

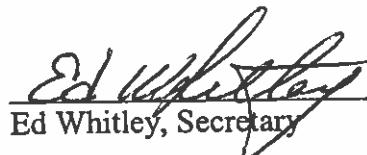
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MICHIGAN PUBLIC POWER AGENCY

SECRETARY'S CERTIFICATE

The undersigned, Secretary of the Michigan Public Power Agency ("MPPA"), hereby certifies that attached hereto is a true and complete copy of the Thirteenth Supplemental Belle River Project Revenue Bond Resolution adopted by MPPA on November 13, 2002, and that such resolution has not been supplemented, altered, amended or repealed, and is in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have executed and delivered this Certificate on December 2, 2002.

  
Ed Whitley, Secretary

Adoption Copy

MICHIGAN PUBLIC POWER AGENCY

BELLE RIVER PROJECT REFUNDING REVENUE BONDS  
2002 SERIES A

THIRTEENTH SUPPLEMENTAL BELLE RIVER PROJECT  
REVENUE BOND RESOLUTION

Adopted November 13, 2002

THIRTEENTH SUPPLEMENTAL BELLE RIVER PROJECT  
REVENUE BOND RESOLUTION

BE IT RESOLVED by Michigan Public Power Agency as follows:

**ARTICLE I**  
**DEFINITIONS AND STATUTORY AUTHORITY**

**101. Supplemental Resolution.**

This Thirteenth Supplemental Belle River Project Revenue Bond Resolution is supplemental to, and is adopted in accordance with Article II and Article X of, the Belle River Project Revenue Bond Resolution adopted by MPPA on January 12, 1983, as supplemented and amended by the First Supplemental Belle River Project Revenue Bond Resolution (the "First Supplemental Resolution") adopted by MPPA on January 12, 1983, the Second Supplemental Belle River Project Revenue Bond Resolution (the "Second Supplemental Resolution") adopted by MPPA on February 17, 1983, the Third Supplemental Belle River Project Revenue Bond Resolution (the "Third Supplemental Resolution") adopted by MPPA on July 28, 1983, the Fourth Supplemental Belle River Project Revenue Bond Resolution (the "Fourth Supplemental Resolution") adopted by MPPA on September 14, 1983, the Fifth Supplemental Belle River Project Revenue Bond Resolution (the "Fifth Supplemental Resolution") adopted by MPPA on February 12, 1986, the Sixth Supplemental Belle River Project Revenue Bond Resolution (the "Sixth Supplemental Resolution") adopted by MPPA on March 6, 1986, the Seventh Supplemental Belle River Project Revenue Bond Resolution (the "Seventh Supplemental Resolution") adopted by MPPA on March 6, 1986, the Eighth Supplemental Belle River Project Revenue Bond Resolution (the "Eighth Supplemental Resolution") adopted by MPPA on November 14, 1986, the Ninth Supplemental Belle River Project Revenue Bond Resolution (the "Ninth Supplemental Resolution") adopted by MPPA on November 18, 1992, the Tenth Supplemental Belle River Project Revenue Bond Resolution (the "Tenth Supplemental Resolution") adopted by MPPA on March 10, 1993, the Eleventh Supplemental Belle River Project Revenue Bond Resolution adopted by MPPA on July 15, 1993 (the "Eleventh Supplemental Resolution") and the Twelfth Supplemental Belle River Project Revenue Bond Resolution adopted by MPPA on October 9, 2002 (the "Twelfth Supplemental Resolution"). The Belle River Project Revenue Bond Resolution as so supplemented and amended is hereinafter referred to as the "Resolution."

**102. Definitions.**

1. All terms which are defined in Section 101 of the Resolution shall have the same meanings, respectively, in this Thirteenth Supplemental Belle River Project Revenue Bond Resolution as such terms are given in the Resolution, as amended and supplemented through the Twelfth Supplemental Resolution.
2. In this Thirteenth Supplemental Belle River Project Revenue Bond Resolution:

"Bond Insurer" means MBIA Insurance Corporation, a New York domiciled stock insurance company, or any successor thereto, or any assignee thereof.

"Bond Insurance Policy" means the financial guaranty insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Insured Bonds.

