

ORDINANCE NO. 54

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF SELF-LIQUIDATING JUNIOR LIEN SANITARY SEWER SYSTEM REVENUE BONDS BY THE VILLAGE OF LAKEVIEW, COUNTY OF MONTCALM, MICHIGAN, FOR THE PURPOSE OF CONSTRUCTING ADDITIONS AND IMPROVEMENTS TO ITS SANITARY SEWER SYSTEM; PRESCRIBING THE FORM OF JUNIOR LIEN BONDS; PROVIDING THE COLLECTION OF REVENUE FROM SAID SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE THEREOF, PROVIDING AN ADEQUATE RESERVE FUND THEREFOR, PROVIDING FOR THE PAYMENT OF SAID JUNIOR LIEN BONDS AND FURTHER PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES; CREATING A STATUTORY LIEN ON SAID REVENUES WHICH WILL BE JUNIOR TO THE STATUTORY LIEN CREATED IN FAVOR OF THE OUTSTANDING SANITARY SEWER SYSTEM REVENUE BONDS AUTHORIZED BY ORDINANCE NO. 24, AS AMENDED; PROVIDING FOR THE RIGHTS OF HOLDERS OF SAID JUNIOR LIEN BONDS IN ENFORCEMENT THEREOF; AND PROVIDING FOR OTHER MATTERS RELATIVE TO SAID JUNIOR LIEN BONDS AND SAID SYSTEM.

THE VILLAGE OF LAKEVIEW ORDAINS:

Section 1. Definitions. In addition to the words and terms elsewhere defined in this Ordinance, the following words and terms as used in this Ordinance shall have the following meanings unless the context or use indicates another or different meaning or intent:

Whenever the word "acquired" is used in this Ordinance it 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 Bonds issued pursuant to Section 18 hereof and subject to the terms of this Ordinance.

"Bonds" shall mean the Junior Lien Bonds and any Additional Bonds.

"Depository Bank" shall mean Bank of Lakeview, Lakeview, Michigan.

"Fiscal Year" shall mean the operating year of the System commencing March 1, as such year may be changed from time to time.

"FmHA" shall mean the Farmers Home Administration, an agency of the United States Department of Agriculture. Provisions herein referencing the FmHA shall be inapplicable in the event the Junior Lien Bonds are not sold to the FmHA and in the event that the Government shall no longer be a holder of any of the Bonds.

"Government" shall mean the government of the United States of America.

"Junior Lien Bond" shall mean the \$275,000 Village of Lakeview Sanitary Sewer System Junior Lien Revenue Bond, authorized to be issued under Section 3 of the Ordinance.

“Ordinance” shall mean this ordinance and any ordinance or resolution of the Village amendatory or supplemental hereto, including ordinances or resolutions authorizing issuance of Additional Bonds.

“Outstanding Bonds” shall mean the Sanitary Sewer System Revenue Bonds, dated December 19, 1967, authorized by Ordinance No. 24, as amended, and any additional bonds which may hereinafter be issued on a parity therewith pursuant to the terms of Ordinance No. 24, as amended.

“Project” shall mean the public improvements to the System herein authorized to be acquired and constructed, consisting of sanitary sewers, a pumping station, the raising of existing dikes, the construction of two aeration lagoons and the construction of three rapid infiltration beds, together with appurtenances and attachments thereto as described in the maps, plans and specifications therefor referenced in Section 2 hereof.

“Revenues” and “Net Revenues” shall have the meanings with respect to the System as are set forth in Section 3 of Act 94, and shall include the earnings on the investment of funds of the System (Including the Project), and of funds deposited in the Sanitary Sewer System Fund Account pursuant to Section 8 hereof.

“System” shall mean the Village’s sanitary sewer system, including such facilities thereof as are now existing, are acquired and constructed as the Project, and all enlargements, extensions, repairs and improvements thereto hereafter made.

“Village” shall mean the Village of Lakeview, County of Montcalm, Michigan.

Section 2. Necessity; Description of Project. It is hereby determined to be necessary for the public health and welfare of the Village, in accordance with detailed maps, plans and specifications thereof prepared by Granger Engineering, consulting engineers of Cadillac, Michigan (the “Engineers”) to proceed to acquire and construct the Project.

Section 3. Cost; Useful Life. The cost of the Project has been estimated to be \$750,000, including the payment of incidental expenses as specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed. The period of usefulness of the Project is estimated to be not less than forty (40) years.

Section 4. Payment of Costs and Authorization of Junior Lien Bonds. To pay the part of the cost acquiring and constructing the Project, including legal, engineering and financial expenses, and other expenses incident thereto and incident to the issuance and sale of the Junior Lien Bond, it is hereby determined that the Village borrow the sum of \$275,000, and that revenue bonds be issued therefor pursuant to the provisions of Act 94. The balance of the cost of the Project will be paid from other funds of, or available to, the Village legally available therefor, including EDA and Michigan Small Cities grants.

Section 5. Bond Data and Sale. The Junior Lien Bond shall be designated SANITARY SEWER SYSTEM JUNIOR LIEN BOND, shall be dated as the date of delivery, shall consist of one (1) single fully-

registered bond in the denomination of \$275,000, and shall be payable in principal installments serially on January of each year, as follows:

Principal Installment Amount	Year
\$ 1,000	1987 to 1991, inclusive;
2,000	1992 to 1996, inclusive;
4,000	1997, 1998, and 1999;
5,000	2000, 2001, and 2002;
6,000	2003, 2004, and 2005;
8,000	2006, 2007, and 2008;
9,000	2009, 2010, and 2011;
10,000	2012, 2013, and 2014;
11,000	2015, 2016, and 2017;
12,000	2018, 2019, and 2020;
13,000	2021 to 2025, inclusive.

The principal installments of the Junior Lien Bond will bear interest from the date of delivery of said installment to the holder thereof as provided in registration grid set forth in the Junior Lien Bond at the rate of seven and one-quarter percent (7 ¼%) per annum, payable on July 1, 1986 and semiannually thereafter on January 1 and July 1 of each year until maturity or earlier prepayment of said installment. The Junior Lien Bond shall not be convertible or exchangeable into more than one fully-registered bond.

The Junior Lien bond shall be issued in fully-registered form. Principal of and interest on the Junior Lien Bond shall be payable in lawful money of the United States of America by check mailed to the registered holder at the address of the registered holder as shown on the registration books of the Village Treasurer who shall act as a transfer agent and registrar; provided, however, that if and at such time as the Junior Lien Bond is transferred to or held by any registered owner other than the FmHA, the Village may appoint a bank or trust company qualified under Michigan law to act as transfer agent and registrar. If the FmHA shall no longer be the registered owner of the Junior Lien Bond, then the principal of and interest on the Junior Lien Bond shall be payable to the registered owner of record as of the fifteenth day preceding the payment date. Such date of determination of the registered owner for purposes of payment of principal or interest may be changed by the Village to conform to future market practice.

The sale of the Junior Lien Bond to the FmHA at an interest rate of seven and one-quarter percent (7 ¼%) per annum and at the par value thereof is hereby approved. The Village Treasurer is hereby authorized to deliver the Junior Lien Bond in accordance with the delivery instructions of the FmHA.

The Junior Liend Bond or installments thereof will be subject to prepayment prior to maturity, in the manner and at the times as provided in the form of the Junior Lien Bond set forth in Section 8.

Section 6. Bond 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 his duly authorized attorney, upon surrender of such 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 register and deliver a new Bond or Bonds in like aggregate principal amount. The transfer agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Village shall not be required (i) to issue, register the transfer of, or exchange any Bond during a period beginning at the opening of business fifteen days before the day of mailing of a notice of redemption of Bonds selected for redemption under Section 8 of the Ordinance and ending at the close of business on the day of that mailing, or (ii) to register the transfer of or exchange any Bond so selected for redemption.

The transfer agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Village. The transfer agent shall transfer, as hereinbefore provided and subject to such reasonable regulations as it may prescribe.

Section 7. Execution and Delivery of the Junior Lien Bond. The Junior Lien Bond shall be signed by the President and countersigned by the Village Clerk and shall have the corporate seal of the Village impressed thereon. The Junior Lien Bond may be signed and countersigned with the facsimile signatures of the President and Village Clerk, and a facsimile of the corporate seal of the Village printed thereon if permitted by law. After execution, the Junior Lien Bond shall be held by the Village Treasurer for delivery to the FmHA. No Junior Lien Bond or any installment thereof shall be valid until registered by the Village Treasurer, or upon transfer by the FmHA and thereafter, by an authorized officer of the transfer agent. From time to time as necessary after the FmHA shall have transferred the Junior Lien Bond, executed blank bonds for registration of transfer may be delivered to the transfer agent for safekeeping.

