following general manner (as detailed in the Loan Agreement dated as of October 1, 1992 between the Issuer and the Obligor (the "Agreement"). The Issuer would issue its limited obligation revenue refunding bonds in the principal amount of not to exceed \$6,200,000 (the "Bonds") under the Act and would loan the proceeds of the Bonds to the Company to be used to finance the refunding of the outstanding Obligation Revenue Bonds (Drury Inn-Troy Project), Series A dated as of December 1, 1982 (the "Prior Bonds"). Under the terms of the Agreement the company would make loan repayments (the "Loan Repayments") pursuant to a promissory note (the "Note") in amounts sufficient to pay the principal of and interest on the Bonds, and would be responsible for paying any costs of the Bonds, and would be responsible for paying any costs of the Project exceeding the amount of the Bonds, maintaining and insuring the Project and paying all taxes and expenses relating to the Project. The Issuer would enter into a Trust Indenture (the "Indenture") with mark Twain Bank, St. Louis, Missouri, as Trustee (the "Trustee"), wherein the Issuer would assign and pledge its right, title and interest in the Agreement, if any, to the Trustee as security for the Bonds. Upon full payment of the Bonds or provision therefor, the Agreement would be terminated and the Note would be canceled.

As additional security for the Bonds, it is the Issuer's understanding that the payment of the principal of, premium, if any, and interest on the Bonds is to be guaranteed under the terms of a Guaranty Agreement dated as of October 1, 1992 executed by Lincoln National Corporation (the "Guarantor") for the benefit of the Trustee. The Company and the Guarantor have entered into a Reimbursement Agreement date as of October 1, 1992 (the "Reimbursement Agreement") pursuant to which the Obligor has agreed to reimburse the Guarantor for all payments made by the Guarantor under the Guaranty.

The Company will grant to the Guarantor, a mortgage on the real property on which the Project is located, and in the Project pursuant to a Mortgage, Security Agreement and Assignment of Rents and Leases (the "Mortgage") dated as of October 1, 1992.

If the Guarantor defaults under the Guaranty and the Guarantor fails to remedy such default as described in the guaranty, the Guarantor will assign its rights thereunder to the Trustee.

The Issuer's participation in the refinancing of the Project is to enable the Company to utilize applicable provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"). The Code encourages the construction of certain facilities and the public financing or refinancing thereof through limited obligation revenue or refunding revenue bonds by providing that the interest on such bonds, as contrasted with any bonds

issued by the company itself, will be exempt from Federal income tax. This tax exemption enables the bond purchaser to accept a lower rate of interest, and since the company in effect pays the interest on the Bonds, reduces the interest cost of the Project financing to the Company.

On the basis of representations of the company in the Loan Agreement and the advice of Bond Counsel that the Issuer has the authority to issue the Bonds and loan the Bond proceeds to the Company and thereby serve the purposes of the Act, the Issuer has determined to issue the Bonds, subject to the following condition: principal, premium, if any, and interest on the Bonds and any other cost or liability relating to the Bonds or the issuance or sale thereof, the Project, or the ownership or refinancing of the Project and the performance of any obligation of the Issuer under the Agreement, the Indenture or the Bond Purchase Agreement among the Issuer, the Company and A. G. Edwards & Sons, Inc., as Underwriter (the "Underwriter") shall never be payable from tax revenues or other public or general funds of the Issuer, the City of Troy, Michigan, (the "Municipality"), or the State of Michigan, but shall be payable only from the sources set forth in the Indenture.

The Company has estimated that the costs of refunding the Prior Bonds to be not less than \$6,200,000 and has tentatively arranged with the Underwriter for the financial terms and sale of the Bonds in that amount to the Underwriter in accordance with the Bond Purchase Agreement. The Issuer, the Company, the Underwriter, the Trustee and the Guarantor have completed negotiation and drafting of the Agreement, the Indenture, the Mortgage, the Reimbursement Agreement, the Guaranty and the Bond Purchase Agreement and have submitted these documents to the Issuer for review and action. It is now appropriate for the Issuer to act on the proposed documents and the proposed issuance and sale of the Bonds. In addition, it is necessary at this time for the Issuer to elect to have the provision of Section 144 (a) (4) of the Internal Revenue Code of 1986, apply to the \$6,200,000 face amount of the Bonds.

NOW, THEREFORE, BE IT RESOLVED:

SECTION 1. Determination of Necessity. The Project creates employment in and stimulates the economy of the Municipality and constitutes a public purpose under the Act.

