

ORDINANCE NO. 2022-01

AN ORDINANCE TO PROVIDE FOR THE ESTABLISHMENT OF THE WATER SUPPLY SYSTEM SERVING THE VILLAGE OF EDWARDSBURG PURSUANT TO 94 PA 1933; TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION, FURNISHING AND EQUIPPING OF IMPROVEMENTS TO THE WATER SUPPLY SYSTEM; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY THE COST THEREOF; TO PRESCRIBE THE FORM OF THE BONDS; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; TO PROVIDE AN ADEQUATE RESERVE ACCOUNT FOR THE REVENUE BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM.

THE VILLAGE OF EDWARDSBURG ORDAINS:

Section 1. Definitions. The following words and terms used in this Ordinance shall have the meanings assigned in this Section, unless the context clearly indicates otherwise.

The word "acquired," as used in this Ordinance, shall be construed to include acquisition by purchase, construction or by any other method.

"Act 94" shall mean Act 94, Public Acts of Michigan, 1933, as amended.

"Additional Bonds" shall mean additional bonds issued pursuant to Section 19 of this Ordinance.

"Authorized Officer" shall mean the President, Clerk or Treasurer of the Village, acting individually.

"Bond" or "Bonds" shall mean the Village's Water Supply System Revenue Bonds, Series 2022, in the original principal amount of not to exceed \$2,600,000 authorized to be issued pursuant to this Ordinance.

"Fiscal Year" shall mean the fiscal year of the Village and the operating year of the System, commencing April 1 and ending March 31 of the subsequent year, as such year may be changed from time to time.

"Ordinance" shall mean this ordinance and any ordinance or resolution of the Village amendatory or supplemental to this ordinance, including ordinances authorizing issuance of Additional Bonds.

"Project" shall mean the acquisition, construction, furnishing and equipping additions, extensions and improvements to the water supply system, consisting generally of construction of an iron filtration water plant, including a water plant building, filtration

thereto and incident to the issuance and sale of the Bonds, the Village shall borrow the sum of not to exceed Two Million Six Hundred Thousand Dollars (\$2,600,000), as finally determined in the Sale Order and issue the Bonds therefor pursuant to the provisions of Act 94. The remaining costs, if any, shall be defrayed from System funds on hand and legally available for such use.

Section 5. Bond Details. The Bonds shall be designated WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2022, shall be payable solely and only out of the Net Revenues, as set forth more fully herein, shall consist of bonds of the denomination of \$1,000 or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, or alternatively, may consist of a single-instrument, non-convertible bond, as shall be determined in the Sale Order. The Bonds will be dated as of the date of delivery and shall mature on June 1 in the years 2023 to 2042, inclusive, in such amounts as shall be determined in the Sale Order, and be subject to optional redemption as shall be determined in the Sale Order. The Bonds may be issued as serial or term bonds or both and may be subject to mandatory redemption prior to maturity as shall be determined in the Sale Order. The Bonds shall not be sold at a price less than 99.75% of the par amount of the Bonds.

The Bonds shall bear interest at a rate or rates determined on the sale thereof, but in any event not exceeding five percent (5.00%) per annum, payable on June 1 and December 1 of each year, commencing December 1, 2022, or such later date as determined in the Sale Order, by check by check or draft mailed by the Transfer Agent to the person or entity who or which is, as of the 15th day of the month preceding the interest payment date, the registered owner at the registered address as shown on the registration books of the Village maintained by the Transfer Agent. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Village to conform to market practice in the future. The principal of the Bonds shall be payable at the principal office of the Transfer Agent.

Section 6. Execution and Delivery of the Bond. The Bonds shall be executed in the name of the Village with the manual or facsimile signatures of the President and the Clerk and shall have the Village's seal impressed or imprinted thereon. No Bond signed by facsimile signature shall be valid until authenticated by an authorized signer of the Transfer Agent. The Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser thereof.

Section 7. Bond Registration and Transfer. Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Village shall execute and the transfer agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The Transfer Agent shall require payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent shall not be required (i) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the day of the giving of a notice of redemption of Bonds selected for redemption as described in the form of Bonds contained in Section 17 of this Ordinance and ending at the close of business on the day

of the System 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 12. No Free Service or Use. No free service or use of the System, or service or use of the System at less than the reasonable cost and value thereof, shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the Village.