Section 8. Bond Form. The form and tenor of the Junior Lien Bond shall be substantially as follows, subject to appropriate variation upon issuance of Additional Bonds:

(See Registered portion on the following four (4) pages.)

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MONTCALM
VILLAGE OF LAKEVIEW
SANITARY SEWER SYSTEM
JUNIOR LIEN REVENUE BOND

No. 1

\$275,000

The Village of Lakeview, County of Montcalm, State of Michigan (the "Village"), for value received, hereby promises to pay to the registered holder hereof, but only out of the hereinafter described Net Revenues of Sanitary Sewer System of the Village, including all appurtenances, additions, extensions and improvements thereto (the "System"), the sum of

TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

On the dates and in the principal installment amounts set forth in Exhibit A attached hereto and made a part hereof, with interest installments from the date each said installment is delivered to the holder hereof and as set forth on the registration grid hereon until paid at the rate of seven and one-quarter percent (7 $\frac{1}{4}$ %) per annum, payable on July 1, 1986, and semiannually thereafter. Both principal of and interest on this bond are payable in lawful money of the United States of America by check mailed to the registered holder at the address shown on the registration books of the Village and for the prompt payment thereof, the gross revenues of the System, after provision has made for reasonable and necessary expenses of operation, administration and maintenance thereof (the "Net Revenues"), and for the requirements of the outstanding Sanitary Sewer System Revenue Bonds, authorized by Ordinance No. 24, as amended in the original principal amount of \$384,000 (the "Outstanding Bonds"), are hereby irrevocably pledged and a statutory lien thereon is hereby created which is a second lien subject only to the prior lien in favor of the Outstanding Bonds.

This bond is a single, fully-registered, non-convertible bond in the principal sum of \$275,000, issued pursuant to Ordinance No. 54, duly adopted by the Village on August 26, 1985, and under and in full compliance with the Constitution and statutes of the State of

Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of paying part of the cost for acquiring and constructing additions and improvements to the System. For a complete statement of the revenues from which, and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal and prior standing may hereafter be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the above-described Ordinances.

Principal installments of this bond are subject to prepayment prior to maturity, in inverse chronological order, at the option of the Village on any interest payment date on or after January 1, 1987, at par and accrued interest to the date fixed for prepayment. Thirty days notice of the call of any principal installments for prepayment shall be given by mail to the registered holder at the registered address. The principal installments so called for prepayment shall not bear interest after the date fixed for prepayment, provided funds are on hand to prepay said installments.

This bond shall be registered as to principal and interest on the books of the Village kept by the transfer agent and registrar and noted hereon, after which it shall be transferable only upon presentation to such transfer agent and registrar with a written transfer satisfactory to such transfer agent and registrar by the registered holder or his attorney in fact. Such transfer shall be noted hereon and upon the books of the Village kept for that purpose.

This bond may not be converted to or exchanged for a bond with coupons or into any other instrument.

This bond is a self-liquidating bond and is not a general obligation of the Village and does not constitute an indebtedness of the Village within any constitutional or statutory limitation, but is payable, both as to principal and interest, solely from the Net Revenues of the System after provision for the requirement of the Outstanding Bonds.

The Village hereby covenants and agrees to fix and maintain at all times while any installments of this bond shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest upon and the principal of all such installments of this bond payable from the Net Revenues of the system as and when the same become due and payable, and to create a bond and interest redemption fund (including a bond reserve account) therefore, to provide for the payment of expenses for administration

and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the above-described Ordinances.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond have been done and performed in regular and due time and form as required by law.

IN WITNESS WHEREOF, the VILLAGE OF LAKEVIEW, County of Montcalm, State of Michigan, by its Village Council, has caused this bond to be signed in the name of said Village by its President and to be countersigned by its Village Clerk, and its corporate seal to be hereunto affixed, all as of August 26, 1985.

VILLAGE OF LAKEVIEW

COUNTY OF MONTCALM

STATE OF MICHIGAN

By Keith Bucholtz, President

(SEAL)

Countersigned:

Carolyn Olsen, Deputy Village Clerk

REGISTRATION

NOTHING TO BE WRITTEN HEREON EXCEPT BY THE REGISTRAR

Date of Registration:	Name of Registered Owner:	Principal Installment Delivered:	Signature Of Registrar:
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:	United States of	:	:
:	America Farmers Home	:	:
:	Administration	:	:

EXHIBIT A

Principal Installment Due on January 1	Amount of Principal Installment \$ 1,000
1987	
1988	1,000
1989	1,000
1990	1,000
1991	1,000
1992	2,000
1993	2,000
1994	2,000
1995	2,000
1996	2,000
1997	4,000
1998	4,000
1999	4,000
2000	5,000
2001	5,000
2002	5,000
2003	6,000
2004	6,000
2005	6,000
2006	8,000
2007	8,000
2008	8,000
2009	9,000
2010	9,000
2011	9,000
2012	10,000
2013	10,000
2014	10,000
2015	11,000
2016	11,000
2017	11,000
2018	12,000
2019	12,000
2020	12,000
2021	13,000
2022	13,000
2023	13,000
2024	13,000
2025	13,000

Section 9. Security for Bonds. Neither the Bonds nor the interest thereon shall be a general obligation of the Village but each shall be payable solely from the Net Revenues after provisions has been made for the Outstanding Bonds and any additional bonds of equal standing with the Outstanding Bonds. To pay such principal and interest as and when the same shall become due there is hereby created a statutory lien upon the whole of the Net Revenues of the System after provision for the requirements of the Outstanding Bonds subject only to the prior lien in favor of the Outstanding Bonds and any additional bonds of equal standing with the Outstanding Bonds, to continue with respect to any other Bonds until the payment in full of the principal of and interest on the Bonds.

Section 10. Budget. Prior to the beginning of each Fiscal Year, and immediately upon the effective date of the Ordinance for the remainder of the current Fiscal Year, the Village shall prepare an annual budget of the System for the ensuing Fiscal Year itemized on the basis of monthly requirements, a copy of which shall be mailed without request by the FmHA t o the FmHA (if and as long as the Government is holder of any of the Bonds) for review prior to adoption, and upon written request to any other holders of the Bonds.

Section 11. Remedies. The holder of the Bonds may, by suit, action, or other proceedings, protect and enforce the statutory lien established by the Ordinance and enforce and compel the performance of all duties of the officials of the Village, including, but not limited to, compelling the Village by proceedings in a court of competent jurisdiction or other appropriate forum to establish and maintain the rates and charges and to perform the other obligations of the Village set forth in the Ordinance.

Section 12. Custodian of Funds; Funds. The Village Treasurer shall be custodian of all funds belonging to or associated with the System. Such funds shall be deposited in the Depository Bank. The Village Treasurer shall execute a fidelity bond in an amount not less than \$100,000 with a surety company licensed to conduct business in the State of Michigan and approved by the FmHA, and the Village shall be named as co-obligees in such bond and the amount thereof shall not be reduced without the prior written consent of the FmHA: The Village Treasurer is hereby directed to create the following funds and accounts into which the proceeds of the Bonds and the Revenues shall be deposited in the manner and at the times provided in the Ordinance, which accounts shall

be established and maintained, except as otherwise provided, so long as any of the Bonds remain unpaid, except as otherwise provided in the Ordinance.

A. CONSTRUCTION FUND. The proceeds of the Junior Lien Bond shall be deposited in the VILLAGE OF LAKEVIEW SANITARY SEWER SYSTEM JUNIOR LIEN CONSTRUCTION FUND (the "Construction Fund") in the Depository Bank. In the event the Government is a holder of the Junior Lien Bond, then at the direction of the FmHA the Construction Fund shall be established as a supervised bank account and such proceeds shall be withdrawn on the orders of the Village only on checks signed by the Village Treasurer and countersigned by the District Director of the FmHA. Said moneys shall be used solely for the purposes for which the Junior Lien Bond was issued.

Any unexpended balance of the proceeds of the sale of the Junior Lien Bond remaining after completion of the Project herein authorized may be used for further improvements, enlargements and extensions of the System in the discretion of the Village, provided that at the time of such expenditure such use be approved by the Michigan Department of Treasury (if such approval is then required by law). Any remaining balance after such expenditure shall be paid into the Junior Lien Redemption Fund (as hereinafter provided) and shall be credited to the Junior Lien Bond Reserve Account or used for the prepayment of installments of the Junior Lien Bond.

