

NOTICE TO ELECTORS AND TAXPAYERS
OF THE CITY OF CHELSEA
AND TO USERS OF THE CITY'S ELECTRIC UTILITY SYSTEM
OF INTENT TO ISSUE BONDS SECURED BY THE TAXING
POWER OF THE CITY AND THE RIGHT OF REFERENDUM THEREON

PLEASE TAKE NOTICE that the City of Chelsea, County of Washtenaw, State of Michigan (the "City"), intends to issue and sell its general obligation capital improvement bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in an aggregate principal amount of not to exceed Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000), for the purpose of paying the cost of capital improvements to the City's electric utility system by upgrading electrical substation, including, but not limited to, upgrading transformers and circuits, replacing voltage regulators, and replacing and adding electric reclosers, together with interests in land and all related sites, structures, equipment, appurtenances and attachments thereto.

SOURCE OF PAYMENT OF BONDS

THE PRINCIPAL OF AND INTEREST ON SAID BONDS shall be payable from the general funds of the City lawfully available for such purposes including property taxes levied within applicable constitutional, statutory and charter tax rate limitations. The City intends to use revenues received by the City from the operations of the City's electric utility system to pay debt service on the Bonds.

BOND DETAILS

SAID BONDS will be payable in annual installments not to exceed thirty (30) in number, with interest rates to be determined at a public or negotiated sale but in no event to exceed the maximum permitted by law on the unpaid balance from time to time remaining outstanding on said bonds.

RIGHT OF REFERENDUM

THE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY IS FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 517, Act 34, Public Acts of Michigan, 2001, as amended.

Lyn Sebestyen
City Clerk, City of Chelsea