Section 13. Fixing and Revising Rates; Rate Covenant. The rates presently in effect in the Village are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Bonds as the same become due and payable and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. In addition, it is agreed that the rates shall be set from time to time so that there shall be produced each fiscal year, Net Revenues in an amount not less than 100% of the principal of and interest on the Bonds coming due in such fiscal year. The rates shall be reviewed not less than once a year and shall be fixed and revised from time to time as may be necessary to produce these amounts, and it is hereby covenanted and agreed to fix and maintain rates for services furnished by the System at all times sufficient to provide for the foregoing.

Section 14. Funds and Accounts; Flow of Funds. The Treasurer is hereby directed to create and maintain the following funds and accounts into which the Revenues from the System shall be deposited in the manner and at the times provided in this Ordinance, which accounts shall be established or continued and maintained, except as otherwise provided, so long as any Bonds remain outstanding. Commencing on the date of delivery of the Bonds, all funds belonging to the System shall be transferred as herein indicated and all Revenues of the System shall be set aside into a separate account to be designated the RECEIVING ACCOUNT (the "Receiving Account"), and moneys so deposited therein shall be transferred, expended and used only in the manner and order as follows:

(a) Operation and Maintenance Account. There is hereby established and there shall be maintained a separate account to be designated the OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account"). Revenues shall be transferred on the first day of each quarter of the Fiscal Year from the Receiving Account to the Operation and Maintenance Account to pay the reasonable and necessary current expenses of administration and operating and maintaining the System for the ensuing quarter.

(b) Bond and Interest Redemption Account. There shall be established and maintained a separate depository fund designated BOND AND INTEREST REDEMPTION ACCOUNT (the "Bond and Interest Redemption Account"), 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 Bond and Interest Redemption Account (including the Bond Reserve Account, herein defined) shall be kept on deposit with the bank or trust company where the principal of and interest on the Bonds, or any series thereof, are payable.

Out of the Revenues remaining in the Receiving Account, after provision for the Operation

(c) General Obligation Debt Account. After provision has been made for the requirements of the Operation and Maintenance Account and the Bond and Interest Redemption Account (including the Bond Reserve Account), Revenues may be transferred to a General Obligation Account established by the Village (the "G.O. Account") and utilized by the Village to pay debt service on presently existing or future general obligation bond issues or contractual obligations of the Village issued or incurred for System purposes.

(d) Repair, Replacement and Improvement Account. There is hereby established a separate account designated REPAIR, REPLACEMENT AND IMPROVEMENT ACCOUNT (the "RRI Account"). After the transfers required in (a), (b) and (c) above, there may be transferred from the Receiving Account and deposited in the RRI Account such moneys as the Village may deem advisable. Moneys in the RRI Account shall be used and disbursed only for the purpose of paying the cost of (a) repairing any damage to and emergency maintenance of the System, (b) repairing or replacing obsolete, deteriorating, deteriorated or worn out portions of the System, (c) acquiring and constructing extensions and improvements to the System and (d) when necessary, for the purpose of making payment of principal and interest on the Bonds. If the amount in the Bond and Interest Redemption Account is not sufficient to pay the principal of and interest on the Bonds when due, the moneys in the RRI Account shall be transferred to the Bond and Interest Redemption Account and used for that purpose. Moneys in the RRI Account may be invested in accordance with Section 15 of this Ordinance.

(e) Reverse Flow of Funds; Surplus Money. In the event the moneys in the Receiving Account are insufficient to provide for the current requirements of the Operation and Maintenance Account, the Bond and Interest Redemption Account (including the Bond Reserve Account), or the RRI Account, any moneys and/or securities in the funds of the System described by this Ordinance shall be transferred, first, to the Operation and Maintenance Account, second, to the Bond and Interest Redemption Account, and third, to the G.O. Account.

All moneys remaining in the Receiving Account at the end of any Fiscal Year after satisfying the above requirements for the deposit of moneys into the Operation and Maintenance Account, the Bond and Interest Redemption Account (including the Bond Reserve Account), and the RRI Account may be transferred to the Bond and Interest Redemption Account and used to call Bonds for redemption, or at the option of the Village, transferred to the RRI Account or the G.O. Account and used for the purpose for which such accounts were established; provided, however, that if there should be a deficit in the Operation and Maintenance Account, the Bond and Interest Redemption Account (including the Bond Reserve Account), or the RRI Account, on account of defaults in setting aside therein the amounts hereinbefore required, then transfers shall be made from such moneys remaining in the Receiving Account to such accounts in the priority and order named in this section, to the extent of such deficits.