After completion of the Project and disposition of remaining proceeds, if any, of the Junior Lien Bond pursuant to the provisions of this Section, the Construction Fund shall be closed.

B. SANITARY SEWER SYSTEM FUND ACCOUNT. Pursuant to Section 6(B) of Ordinance No. 24, as amended, the Revenues of the System shall continue to be deposited in the Sanitary Sewer System Fund Account established by Ordinance No. 24, as amended (the "Fund Account"), and as of September 1, 1985, the moneys, so deposited therein shall be transferred, expended and used only in the manner and order as follows:

(1) Operation and Maintenance Account. There shall first be withdrawn from the Fund Account quarterly (on March 1, June 1, September 1 and December 1) and set aside in and transferred to the Operation and Maintenance Account established by Section 6(B) (1) of Ordinance No. 24, as amended, an amount sufficient to meet the requirements relative to the Operation and Maintenance Account, which amount shall be sufficient to pay

reasonable and necessary current expenses for the ensuing quarter of administering, operation and maintaining the System, including the Project.

(2) Outstanding Bond Requirements. There shall next be withdrawn (on the aforesaid dates) from the Fund Account quarterly and set aside in and transferred to the Bond and Interest Redemption Fund established by Section (B) (2) of Ordinance No. 24, as amended, Revenues in an amount equal to $\frac{1}{2}$ of the amount of interest due on the next interest payment date and an amount equal to $\frac{1}{4}$ of the amount of principal due on the next succeeding July 1st.

(3) Junior Lien Revenue Bond - Bond and Interest Redemption Fund. There is hereby established a separate account known as the JUNIOR LIEN REVENUE BOND - BOND AND INTEREST REDEMPTION FUND (the "Junior Lien Redemption Fund"). After the transfers required in (1) and (2) above, Revenues shall be withdrawn quarterly (except as otherwise provided in this paragraph) from the Fund Account, before any other expenditures or transfers there from, and set aside in and transferred to the Junior Lien Redemption Fund for payment of principal and interest on the Junior Lien Bond and to fund the Junior Lien Bond Reserve Account hereinafter established. Upon any delivery of an installment of the Junior Lien Bond there shall be set aside at the time of such delivery and on the first day of each quarter of the Fiscal Year thereafter to the next interest payment date an equal to that fraction of the amount of interest due on the next interest payment date on said installment so delivered, the numerator of which is 1 and the denominator of which is the number of full and partial quarters from the date of said delivery to the next interest payment date. There shall also be set aside each quarter of the Fiscal Year an amount not less than $\frac{1}{2}$ of the amount of interest due on the next interest payment date on all outstanding installments of the Junior Lien Bond not delivered during the then current interest payment period. There shall also be set aside at the time of the delivery of the initial installment of the Junior Lien Bond and on the first day of each quarter of the Fiscal Year thereafter to the next principal payment date an amount equal to that fraction of principal of the Junior Lien Bond due on the next principal payment date, the numerator of which is 1 and the denominator of which is the number of full and partial quarters of the Fiscal Year from the date of said delivery to the next principal payment date. Commencing on the first day of the Fiscal Year next

succeeding the Fiscal Year in which the first installment is delivered there shall be set aside each quarter of the Fiscal Year an amount not less than $\frac{1}{4}$ of the amount of the principal installment of the Junior Lien Bond due on the next principal payment date.

If for any reason there is a failure to make such quarterly deposit in the amounts required, then the entire amount of the deficiency shall be set aside and deposited in the Junior Lien Redemption Fund out of the Revenues first received thereafter which are not required by this Ordinance or Ordinance No. 24, as amended, to be deposited in the Operation and Maintenance Account or in the Bond and Interest Redemption Fund, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters.

There is hereby established in the Junior Lien Redemption Fund a separate account known as the JUNIOR LIEN BOND RESERVE ACCOUNT (the "Junior Lien Bond Reserve Account"). Commencing March 1, 1986, there shall be withdrawn from the Fund Account quarterly and set aside in and transferred to the Junior Lien Bond Reserve Account the sum of at least \$537.50 per quarter until there is accumulated in such fund the sum of \$21,500.00, after provision for the current requirements of the Junior Lien Redemption Fund. Except as hereinafter provided, no further deposits need be made into the Junior Lien Redemption Fund for credit to the Junior Lien Bond Reserve Account once the sum of \$21,500.00 has been credited thereto. Except as hereinafter provided, moneys in the Junior Lien Bond Reserve Account shall be used solely for the payment of the principal of and interest on Junior Lien Bonds as to which there would otherwise be default.

If at any time it shall be necessary to use moneys in the Junior Lien Bond Reserve Account for payment of principal of and interest on the Junior Lien Bonds, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required by this Ordinance to be used for current principal and interest requirements or reserve requirements for the Outstanding Bonds or for current principal and interest requirements for the Junior Lien Bonds.

No further payments need be made into the Junior Lien Redemption Fund after enough of the Junior Lien Bonds have been retired so that the amount then held in the Junior Lien Redemption Fund (including the Junior Lien Bond Reserve Account), is equal to the entire amount of principal and interest which will be payable at the time of maturity of the Junior Lien Bonds then outstanding.

Any amount on deposit in the Junior Lien Redemption Fund in

excess of the requirements for paying principal of and interest on Junior Lien Bonds due during the ensuing eighteen months, plus the requirements of the Junior Line Bond Reserve Account, may be used by the Village for redemption of Junior Lien Bonds in the manner set forth in Section 8 hereof.

The moneys in the Junior Lien Redemption Fund and the Junior Lien Bond Reserve Account shall be invested in accordance with the Section 14 of this Ordinance, and profit realized or income earned on such investment shall be used or transferred as provided in said Section.

(4) General Purpose Account. The balance of Revenues in the Receiving Fund shall be set aside in and transferred to the General Purpose Account established by Section 6 (B) (3) of Ordinance No. 24, as amended, and used for the purpose specified therein.

Section 13. Reverse Flow of Funds; Surplus Moneys. In the event the moneys in the Fund Account are insufficient to provide for the current requirements of the Operation and Maintenance Account, the Bond and Interest Redemption Fund, the Junior Lien Redemption Fund, the Junior Lien Redemption Fund (including the Junior Lien Bond Reserve Account), or the General Purpose Account, any moneys and/or securities in the funds of the System established by this Ordinance shall be transferred, first, to the Operation and Maintenance Account, and second, to the Bond and Interest Redemption Fund, and third, to the Junior Lien Redemption Fund (including the Junior Lien Reserve Account), and fourth, to the General Purpose Account.

Section 14. 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 Village Council on behalf of the Village in Government obligations or obligations the principal of and interest on which is fully guaranteed by the United States of America, or certificates of deposit of a bank insured by the Federal Deposit Insurance Corporation. Investment of moneys in the Junior Lien Redemption Fund being accumulated for payment of the next maturing principal or interest payment on the Bonds shall be limited to Government obligations bearing maturity dates prior to the date of the next maturing principal or interest payment on the Bonds. Investment of moneys in the Junior Lien Bond Reserve Account shall be limited to Government obligations bearing maturity dates, or subject to redemption at the option of the holder thereof, not later than five years from the date of investment. Securities representing investments shall be kept on deposit with the Depository Bank. Profit realized or

interest income earned on investment of funds in the Junior Lien Redemption fund and, at any deposited in or credited to the Receiving Fund.

Moneys in any other fund or account of the System shall be invested as provided herein.

Section 15. Rates and Charges. Rates and charges for the services of the System have been fixed pursuant to Section 1 of Ordinance No. 28, as said Ordinance has been amended from time to time, including Ordinance No.

55, in an amount sufficient to pay the expenses of administration, operation and maintenance of the System, to pay the principal and interest requirements and comply with the covenants provided by Ordinance No. 24, as amended and herein. The Village hereby covenants and agrees to fix and maintain at all times while any of the Outstanding Bonds and the Bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for the foregoing expenses, requirements and covenants, and to create a bond and interest redemption fund (including a bond reserve account) for all such bonds. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the costs and value of said System and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all bonds payable from Revenues and accruing interest on such bonds.

Section 16. No Free Service. No free service shall be furnished by the System to any individual, firm or corporation, public or private or to any public agency or instrumentality.

Section 17. Covenants. The Village covenants and agrees that so long as any of the Bonds hereby authorized remain unpaid as follows:

I. It will comply with applicable State laws and regulations and continually operate and maintain the System in good condition.