"Debt Service Reserve Fund Security Instrument" means a letter of credit, line of credit, policy of insurance, surety bond or similar instrument which will provide for the payment of all or part of the amounts required to be disbursed from the Debt Service Reserve Account; provided that the use of any Debt Service Reserve Fund Security Instrument shall be allowed only if an Authorized Officer of MPPA confirms in writing with the rating agencies then rating the Bonds that it would not result in a reduction of any rating applicable to the Bonds; and provided further, however, if the provider of a Surety Bond is MBIA Insurance Corporation, and the Surety Bond is in effect with respect to Bonds issued under the Resolution, any additional Debt Service Reserve Fund Security Instrument must be issued by an insurance company or institution rated in the highest rating category by Standard & Poor's and Moody's, and if rated by A.M. Best & Company, such insurance company or institution must also be rated in the highest rating category by A.M. Best & Company.

"Insured Bonds" means the specific maturities of Series 2002A Bonds insured by the Bond Insurer, as specified in the Bond Insurance Policy.

"Surety Bond" means the Debt Service Reserve Fund Security Instrument used to satisfy the Debt Service Reserve Requirement, and if issued by MBIA Insurance Corporation, means the Surety Bond issued by MBIA Insurance Corporation guaranteeing certain payments into the Debt Service Reserve Account with respect to Bonds as provided therein and subject to the limitations set forth therein.

"Surety Provider" means the provider of the Debt Service Reserve Fund Security Instrument.

"2002 Series A Bonds" shall mean MPPA's Belle River Project Refunding Revenue Bonds, 2002 Series A, authorized by Article II of the Twelfth Supplemental Belle River Project Revenue Bond Resolution.

**103. Authority for this Thirteenth Supplemental Belle River Project Revenue Bond Resolution.**

This Thirteenth Supplemental Belle River Project Revenue Bond Resolution is adopted pursuant to the provisions of the Resolution and the Act.

## ARTICLE II BOND INSURANCE

### **201. Bond Insurance.**

In the event a Bond Insurance Policy insures the principal of and interest on all or a portion of the Series 2002A Bonds, with respect to the Insured Bonds, and only during such time as the Bond Insurer is not in default under the terms and conditions of the Bond Insurance Policy to be issued by the Bond Insurer at the time of the issuance and delivery of the Insured Bonds, and the Bond Insurance Policy is in full force and effect:

(a) The Bond Insurer shall be deemed to be and recognized as the Holder of the Insured Bonds (i) at all times for the purposes of the adoption of a supplemental resolution amending, changing or modifying the Resolution or this supplemental resolution or the initiation by Bondholders of any action to be taken by the Trustee at the Bondholders' request, or the removal of the Trustee or the appointment of a successor Trustee, which under the Resolution, requires the written approval or consent of the Holders of all or a portion of the Bonds (including the Insured Bonds) at the time Outstanding under the Resolution or can be initiated upon the written request of the Holders of not less than all or a portion of the Bonds (including the Insured Bonds) Outstanding under the Resolution, (ii) following an Event of Default for all other purposes, and (iii) for the purposes of exercising all other rights and privileges available to a Holder of an Insured Bond.

(b) No action by the Trustee or any Holder of an Insured Bond to accelerate the payment of principal of and interest on the Insured Bonds or to pursue any other remedy with respect to the Insured Bonds shall be of any effect unless the Trustee or the Holder obtains the written consent of the Bond Insurer to such acceleration or the Bond Insurer shall direct such acceleration or remedy.

(c) In the event and to the extent that the principal and/or interest due on the Insured Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Insured Bonds shall remain Outstanding for all purposes under the Resolution, not be defeased or otherwise satisfied and not be considered paid by MPPA and the pledge of the funds and accounts under the Resolution and all covenants, agreements and other obligations of MPPA to the Holders of the Insured Bonds shall continue to exist.

(d) MPPA shall provide written notice to the Bond Insurer in the event the Trustee resigns or is removed. The Bond Insurer shall have the right to consent to the appointment of any successor Trustee.