SECTION 2. Issuance of Bonds, Limited Obligation. The Bonds shall be issued by the Issuer in the principal amount of not to exceed \$6,200,000 in such form and denomination as proved in the Indenture.

SECTION 3. Approval of Agreement and the Note. The forms of Agreement and Note on file with the Secretary of the Issuer ("Secretary") are hereby approved.

SECTION 4. Approval of the Indenture. The form of the Indenture on file with the Secretary of the Issuer is hereby approved.

SECTION 5. Approval of the Bond Purchase Agreement. The form of Bond Purchase Agreement on file with the Secretary of the Issuer is hereby approved.

SECTION 6. Approval of Distribution of Preliminary Official Statement and Execution and Distribution of Final Official Statement. The prior distribution of the Preliminary Official Statement and the Appendices attached thereto at the direction of the Company and the Guarantor describing the company and the Guarantor and their affairs in connection with the sale of the Bonds is hereby ratified and approved. The final Official Statement containing such changes and insertions to the Preliminary Official Statement to reflect the actual terms of the Bonds, and otherwise as may be necessary or desirable, permitted by the Act and otherwise by law, and not materially adverse to the Issuer, may be distributed in connection with the sale of the Bonds to the public and maybe executed by the Chairman and/or the Secretary as required by the Bond Purchase Agreement. The Company and the Guarantor may attach to the final Official Statement appendices describing the Company and the Guarantor and their affairs.

SECTION 7. Execution and Delivery of the Agreement, the Indenture, the Bond Purchase Agreement and Changes Therein. The Chairman, Secretary or any other officer of the Issuer (the "Authorizing Officer") is hereby authorized to execute and deliver and is to attest and seal the Agreement, the Indenture and the Bond Purchase Agreement all in such documents as may be necessary or desirable, permitted by the Act and otherwise by law, and not materially adverse to the Issuer.

SECTION 8. Acknowledgment of Other Agreements. The forms of the Guaranty, the Reimbursement Agreement and the Mortgage on file with the Secretary of the Issuer are hereby acknowledged.

SECTION 9. Sale and Delivery of the Bonds. The Bonds shall be sold by the Issuer to the Underwriter under the Bond Purchase Agreement at a purchase price and bearing interest at a rate be determined upon marketing but not in excess of 10% per annum. Upon compliance with the terms and conditions of the Bond Purchase Agreement, the Chairman and the Secretary or any other officer of the Issuer shall execute (by manual or facsimile signature), seal (by manual or facsimile) and deliver the Bonds upon receipt by the Trustee of the proceeds therefore to the credit of the Refunding Fund and the Bond Fund (each as defined in the Indenture) in accordance with the Indenture.

SECTION 10. Tax Covenants. The Issuer hereby covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest on the bonds form adjusted gross income for federal income tax purposes under the Code including but not limited to, actions relating to the rebate or arbitrage earnings, if applicable, and the expenditure and investment of bond proceeds and moneys deemed to be bond proceeds. In addition, the Issuer hereby elects, if applicable, to have the provision of Section 144 (a) (4) of the Internal Revenue Code of 1986, as amended apply to the face amount of the Bonds.

SECTION 11. Approval of Filings and Submissions with Other Governmental Agencies. The Chairman, Treasurer or Secretary, members, staff and counsel for the Issuer, or any of them, are authorized on behalf of the Issuer to apply for such rulings, orders and approvals and file or submit such elections or other documents to any governmental agency, in order that the Bonds may be validly issued and the interest thereon be exempt from Federal income taxation, and to execute such powers of attorney as may be appropriate in connection with the foregoing.

SECTION 12. Authorization of Other Documents. The Chairman or Secretary, members, staff and counsel for the Issuer or any of them, are hereby authorized to execute and deliver such other certificates, documents, instruments, and opinions and other papers as may be required by the Agreement, the Indenture, the Bonds Purchase Agreement and the Mortgage or as may be necessary or convenient to effectuate the sale and delivery of the Bonds in accordance with the terms of the Agreement, the Indenture, the Bonds Purchase Agreement and the Mortgage.

SECTION 13. Conflict and Effectiveness. All resolutions and parts of resolutions or other proceedings of the Issuer in conflict herewith are repealed to the extent of such conflict. This resolution shall become effective upon adoption.

Yeas: Courtney, Gigliotti, Keisling, Mansell, Reschke, Schroeder
Absent: Parker, Ritner, Salgat

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The meeting was adjourned at 7:10 p.m.