II. It will comply with provisions and covenants of Ordinance No. 24, as amended, and this Ordinance.

III. (i) It will maintain complete books and records relating to the operation and financial affairs of the System. If the Government is the holder of any of the Bonds, the FmHA shall have the right to inspect the System and the records, accounts, and data relating thereto at all reasonable times.

(ii) It will cause an annual audit of such books of record and account for the preceding Fiscal Year to be made each year by a recognized independent certified public accountant, or will prepare a report for such purpose in forms prepared by the

Department of Treasury of the State of Michigan, and will mail a copy of such audit or report to the FmHA, or to the manager of the syndicate or account purchasing the Bonds, and the Department of Treasury. Such audit shall be completed and so made available not later than three (3) months after the close of each Fiscal Year.

I. The Village will maintain and carry, for the benefit of the holders of the Bonds, insurance on all physical properties of the System, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar systems. All moneys received for losses under the operation of similar systems.

All moneys received for losses under any such insurance policies shall be applied to the replacement and restoration of the property damaged or destroyed, and to the extent not so used, shall be used for the purpose of calling Bonds. If the Government is a holder of any of the Bonds, then said insurance shall be in amounts not less than such amounts as may be specified by LETTER OF INTENT TO MEET CONDITIONS, Form FmHA 442.46 and shall be approved by the FmHA.

II. It will not borrow any money from any source or enter into any contract or agreement to incur any other liabilities that may in any way be a lien on the Revenues or otherwise encumber the System so as to impair Revenues therefrom, without obtaining the prior written consent of the FmHA (if the Government is a holder of any of the Bonds), nor shall it transfer or use any portion of the Revenues derived in the operating of the System for any purpose not herein specifically authorized.

III. It will not voluntarily dispose of or transfer its title to the System or any part thereof, including lands and interests in lands, by sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of the FmHA if it is a holder of any of the Bonds.

IV. Any extensions or improvements of the system shall be made according to sound engineering principles and plans and specifications shall be submitted to the FmHA (if the Government is the holder of any of the Bonds) for prior review.

Section 18. Additional Bonds. The Village may issue additional bonds of prior standing to the Bonds authorized in

this Ordinance under the terms and conditions set forth in Ordinance 24, as amended. The Village may issue additional bonds of equal, but not prior, standing with the Bonds for any of the following purposes:

I. To complete construction of the Project according to the plans set forth in Section 2, in the amount necessary therefore; or

II. For the purpose of making reasonable repairs, replacements, improvements, enlargements or extensions of the System; or

III. To refund any Outstanding Bonds.

Additional Bonds may be issued only if the FmHA, if the Government is then the holder of any of the Bonds, consents to such issue in writing; and unless the FmHA holds all of the Bonds, the Augmented Net Revenues (as hereinafter defined) of the System were 120 percent of the average annual debt service requirements on all Bonds then outstanding and those Additional Bonds proposed to be issued, net of any Bonds to be refunded by the Additional Bonds.

For the purposes of this Section the term "Augmented Net Revenues" shall mean the Net Revenues of the System for the Fiscal Year preceding the Fiscal Year in which the additional Bonds are to be issued, adjusted to reflect the effect of any increase in sales and charges (a) placed in effect during said Fiscal year (but not in effect for the whole Fiscal Year), (b) placed in effect subsequent to said Fiscal Year, or (c) scheduled, at the time the proposed Additional Bonds are authorized, to be placed in effect before principal of an interest on the proposed Additional Bonds become payable from Revenues, and augmented by any increase in Revenues or decrease in expenses estimated to accrue from the repairs, improvements, enlargements or extensions to be acquired from the proceeds of the proposed Additional Bonds. Such adjustments and augmentations shall be established by certificate of an independent consulting engineer filed with the Village Clerk. If Additional Bonds are to be issued within four months subsequent to the start of a Fiscal Year, the ratio of Augmented Net Revenues to average annual debt service requirements may be determined based upon the results of either of the two Fiscal Years ending within the sixteen months preceding the date of issuance of the Additional Bonds.

Permission of the Michigan Department of Treasury (or such other body or agency of the State of Michigan then having jurisdiction over the issuance of Municipal Bonds) to issue such Additional bonds shall be conclusive as to the existence of conditions permitting the issuance thereof. In the event permission of the Michigan Department of Treasury (or such other body or agency) is not then required to issue such Additional Bonds, then the adoption by the Village Council of an ordinance authorizing the issuance of such Additional Bonds shall be conclusive as to the existence of conditions permitting the issuance thereof.

The funds established by the Ordinance shall be applied to all Additional Bonds; all Revenues from any such completion, repair, replacement, improvement, enlargement or extension financed from the proceeds of the Additional Bonds shall be paid, as received, into the Fund Account.

Except as otherwise specifically provide in this Section and Ordinance No. 24, as amended, so long as any of the Outstanding Bonds and the Bonds 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.

Section 19. Ordinance Shall Constitute Contract. The provisions of the Ordinance shall constitute a contract between the Village and the bondholders. After the issuance of the Bonds the Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the bondholders, nor shall the Village adopt any law, ordinance or resolution in any way adversely affecting the rights of the holders of the Bonds so long as Bonds or interest thereon remains unpaid.

Section 20. Refunding of Bonds. If at any time it shall appear to the FmHA (while the Government is a holder of any of the Bonds) that the Village is able, upon call for redemption or with the consent of the FmHA, to refund the Bonds by obtaining a loan for such purposes for responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and period of time, upon request of the Government, the Village will apply for and accept such loan in sufficient amount to repay the Government, and will take all such actions as may be required in connection therewith.

Section 21. Default of Village. If there shall be default in the Junior Lien Redemption Fund provisions of the Ordinance or in the payment of principal or interest of any of the Bonds, upon the filing of a suit by any holder of the Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Village with power to charge and collect rates and charges sufficient to provide for the payment of the Bonds payable from Revenues and for the payment of administration, operation and maintenance expenses and the payment of the Outstanding Bonds and to apply income and Revenues in accordance with the Ordinance No. 24, as amended, the Ordinance and the laws of the State of Michigan.

The Village hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of Village conditionally, for such time only as such receiver or operation shall operate by authority of the court.

The holders of twenty percent (20%) of the Bonds may enforce the statutory lien and the covenants of the Village in the event of default, and may require by mandatory injunction the raising of rates and charges to the extent permitted by Section 15 hereof.

Section 22. Ordinance Subject to Michigan Law and FmHA Regulations. The provisions of the Ordinance are subject to the laws of the State of Michigan and to the present and future regulations of the FmHA (while the Government is a holder of any of the Bonds) as are not inconsistent with the express provisions hereof and Michigan Law.

Section 23. Village Subject to Loan Agreement. So long as the Government is a holder of any of the Bonds, the Village shall be subject to the loan agreement (form FmHA 442-47) with the FmHA and shall comply with all provisions thereof.

Section 24. Department of Treasury Approval; Sale of Bonds. The President and/or Clerk having been authorized and directed to give to the Department of Treasury notice of intent to issue and sell the Junior Lien Bond and having paid the required fee, and having received said approval the Clerk is authorized and directed to give the Department of Treasury notice of intent to issue and sell the Junior Lien Bond and having paid the required fee, and having received said approval the Clerk is authorized and directed to privately negotiate the sale of the Junior Lien

Bonds to the FmHA at the interest rate approved in Section 5 hereof.

Section 25. Conflict and Severability. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of the Ordinance are to the extent of such conflict hereby repealed, and each section of the Ordinance and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision thereof to be invalid or void shall be deemed or held to affect the validity of any other section or subdivision of the ordinance.

Section 26. Paragraph Headings. The paragraph headings in the Ordinance are furnished for convenience of reference only and shall not be considered to be a part of the Ordinance.

Section 27. Publication and Recordation. The Ordinance shall be published in full promptly after its adoption in the Daily News and Belding Banner, a newspaper of general circulation in the Village, qualified under State law to publish legal notices, and shall be recorded in the Ordinance Book of the Village, which recording shall be authenticated by the signitures of the President and Village Clerk.

Section 28. Effective Date. The Ordinance is hereby determined by the Village Council to be immediately necessary for the preservation of the peace, health and safety of the Village and shall be in full force and effect from and after its passage and publication as required by law.

Passed and adopted by the Village Council of the Village of Lakeview, County of Montcalm, State of Michigan, on August 26, 1985, and approved by me on August 26, 1985.