Section 15. Investments. Moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Bonds may be invested by the legislative body of the Village on behalf of the Village in the obligations and instruments permitted for investment by Section 24 of Act 94, as the same may be amended from time to time.. Investment of moneys in the Bond and Interest Redemption Account being accumulated for payment on the next maturing principal or interest payment on the Bonds shall be limited to obligations and instruments bearing



[This][Any]bond is transferable only upon the books of the Village kept for that purpose at the office of the Transfer Agent by the registered owner hereof in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount 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 to be done 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 Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.]

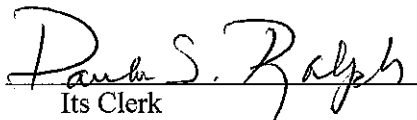
IN WITNESS WHEREOF, the Village, by its Village Council, has caused this bond to be executed with the [manual/facsimile] signatures of its President and its Clerk and its corporate seal [or a facsimile thereof] to be [impressed/printed] hereon, all as of the Date of Original Issue.

VILLAGE OF EDWARDSBURG

By   
Its President

(Seal)

Countersigned:

By   
Its Clerk

CERTIFICATE OF AUTHENTICATION

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

\_\_\_\_\_, Michigan  
Transfer Agent

By \_\_\_\_\_  
Authorized Signatory

Date of Registration: \_\_\_\_\_]

(a) For the purpose of making reasonable replacement or extension of the System or refunding the Bonds or any additional bonds of equal standing with the Bonds if:

(i) The augmented net revenues (hereinafter defined) of the System for the Fiscal Year preceding the year in which such additional bond is to be issued were 100% of the average annual debt service requirements on the Bonds and any bonds of equal standing then outstanding and those proposed to be issued net of any bonds to be refunded by the new issue; or

(ii) The holders of at least 75 percent of the Bonds consent to such issue in writing.

For purposes of this section the term "augmented net revenues" shall mean the Net Revenues of the System for a year, adjusted to reflect the effect of any rate increase placed in effect during that year (but not in effect for the whole year), placed in effect subsequent to the year or scheduled, at the time the Additional Bonds are authorized, to be placed in effect before principal of and interest on the Additional Bonds become payable from Revenues of the System, and augmented by any increase in Revenues or decrease in expenses estimated to accrue from the improvements to be acquired from the Additional Bonds. The adjustments and augmentations provided for in the preceding sentence shall be established by certificate of an independent consulting engineer filed with the Clerk of the Village. If Additional Bonds are issued within 4 months of the end of a Fiscal Year, the determination made in subsection (b)(i) of this section may be based upon the results of a Fiscal Year ending within 16 months of the date of issuance of the Additional Bonds.

The funds herein established shall be applied to all additional bonds issued pursuant to this section as if said bonds were part of the original bond issue and all Revenue from any such extension or replacement constructed by the proceeds of an additional bond issue shall be paid to the Receiving Fund mentioned in this Ordinance.

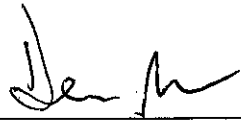
Except as otherwise specifically provided herein, so long as the Bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the Revenues of the System shall be incurred or issued by the Village unless the same shall be junior and subordinate in all respects to the Bonds herein authorized. The Village reserves the right to issue, without limit, bonds of junior and subordination standing and priority of lien as to the Net Revenues with the Bonds and any Additional Bonds then outstanding.

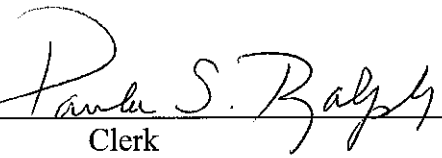
Section 20. Negotiated Sale. The Village Council has considered the option of selling the Bonds through a competitive sale and a negotiated sale, and, pursuant to the requirements of Act 34, hereby determines that a negotiated sale of the Bonds will result in the most efficient and expeditious means of selling the Bonds and will result in the lowest interest cost to the Village.

Section 21. Placement of Bonds; Delegation to Authorized Officer; Sale Order. Each Authorized Officer is hereby authorized to solicit proposals through a private placement with a qualified bank or other sophisticated institutional investor as purchaser thereof (the "Purchaser"). Each Authorized Officer is individually authorized to negotiate and execute a sale order specifying

Section 29. Effective Date. Pursuant to the provisions of Section 6 of Act 94, this Ordinance shall be approved on the date of first reading and accordingly this Ordinance shall immediately be effective upon its adoption.

Adopted and signed this 16th day of May, 2022.

Signed  \_\_\_\_\_  
President

Signed  \_\_\_\_\_  
Clerk