(e) MPPA shall promptly mail to the Bond Insurer the following information relating to the Bonds: any notice of a draw on the Debt Service Reserve Account and a copy of the annual audit of MPPA as soon as the audit is practicably available but in any event, within 180 days of the end of the fiscal year for which the audit is related.

(f) The Trustee shall furnish to the Bond Insurer a copy of any notice to be given to any Holder of an Insured Bond or the Trustee under the Resolution. All notices required

to be given to the Bond Insurer under the Resolution shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance.

(g) The Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any right, remedy or claim conferred, given or granted to the Bond Insurer hereunder.

(h) Notwithstanding any other provision of the Resolution, the right of the Bond Insurer to consent to and to approve certain actions as provided in this Supplemental Resolution shall be null and void if the Bond Insurer is in default under the terms and conditions of the Bond Insurance Policy issued by the Bond Insurer or if such Bond Insurance Policy has been cancelled or is not otherwise in effect.

(i) MPPA shall mail copies to the Bond Insurer of any Additional Funding Instrument (as defined below) which may be provided in connection with the Series 2002A Bonds or any other Bonds issued pursuant to the Resolution.

(j) MPPA shall obtain the Bond Insurer's consent prior to adoption of a supplemental resolution or the issuance of additional bonds under the Resolution if the adoption of the supplemental resolution or the issuance of such additional bonds is for a purpose other than (i) a refunding to obtain savings; or (ii) the issuance of additional bonds which are in accordance with any additional bonds test or additional bonds requirement contained in the Resolution.

(k) Notwithstanding any other provision of the Resolution, in determining whether the rights of the Bondholders or the unenhanced rating on the Bonds will be adversely affected by any action taken pursuant to the terms and provisions of the Resolution, the Trustee shall consider the effect on the Bondholders (or the unenhanced rating on the Bonds, as appropriate) as if there were no Bond Insurance Policy.

(l) In connection with the issuance of Additional Bonds, MPPA shall deliver to the Bond Insurer a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

(m) Copies of any amendments made to the resolutions or documents entered into in connection with the issuance of the Insured Bonds which are consented to by the Bond Insurer shall be sent to Standard & Poor's Corporation.

## 202. Payment Procedures Relating to the Bond Insurance Policy.

As long as the Bond Insurance Policy issued by the Bond Insurer shall be in full force and effect, MPPA and the Trustee will comply with the following provisions:

(a) In the event that on the second business day, and again on the business day prior to the payment date of principal or interest on the Insured Bonds, the Trustee has not

received sufficient amounts in the funds established in the Resolution to pay all principal and interest coming due on the Insured Bonds on the second following, or following, as the case may be, business day, the Trustee shall immediately notify the Bond Insurer or its designee by telephone or telegraph, confirmed in writing by registered or certified mail, of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the interest payment date or principal payment date, the Trustee shall so notify the Bond Insurer or its designee.

(c) In addition, if the Trustee has written notice from any Bondholder that any of the Bondholders have been required to disgorge payments of principal or interest on the Insured Bonds to MPPA or to the trustee in bankruptcy for creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Holders within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(d) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Insured Bonds as follows:

(i) if and to the extent there is a deficiency in amounts required to pay interest on the Insured Bonds, the Trustee shall (A) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Bond Insurance Policy (the "Paying Agent"), in form satisfactory to the Paying Agent, an instrument appointing the Bond Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (B) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Bond Insurance Policy payment from the Paying Agent with respect to the claims for interest so assigned, and (C) disburse the same to such respective Holders; and

(ii) if and to the extent of a deficiency in amounts required to pay principal of the Insured Bonds, the Trustee shall (A) execute and deliver to the Paying Agent, in form satisfactory to the Paying Agent, an instrument appointing the Bond Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Insured Bonds surrendered to the Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Paying Agent is received), (B) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Bond Insurance Policy payment therefor from the Paying Agent and (C) disburse the same to such Holders.