Keith Bucholtz, President

Carolyn Olsen, Deputy
Clerk

I hereby certify that the foregoing is a true and complete copy of an Ordinance, duly adopted by the Village Council of the Village of Lakeview, County of Montcalm, State of Michigan at a regular meeting held on August 26, 1985, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following Members were present at said meeting: Wales, Stilson, Rankin, Bowser, Fountain; and that the following Members were absent: P. Jura

I further certify that Member Stilson moved adoption of said Ordinance and that Member Rankin supported said motion.

I further certify that the following Members voted for adoption of said Ordinance: Wales, Stilson, Rankin, Bowser, Fountain; and that the following Members voted against the adoption of said Ordinance: None.

I further certify that said Ordinance has been recorded in the Ordinance Book of the Village of Lakeview, and that such recording has been authenticated by the signatures of the President and Village Clerk.

Carolyn Olsen, Deputy Village Clerk

ORDINANCE NO. 58

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF SELF-LIQUIDATING JUNIOR LIEN SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 1986A BY THE VILLAGE OF LAKEVIEW, COUNTY OF MONTCALM, MICHIGAN, FOR THE PURPOSE OF PAYING PART OF THE COST OF CONSTRUCTING ADDITIONS AND IMPROVEMENTS TO ITS SANITARY SEWER SYSTEM; PRESCRIBING THE FORM OF JUNIOR LIEN BONDS, SERIES 1986A; PROVIDING FOR THE COLLECTION OF REVENUE FROM SAID SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATING AND MAINTENANCE THEREOF, PROVIDING AN ADEQUATE RESERVE FUND THEREFOR, PROVIDING FOR THE PAYMENT OF SAID JUNIOR LIEN BONDS, SERIES 1986A AND FURTHER PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES; CREATING A STATUTORY LIEN CREATED IN FAVOR OF THE OUTSTANDING SANITARY SEWER SYSTEM REVENUE BONDS AUTHORIZED BY ORDINANCE NO. 24, AS AMENDED BUT WHICH WILL BE OF EQUAL STANDING TO THE STATUTORY LIEN CREATED IN FAVOR OF THE HOLDER OF THE VILLAGE'S JUNIOR LIEN SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 1986B; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID JUNIOR LIEN BONDS, SERIES 1986A IN ENFORCEMENT THEREOF; AND PROVIDING FOR OTHER MATTERS RELATIVE TO SAID JUNIOR LIEN BONDS, SERIES 1986A AND SAID SYSTEM.

THE VILLAGE OF LAKEVIEW ORDAINS:

Section 1. Definitions. In addition to the words and terms elsewhere defined in this Ordinance, the following words and terms as used in this Ordinance shall have the following meanings unless the context or use indicates another or different meaning or intent:

Whenever the word "acquired" is used in this Ordinance it 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 Bonds issued pursuant to Section 18 hereof and subject to the terms of this Ordinance.

"Bonds" shall mean the Junior Lien Bonds, the Series 1986B and any Additional Bonds.

"Depository Bank" shall mean Bank of Lakeview, Lakeview, Michigan.

"Fiscal Year" shall mean the operating year of the System commencing March 1, as such year may be changed from time to time.

"FmHA" shall mean the Farmers Home Administration, an agency of the United States Department of Agriculture. Provisions herein referencing the FmHA shall be inapplicable in the event the Junior Lien Bonds are not sold to the FmHA and in the event that the Government shall no longer be a holder of any of the Bonds.

"Government" shall mean the government of the United States of America.

“Junior Lien Bonds” shall mean the \$275,000 Village of Lakeview Sanitary Sewer System Junior Lien Revenue Bonds, Series 1986A, authorized to be issued under Section 4 of the Ordinance.

“Ordinance” shall mean this ordinance and any ordinance or resolution of the Village amendatory or supplemental hereto, including ordinances or resolutions authorizing issuance of Additional Bonds.

“Outstanding Bonds” shall mean the Sanitary Sewer System Revenue Bonds, dated December 19, 1967, authorized by Ordinance No. 24, as amended, and any additional bonds which may hereinafter be issued on a parity therewith pursuant to the terms of Ordinance No. 24, as amended.

“Project” shall mean the public improvements to the System herein authorized to be acquired and constructed, consisting of sanitary sewers, a pumping station, the raising of existing dikes, the construction of two aeration lagoons and the construction of three rapid infiltration beds, together with appurtenances and attachments thereto as described in the maps, plans and specifications therefor referenced in Section 2 hereof.

“Revenues” and “Net Revenues” shall have the meanings with respect to the System as are set forth in Section 3 of Act 94, and shall include the earnings on the investment of funds of the System (including the Project), and of funds deposited in the Sanitary Sewer System Fund Account pursuant to Section 8 hereof.

“Series 1986B Bonds” shall mean the \$190,000 Village of Lakeview Sanitary Sewer System Junior Lien Revenue Bonds, Series 1986B, authorized to be issued under Section 4 of Ordinance No. 59, and which Series 1986B Bonds shall be of equal standing and priority of lien as to the Net Revenues of the System with the Junior Lien Bonds.

“System” shall mean the Village’s sanitary sewer system, including such facilities thereof as are now existing, are acquired and constructed as the project, and all enlargements, extensions, repairs and improvements thereto hereafter made.

“Village” shall mean the Village of Lakeview, County of Montcalm, Michigan.

Section 2. Necessity; Description of Project. It is hereby determined to be necessary for the public health and welfare of the Village, in accordance with detailed maps, plans and specifications therefor prepared by Granger Engineering, consulting engineers of Cadillac, Michigan (the “Engineers”), to proceed to acquire and construct the Project.

Section 3. Cost; Useful Life. The cost of the Project has been estimated to be \$940,000, including the payment of incidental expenses as specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed. The period of usefulness of the Project is estimated to be not less than forty (40) years.

Section 4. Payment of Costs and Authorization of Junior Lien Bonds. To pay the part of the cost of acquiring and constructing the Project, including legal, engineering and financial expense, and other

expenses incident thereto and incident to the issuance and sale of the Junior Lien Bond, it is hereby determined that the Village borrow the sum of \$275,000, and that revenue bonds be issued therefor pursuant to the provisions of Act 94. The balance of the cost of the Project will be paid from the proceeds of sale of the Series 1986B Bonds and from other funds of, or available to, the Village legally available therefor, including EDA and Michigan Small Cities grants.

Section 5. Bond Data and Sale. The Junior Lien Bond shall be designated SANITARY SEWER SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 1986A, shall be dated as of the date of delivery, shall consist of one (1) single fully registered bond in the denomination of \$275,000, and shall be payable in principal installments serially on January 1 of each year, as follows:

Principal Installment Amount	Year
\$ 1,000	1988 to 1992, inclusive;
2,000	1993 to 1997, inclusive;
4,000	1998, 1999 and 2000;
5,000	2001, 2002 and 2003;
6,000	2004, 2005 and 2006;
8,000	2007, 2008 and 2009;
9,000	2010, 2011 and 2012;
10,000	2013, 2014 and 2015;
11,000	2016, 2017 and 2018;
12,000	2019, 2020 and 2021;
13,000	2022 to 2026, inclusive.

The principal installments of the Junior Lien Bond will bear interest from the date of delivery of said installment to the holder thereof as provided in registration grid set forth on the Junior Lien Bond at the rate of six and five-eighths percent (6-5/8 %) per annum, payable on July 1, 1986 and semiannually thereafter on January 1 and July 1 of each year until maturity or earlier prepayment of said installment. The Junior Lien Bond shall not be convertible or exchangeable into more than one fully-registered bond.

The Junior Lien Bond shall be issued in fully-registered form. Principal of and interest on the Junior Lien Bond shall be payable in lawful money of the United States of America by check mailed to the registration books at the address of the registered holder as shown on the registration books of the Village kept by the Village Treasurer who shall act as transfer agent and registrar; provided, however, that if and at such time as the Junior Lien Bond is transferred to or held by any registered owner other than the FmHA, the Village may appoint a bank or trust company qualified under Michigan law to act as transfer agent and registrar. If the FmHA shall no longer be the registered owner of the Junior Lien Bond, then the principal of and interest on the Junior Lien Bond shall be payable to the registered owner of the record as of the fifteenth day preceding the payment date. Such date of determination of the registered owner for

purposes of payment of principal or interest may be changed by the Village to conform to future market practice.

The sale of the Junior Lien Bond to the FmHA at an interest rate of six and five-eighths percent (6-5/8%) per annum and at the par value thereof is hereby approved. The Village Treasurer is hereby authorized to deliver the Junior Lien Bond in accordance with the delivery instructions of the FmHA.

The Junior Lien Bond or installments thereof will be subject to prepayment prior to maturity, in the manner and at the times as provided in the form of the Junior Lien Bond set forth in Section.

Section 6. Bond 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 his duly authorized attorney, upon surrender of such 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 register and deliver a new Bond or Bonds in like aggregate principal amount. The transfer agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Village shall not be required (i) to issue, register the transfer of, or exchange any Bond during a period beginning at the opening of business fifteen days before the day of the mailing of a notice of redemption of Bonds selected for redemption under Section 8 of the Ordinance and ending at the close of business on the day of that mailing, or (ii) to register the transfer of or exchange any Bonds so selected for redemption.

The transfer agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Village. The transfer agent shall transfer or cause to be transferred on said books Bonds presented for transfer, as hereinbefore provided and subject to such reasonable regulations as it may prescribe.

Section 7. Execution and Delivery of the Junior Lien Bond. The Junior Lien Bond shall be signed by the President and countersigned with the facsimile signatures of the President and Village Clerk, and a facsimile of the corporate seal of the Village printed thereon if permitted by law. After execution, the Junior Lien Bond shall be held by the Village Treasurer for delivery to the FmHA. No Junior Lien Bond or any installment thereof shall be valid until registered by the Village Treasurer, or upon transfer by the FmHA and thereafter, by an authorized officer of the transfer agent. From time to time as necessary after the FmHA shall have transferred the Junior Lien Bond, executed blank bonds for registration of transfer may be delivered to the transfer agent for safekeeping.

Section 8. Bond Form. The form and tenor of the Junior Lien Bond shall be substantially as follows, subject to appropriate variation upon issuance of Additional Bonds.

(See Enclosed Pages)

the System. For a complete statement of the revenues from which, and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal and prior standing may hereafter be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the above-described Ordinances.

Principal installments of this bond are subject to prepayment prior to maturity, in inverse chronological order, at the option of the Village on any interest payment date on or after January 1, 1988, at par and accrued interest to the date fixed for prepayment.

Thirty days notice of the call of any principal installments for prepayment shall be given by mail to the registered holder at the registered address. The principal installments so called for prepayment shall not bear interest after the date fixed for prepayment, provided funds are on hand to prepay said installments.

This bond shall be registered as to principal and interest on the books of the Village kept by the transfer agent and registrar and noted hereon, after which it shall be transferable only upon presentation to such transfer agent and registrar with a written transfer satisfactory to such transfer agent and registrar by the registered holder or his attorney in fact. Such transfer shall be noted hereon and upon the books of the Village kept for that purpose.

This bond may not be converted to or exchanged for a bond with coupons or into any other instrument.

This bond is a self-liquidating bond and is not a general obligation of the Village and does not constitute an indebtedness of the Village within any constitutional or statutory limitation, but is payable, both as to principal and interest, solely from the Net Revenues of the System after provision for the requirements of the Outstanding Bonds.

The Village hereby covenants and agrees to fix and maintain at all times while any installments of this bond shall be outstanding, such rates of service furnished by the System as shall be sufficient to provide for payment of the interest upon and the principal of all such installments of this bond payable from the Net Revenues of the System as and when the same become due and payable, and to create a bond and interest redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the above-described Ordinances.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond have been done and performed in regular and due time and form as required by law.

IN WITNESS WHEREOF, the VILLAGE OF LAKEVIEW, County of Montcalm, State of Michigan, by its Village Council, has caused this bond to be signed in the name of said Village by

its President and to be countersigned by its Village Clerk, and its corporate seal to be hereunto affixed, all as of February 10, 1986.

VILLAGE OF LAKEVIEW
COUNTY OF
MONTCALM
STATE OF MICHIGAN
By Keith Bucholtz, President

(SEAL)
Countersigned:
Todd Lincoln, Village Clerk

REGISTRATION
NOTHING TO BE WRITTEN HEREON
EXCEPT BY THE REGISTRAR

Date of Registration:	Name of Registered Owner:	Principal Installment Delivered:	Signature Of Registrar:
:	: United States of	:	:
:	: America Farmers Home	:	:
:	: Administration	:	:

EXHIBIT A

Principal Installment Due on January 1	Amount of Principal Installment
1988	\$1,000
1989	1,000
1990	1,000
1991	1,000
1992	1,000
1993	2,000
1994	2,000
1995	2,000
1996	2,000
1997	2,000
1998	4,000
1999	4,000
2000	4,000
2001	5,000
2002	5,000
2003	5,000
2004	6,000
2005	6,000
2006	6,000
2007	8,000
2008	8,000
2009	8,000
2010	9,000
2011	9,000
2012	9,000
2013	10,000
2014	10,000
2015	10,000
2016	11,000
2017	11,000
2018	11,000
2019	12,000
2020	12,000
2021	12,000
2022	13,000
2023	13,000
2024	13,000
2025	13,000

2026
2027

13,000
13,000

Section 9. Security for Bonds. Neither the Junior Lien Bonds nor the interest thereon shall be a general obligation of the Village but shall be payable solely from the Net Revenues after provision has been made for the Outstanding Bonds and any additional bonds of equal standing with the Outstanding bonds, provided, however, that the Junior Lien Bonds and the Series 1986B Bonds shall be of equal standing and priority of lien as to the Net Revenues. To pay such principal and interest as and when the same shall become due on the Junior Lien Bonds and the Series 1986B Bonds, there is hereby created a statutory lien upon the whole of the Net Revenues of the System after provision for the requirements of the Outstanding Bonds subject only to the prior lien in favor of the Outstanding Bonds and any additional bonds of equal standing with the Outstanding Bonds, to continue with respect to any other Bonds until the payment in full of the principal of and interest on the Bonds.

Section 10. Budget. Prior to the beginning of each Fiscal Year, and immediately upon the effective date of the Ordinance for the remainder of the current Fiscal Year, the Village shall prepare an annual budget of the System for the ensuing Fiscal Year itemized on the basis of monthly requirements, a copy of which shall be mailed without request by the FmHA to the FmHA (if and as long as the Government is holder of any of the Bonds) for review prior to adoption, and upon written request to any other holders of the Bonds.

Section 11. Remedies. The holder of the Bonds may, by suit, action, or other proceedings, protect and enforce the statutory lien established by the Ordinance and enforce and compel the performance of all duties of the officials of the Village, including, but not limited to, compelling the Village by proceedings in a court of competent jurisdiction or other appropriate forum to establish and maintain the rates and charges and to perform the other obligations of the Village set forth in the Ordinance.

Section 12. Custodian of Funds; Funds. The Village Treasurer shall be custodian of all funds belonging to or associated with the System. Such funds shall be deposited in the Depository Bank. The Village Treasurer shall execute a fidelity bond in an amount not less than \$100,000 with a surety company licensed to conduct business in the State of Michigan and approved by the FmHA. The United States of America, acting through the FmHA, and the Village shall be named as co-obligees in such bond and the amount thereof shall not be reduced without the prior written consent of the FmHA. The Village Treasurer is hereby directed to create the following funds and accounts into which the proceeds of the Bonds and the Revenues shall be deposited in the manner and at the time provided in the Ordinance, which accounts shall be established and maintained, except as otherwise provided, so long as any of the Bonds remain unpaid, except as otherwise provided in the Ordinance.

A. CONSTRUCTION FUND. The proceeds of the Junior Lien Bond shall be deposited in the VILLAGE OF LAKEVIEW SANITARY SEWER SYSTEM JUNIOR LIEN CONSTRUCTION FUND (“The “Construction Fund”) in the Depository Bank. In the event the Government is a holder of the Junior Lien Bond, then at the direction of the FmHA the Construction Fund shall be established as a supervised bank account and such proceeds shall be withdrawn on the orders of the Village only on checks signed by the Village Treasurer and countersigned by the District Director of the FmHA. Said moneys shall be used solely for the purposes for which the Junior Lien Bonds were issued.

Any unexpended balance of the proceeds of the sale of the Junior Lien Bonds remaining after completion of the Project herein authorized may be used for further improvements, enlargements and extensions of the System in the discretion of the Village, provided that at the time of such expenditure such use be approved by the Michigan Department of Treasury (if such approval is then required by law). Any remaining balance after such expenditure shall be paid into the Junior Lien Redemption Fund (as hereinafter provided) and shall be credited to the Junior Lien Bond Reserve Account or used for the prepayment of installments of the Junior Lien Bond.