(e) Payments with respect to claims for interest on and principal of Insured Bonds disbursed by the Trustee from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of MPPA with respect to such Insured Bonds, and the Bond Insurer shall become the owner of such unpaid Insured Bonds and claims for interest in

accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, MPPA and the Trustee hereby agree for the benefit of the Bond Insurer that:

(i) they recognize that to the extent the Bond Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Insured Bonds, the Bond Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from MPPA, with interest thereon as provided and solely from the sources stated in the Resolution; and

(ii) they will accordingly pay to the Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Resolution, but only from the sources and in the manner provided herein and in the Resolution for the payment of principal of and interest on the Insured Bonds to Holders, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

### **203. Conditions for Refundings and Defeasance.**

(a) In the event MPPA refunds all or a portion of the Insured Bonds, MPPA shall, unless waived in writing by the Bond Insurer, provide the Bond Insurer: (i) a final debt service schedule within three business days from the sale date of the refunding bonds; (ii) at least 10 days in advance of the closing, drafts of a verification report by an independent certified public accounting firm of the sufficiency of the escrow to timely pay the refunded bonds, an escrow securities purchase agreement or state and local government subscription form or open market securities confirmation, and an escrow deposit agreement; (iii) at least 5 business days prior to the closing, a draft opinion of bond counsel, to the effect that the refunding bonds are being issued in compliance with state law and that interest on the refunding bonds is tax-exempt; (iv) at least 5 business days prior to the closing, a draft opinion of bond counsel to the effect that the refunded bonds have been defeased. The Bond Insurer must give its oral approval of the form of the verification report, escrow securities order and escrow agreement.

(b) Defeasance of Insured Bonds. In the event Insured Bonds are defeased in accordance with Section 1201 of the Resolution, MPPA shall utilize only the following investments or securities to effectuate the defeasance, but only to the extent such investments or securities constitute Investment Securities as defined in the Resolution:

- (i) Cash;
- (ii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- "SLGs");
- (iii) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (iv) Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by

request to the Federal Reserve Bank of New York in book entry form are acceptable;

(v) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating) then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition;

(vi) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

- a) U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
- b) Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
- c) Federal Financing Bank
- d) General Services Administration  
Participation certificates
- e) U.S. Maritime Administration  
Guaranteed Title XI financing
- f) U.S. Department of Housing and Urban Development (HUD)  
Project Notes

Local Authority Bonds  
New Communities Debentures – U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

#### 204. Reimbursement of Bond Insurer Expenses.

MPPA shall, to the extent permitted by law, reimburse the Bond Insurer immediately and unconditionally upon demand for all reasonable expenses, including attorneys' fees and expenses, incurred by the Bond Insurer in connection with the enforcement by the Bond Insurer of MPPA's obligations, or the preservation or defense of any rights of the Bond Insurer, under the Resolution and any other document entered into in connection with the Insured Bonds, and (ii) any consent, amendment, waiver or other action taken with respect to the Resolution or any related document, whether or not granted or approved.

**ARTICLE III**  
**DEBT SERVICE RESERVE FUND SECURITY INSTRUMENT;**  
**SURETY BOND**

**301. Amendments to Resolution.**

(a) **Amendments to Section 508 of the Resolution.**

A new subsection (5) is hereby added to Section 508 of the Resolution:

"5. The Debt Service Reserve Requirement may be satisfied by any combination of (i) cash; (ii) Investment Securities; and/or (iii) a Debt Service Reserve Fund Security Instrument.

(b) **A new Section 514 is hereby added to the Resolution, as follows:**

**514. Payment Procedures Pursuant to the Surety Bond.**

In the event all or a portion of the Debt Service Reserve Requirement is satisfied with a Debt Service Reserve Fund Security Instrument, the following shall apply:

(a) In the event that a transfer from the Debt Service Reserve Account in excess of all amounts on deposit in and credited to the Debt Service Reserve Account in addition to the Surety Bond is necessary to pay the amount of principal and interest coming due on the Bonds, then upon the later of (i) three days after receipt by an authorized officer of the Surety Provider of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Trustee certifying that payment due under the Resolution has not been made to the Trustee; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Trustee to an authorized officer of the Surety Provider, the Surety Provider will make a deposit of funds in an account with the Trustee or its successor, sufficient for the payment to the Trustee of amounts which are then due to the Trustee under the Resolution (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, to the extent the Debt Service Reserve Required is satisfied with cash or Investment Securities, such cash and Investment Securities shall be liquidated and utilized first in the event of a deficiency and any Demand for Payment shall take into account such available cash or Investment Securities; and provided, further however, that in the event that the amount on deposit in, or credited to, the Debt Service Reserve Account, in

addition to the amounts available under the Surety Bond, includes amounts available under any other Debt Service Reserve Fund Security Instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(b) The Trustee shall make available to the Surety Provider all records relating to the funds, accounts and the Surety Bond maintained under this Resolution.