B. SANITARY SEWER SYSTEM FUND ACCOUNT. Pursuant to Section 6(B) of Ordinance No. 24, as amended, the Revenues of the System shall continue to be deposited in the Sanitary Sewer System Fund Account established by Ordinance No. 24, as amended (the “Fund Account”), and as of March 1, 1986, the moneys so deposited therein shall be transferred, expended and used only in the manner and order as follows:

(1) Operation and Maintenance Account. There shall first be withdrawn from the Fund Account quarterly (on March 1, June 1, September 1 and December 1) and set aside in and transferred to the Operation and Maintenance Account established by Section 6(B) (1) of Ordinance No. 24, as amended, an amount sufficient to meet the requirements relative to the Operation and Maintenance Account, which amount shall be sufficient to pay the reasonable and necessary current expenses for the ensuing quarter of administering, operating and maintaining the System, including the Project.

(2) Outstanding Bond Requirements. There shall next be withdrawn (on the aforesaid dates) from the Fund Account quarterly and set aside in and transferred to the Bond and Interest Redemption fund established by Section 6(B) (2) or Ordinance No. 24, as amended, Revenues in an amount equal to $\frac{1}{2}$ of the amount of interest due on the next interest payment date and an amount equal to $\frac{1}{4}$ of the amount of principal due on the next succeeding July 1st.

(3) Junior Lien Revenue Bond - Bond and Interest Redemption Fund. There is hereby established a separate account known as the JUNIOR LIEN REVENUE BOND, SERIES 1986A AND SERIES 1986B – BOND AND INTEREST REDEMPTION FUND (the “Junior Lien Redemption Fund”). After the transfers required in (1) and (2) above, Revenues shall be withdrawn quarterly (except as otherwise provided in this paragraph) from the Fund Account, before any other expenditures or transfers therefrom, and set aside in and transferred to the Junior Lien Redemption Fund for payment of principal and interest on the Junior Lien Bonds and the Series 1986B Bonds and to fund the Junior Lien Bond Reserve Account hereinafter established. Upon any delivery of an installment of the Junior Lien Bond and/or the

Series 1986B Bonds, there shall be set aside at the time of such delivery and on the first day of each quarter of the Fiscal Year thereafter to the next interest payment date an amount equal to that fraction of the amount of interest due on the next interest payment date on said installment so delivered, the numerator of which is 1 and the denominator of which is the number of full and partial quarters from the date of said delivery to the next interest payment date. There shall also be set aside each quarter of the Fiscal Year an amount not less than $\frac{1}{2}$ of the amount of interest due on the next interest payment date on all outstanding installments of the Junior Lien Bonds and the Series 1986B Bonds not delivered during the then current interest payment period. There shall also be set aside at the time of the delivery of the initial installment of the Junior Lien Bonds and the Series 1986B Bonds and on the first day of each quarter of the Fiscal Year thereafter to the next principal payment date an amount equal to that fraction of principal of the Junior Lien Bond and the Series 1986B Bonds due on the next principal payment date, the numerator of which is 1 and the denominator of which is the number of full and partial quarters of the Fiscal Year from the date of said delivery to the next principal payment date. Commencing on the first day of the Fiscal Year next succeeding the Fiscal Year in which the first installment is delivered there shall be set aside each quarter of the Fiscal Year an amount not less than $\frac{1}{4}$ of the amount of the principal installment of the Junior Lien Bonds and the Series 1986B Bonds due on the next principal payment date.

If for any reasons there is a failure to make such quarterly deposit in the amounts required, then the entire amount of the deficiency shall be set aside and deposited in the Junior Lien Redemption Fund out of the Revenues first received thereafter which are not required by this Ordinance or Ordinance No. 24, as amended, to be deposited in the Operation and Maintenance Account or in the Bond and Interest Redemption Fund, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters.

There is hereby established in the Junior Lien Redemption fund a separate account known as the JUNIOR LIEN BOND RESERVE ACCOUNT (the "Junior Lien Bond Reserve Account"). Commencing March 1, 1987, there shall be withdrawn from the Fund Account quarterly and set aside in and transferred to the Junior Lien Bond Reserve Account the sum of at least \$850.00 per quarter until there is accumulated in such fund the sum of \$34,000.00, after provision for the current requirements of the Junior Lien Redemption Fund. Except as hereinafter provided, no further deposits need be made into the Junior Lien Redemption Fund for credit to the Junior Lien Bond Reserve Account once the sum of \$34,000.00 has been credited thereto. Except as hereinafter provided, moneys in the Junior Lien Bond Reserve Account shall be used solely for the payment of the principal of and interest on Junior Lien Bonds and/or Series 1986B Bonds as to which there would otherwise be default.

If at any time it shall be necessary to use moneys in the Junior Lien Bond Reserve Account for payment of principal of and interest on the Junior Lien Bonds and/or Series 1986B Bonds, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required by this Ordinance to be used for current principal and interest requirements or reserve requirements for the Outstanding Bonds or for current principal and interest requirements for the Junior Lien Bonds and/or Series 1986 Bonds.

No further payments need be made into the Junior Lien Redemption Fund after enough of the Junior Lien Bonds have been retired so that the amount then held in the Junior Lien Redemption Fund (including the Junior Lien Bond Reserve Account), is equal to the entire amount of principal and interest

which will be payable at the time of maturity of the Junior Lien Bonds and Series 1986B Bonds then outstanding.

Any amount on deposit in the Junior Lien Redemption Fund in excess of the requirements for paying principal of and interest on Junior Lien Bonds and Series 1986B Bonds due during the ensuing eighteen months, plus the requirements of the Junior Lien Bond Reserve Account, may be used by the Village for redemption of Junior Lien Bonds and Series 1986B Bonds in the manner set forth in Section 8 hereof.

The moneys in the Junior Lien Redemption Fund and the Junior Lien Bond Reserve Account shall be invested in accordance with Section 14 of this Ordinance, and profit realized or income earned on such investment shall be used or transferred as provided in said Section.

(4) General Purpose Account. The balance of Revenues in the Receiving Fund shall be set aside in and transferred to the General Purpose Account established by Section 6(B) (3) of Ordinance 24, as amended, and used for the purposes specified therein.

Section 13. Reverse Flow of Funds; Surplus Moneys. In the event the moneys in the Fund Account are insufficient to provide for the current requirements of the Operation and Maintenance Account, the Bond and Interest Redemption Fund, the Junior Lien Redemption Fund (including the Junior Lien Bond Reserve Account), or the General Purpose Account, any moneys and/or securities in the funds of the System shall be established by this Ordinance shall be transferred, first, to the Operation and Maintenance Account, and second, to the Bond and Interest Redemption Fund, and third, to the Junior Lien Redemption Fund (including the Junior Lien Reserve Account), and fourth to the General Purpose Account.

Section 14. 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 Village Council on behalf of the Village in Government obligations or obligations the principal of and interest on which is fully guaranteed by the United States of America, or certificates of deposit of a bank insured by the Federal Deposit Insurance Corporation. Investment of moneys in the Junior Lien Redemption Fund being accumulated for payment of the next maturing principal or interest payment on the bonds shall be limited to Government obligations bearing maturity dates prior to the date of the next maturing principal or interest payment on the Bonds. Investment of moneys in the Junior Lien Bond Reserve Account shall be limited to Government obligations bearing maturity dates, or subject to redemption at the option of the holder thereof, not later than five years from the date of the investment. Securities representing investments shall be kept on deposit with the Depository Bank. Profit realized or interest income earned on investment of funds in the Junior Lien Redemption Fund and, at any time after it is fully funded, the Junior Lien Bond Reserve Account, shall be deposited in or credited to the Receiving Fund. Moneys in any other fund or account of the System shall be invested as provided herein.

Section 15. Rates and Charges. Rates and charges for the services of the System have been fixed pursuant to Section 1 of Ordinance 28, as said Ordinance has been amended from time to time, including Ordinance No. 57, in an amount sufficient to pay the expenses of administration, operation

and maintenance of the System, to pay the principal and interest requirements on all bonds payable from Revenues, including the Outstanding Bonds and the Bonds, and to meet all other requirements and comply with the covenants provided by Ordinance No. 24, as amended herein. The Village hereby covenants and agrees to fix and maintain at all times while any of the Outstanding Bonds and the Bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for the foregoing expenses, requirements, and covenants, and to create a bond and interest redemption fund (including a bond reserve account) for all such bonds. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the costs and value of said System and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all bonds payable from Revenues and accruing interest on such bonds.