(c) The Trustee shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Debt Service Reserve Account to the extent of moneys received pursuant to such Demand.

(d) The Debt Service Reserve Account shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument, if any, shall be paid from first available revenues on a pro rata basis and (ii) after all such amounts are paid in full, amounts necessary to fund the Debt Service Reserve Account to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument, shall be deposited from next available revenues. The term "available revenues" for purpose of this subsection (d) means all Revenues required to be transferred to the Debt Service Reserve Account under this Resolution to cure a deficiency in such Debt Service Reserve Account.

### **302. Financial Guaranty Agreement.**

The form of the Financial Guaranty Agreement between MPPA and MBIA Insurance Corporation presented to the Board at this meeting is approved and the Chairperson, Vice Chairperson, General Manager and Financial Manager are severally authorized to execute and deliver the Financial Guaranty Agreement on behalf of MPPA, with such changes as they may, in consultation with bond counsel, determine to be necessary and appropriate and which are not materially adverse to MPPA.

### **303. Miscellaneous Surety Bond Covenants.**

In the event a Surety Bond is in full force and effect and the Surety Provider is MBIA Insurance Corporation, MPPA agrees that: (a) the Bonds shall neither be defeased nor optionally redeemed until all amounts owing MBIA Insurance Corporation under the Financial Guaranty Agreement have been paid; (b) MPPA and the Trustee shall maintain adequate records to be periodically verified by MBIA Insurance Corporation, of the amounts available to be drawn at any given time under the Surety Bond and as to all covenants owed to MBIA Insurance Corporation under the terms of the Financial Guaranty Agreement; and (c) full replenishment of

the Debt Service Reserve Account to the required level as provided in Section 514(d) of the Resolution shall be completed within 12 months of the date the Debt Service Reserve Account falls below the required level.

## **ARTICLE IV ADDITIONAL AMENDMENTS TO RESOLUTION**

### **401. Additional Amendments to Resolution.**

#### **(a) Amendment to Section 713(2) of the Resolution.**

Section 713(2) of the Resolution is amended by adding the following language after the third sentence of subsection 2:

The transfer of operational or other control, or the transfer of all or part of its interests in transmission facilitates to, or the purchase or acquisition of stock, a membership interest or other interest, in a regional transmission system organization approved by the federal government, shall not constitute such an action.

## **ARTICLE V RATIFICATION**

### **501. Ratification.**

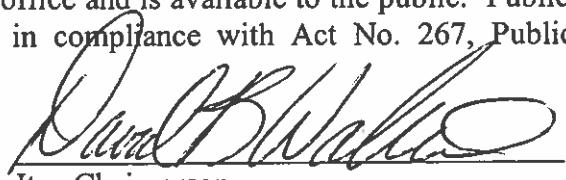
The adoption of the Belle River Project Revenue Bond Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution, the Tenth Supplemental Resolution, the Eleventh Supplemental Resolution and the Twelfth Supplemental Resolution are hereby ratified and confirmed. The authorization, execution and delivery by officers of MPPA of the Participation Agreement, the Edison Transmission Agreement, the Consumers Transmission Agreement and the Power Sales Contract and Project Support Contract with each of the Participants is hereby approved, ratified and confirmed.

## **ARTICLE VI EFFECTIVE DATE**

### **601. Effective Date.**

This Thirteenth Supplemental Belle River Project Revenue Bond Resolution shall take effect immediately.

I, the undersigned, duly qualified and acting Chairperson of the Michigan Public Power Agency ("MPPA"), do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Authority at a regular meeting held on the 13th day of November, 2002, an original of which is on file in my office and is available to the public. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended.



Its: Chairperson

Dated: November 13, 2002

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