Section 16. No Free Service. No free service shall be furnished by the system to any individual, firm or corporation, public or private or to any public agency or instrumentality.

Section 17. Covenants. The Village covenants and agrees that so long as any of the Bonds hereby authorized remain unpaid as follows:

I. It will comply with applicable State laws and regulations and continually operate and maintain the System in good condition.

II. It will comply with provisions and covenants of Ordinance No. 24, as amended, and this Ordinance.

III. (i) It will maintain complete books and records relating to the operating and financial affairs of the System. If the Government is holder of any of the Bonds, the FmHA shall have the right to inspect the System and the records, accounts, and data relating thereto at all reasonable times.

(ii) It will cause an annual audit of such books of record and account for the preceding Fiscal Year to be made each year by a recognized independent certified public accountant, or will prepare a report for such purpose in forms prepared by the Department of Treasury of the State of Michigan, and will mail a copy of such audit or report to the FmHA, or to the manager of the syndicate or account purchasing the Bonds, and the Department of Treasury. Such audit shall be completed and so made available not later than three (3) months after the close of each Fiscal Year.

IV. The Village will maintain and carry, for the benefit of the holders of the Bonds, insurance on all physical properties of the System, of the kinds and in amounts normally carried by municipalities engaged in the operation of similar systems. All moneys received for losses under any such insurance policies shall be applied to the replacement and restoration of the property damaged or destroyed, and to the extent not so used, shall be used for the purpose of calling Bonds. If the Government is a holder of any of the Bonds, then said insurance shall be in amounts not less than such amounts as may be specified by LETTER OF INTENT TO MEET CONDITIONS, Form FmHA 442.46 and shall be approved by the FmHA.

V. It will not borrow any money from any source or enter into any contract or agreement to incur any other liabilities that may in any way be a lien upon the Revenues or otherwise encumber the System so as to impair Revenues therefrom, without obtaining the prior

written consent of the FmHA (if the Government is a holder of any of the Bonds), nor shall it transfer or use any portion of the Revenues derived in the operation of the System for any purpose not herein specifically authorized.

VI. It will not voluntarily dispose of or transfer its title to the System or any part thereof, including lands and interests in lands, by sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of the FmHA if it is a holder of any of the Bonds.

VII. Any extensions or improvements of the System shall be made according to sound engineering principles and plans and specifications shall be submitted to the FmHA (if the Government is the holder of any of the Bonds) for prior review.

Section 18. Additional Bonds. The Village may issue additional bonds off prior to the Bonds authorized in this Ordinance under the terms and conditions set forth in Ordinance 24, as amended. The Village may issue additional bonds of equal, but not prior, standing with the Junior Lien Bonds and the Series 1986B Bonds for any of the following purposes:

I. To complete construction of the Project according to the plans set forth in Section 2, in the amount necessary therefor; or

II. For the purpose of making reasonable repairs, replacements, improvements, enlargements or extensions of the System; or

III. To refund any Outstanding Bonds.

Additional Bonds may be issued only if the FmHA, if the Government is then the holder of any of the Bonds, consents to such issue in writing; and unless the FmHA holds all of the Bonds, the Augmented Net Revenues (as hereinafter defined) of the System were 120 percent of the annual debt service requirements on all Bonds then outstanding and those Additional Bonds proposed to be issued, net of any Bonds to be refunded by the Additional Bonds.

For the purposes of this Section the term "Augmented Net Revenues" shall mean the Net Revenues of the System for the Fiscal Year preceding the Fiscal Year in which the Additional Bonds are to be issued, adjusted to reflect the effect of any increase in sales and charges (a) placed in effect during said Fiscal Year (but not in effect for the whole Fiscal Year), (b) placed in effect subsequent to said Fiscal Year, or (c) scheduled, at the time of the proposed Additional Bonds are authorized, to be placed in effect before principal of and interest on the proposed Additional Bonds become payable from Revenues, and augmented by any increase in Revenues or decrease in expenses estimated to accrue from the repairs, improvements, enlargements or extensions to be acquired from the proceeds of the proposed Additional Bonds. Such adjustments and augmentations shall be established by certificate of an independent consulting engineer filed with the Village Clerk. If Additional Bonds are to be issued within four months subsequent to the start of a Fiscal Year, the ratio of Augmented Net Revenues to average annual debt service requirements may be determined based upon the results of either of the two Fiscal Years ending within the sixteen months preceding the date of issuance of the Additional Bonds.

Permission of the Michigan Department of Treasury (or such other body or agency of the State of Michigan then having jurisdiction over the issuance of municipal bonds) to issue such Additional Bonds shall be conclusive as to the existence of conditions permitting the issuance thereof. In the event

permission of the Michigan Department of Treasury (or such other body or agency) is not then required to issue such Additional Bonds, then the adopted by the Village Council of an ordinance authorizing the issuance of such Additional Bonds shall be conclusive as to the existence of conditions permitting the issuance thereof.

The funds established by the Ordinance shall be applied to all Additional Bonds; all Revenues from any such completion, repair, replacement, improvement, enlargement or extension financed from the proceeds of the Additional Bonds shall be paid, as received, into the Fund Account.

Except as otherwise specifically provided in this Section and Ordinance No. 24, as amended, so long as any of the Outstanding Bonds and the Bonds 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.

Section 19. Ordinance Shall Constitute Contract. The provisions of the Ordinance shall constitute a contract between the Village and the bondholder. After the issuance of the Bonds the Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interest of the bondholder, nor shall the Village adopt any law, ordinance or resolution in any way adversely affecting the rights of the holder of the Bonds so long as the Bonds or interest thereon remains unpaid.

Section 20. Refunding of Bonds. If at any time it shall appear to the FmHA (while the Government is a holder of any of the Bonds) that the Village is able, upon call for redemption or with the consent of the FmHA, to refund the Bonds by obtaining a loan for such purposes for responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and period of time, upon request of the Government, the Village will apply for and accept such loan in sufficient amount to repay the Government, and will take all such actions as may be required in connection therewith.

Section 21. Default of Village. If there shall be default in the Junior Lien Redemption Fund provisions of the Ordinance or on the payment of principal or interest of any of the bonds, upon the filing of a suit by any holder of the bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Village with power to charge and collect rates and charges sufficient to provide for the payment of the Bonds payable from Revenues and for the payment of administration, operation and maintenance expenses and the payment of the Outstanding Bonds and to apply income and Revenues in accordance with Ordinance No. 24, as amended, the Ordinance and the laws of the State of Michigan.

The Village hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of Village obligations, all contracts and other rights of the Village conditionally, for such time only as such receiver or operation shall operate by authority of the court.

The holders of twenty percent (20%) of the Bonds may enforce the statutory lien and the covenants of the Village in the event of default, and may require by mandatory injunction the raising of rates and charges to the extent permitted by Section 15 hereof.

Section 22. Ordinance Subject to Michigan Law and FmHA Regulations. The provisions of the Ordinance are subject to the laws of the State of Michigan and to the present and future regulations of the FmHA (while the Government is a holder of any of the Bonds) as are not inconsistent with the express provisions hereof and Michigan law.

Section 23. Village Subject to Loan Agreement. So long as the Government is holder of any of the Bonds, the Village shall be subject to the loan agreement (form FmHA 442-47) with the FmHA and shall comply with all provisions thereof.

Section 24. Department of Treasury Approval; Sale of Bonds. The President and/or Clerk having been authorized and directed to give to the Department of Treasury notice of intent to issue and sell the Junior Lien Bond and having paid the required fee, and having received said approval the Clerk is authorized and directed to privately negotiate the sale of the Junior Lien Bonds to the FmHA at the interest rate approved in Section 5 hereof.

Section 25. Conflict and Severability. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of the Ordinance are to the extent of such conflict hereby repealed, and each section of the Ordinance and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivision of the Ordinance.

Section 26. Paragraph Headings. The paragraph headings in the Ordinance are furnished for convenience of reference only and shall not be considered to be a part of the Ordinance.

Section 27. Publication and Recordation. The Ordinance shall be published in full promptly after is adoption in the Daily News and Belding Banner, a newspaper of general circulation in the Village, qualified under State law to publish legal notices, and shall be recorded in the Ordinance Book of the Village, which recording shall be authenticated by the signatures of the President and Village Clerk.

Section 28. Effective Date. The Ordinance is hereby determined by the Village Council to be immediately necessary for the preservation of the peace, health and safety of the Village and shall be in full force and effect from and after it passes and publication as required by law.

Passed and adopted by the Village Council of the Village of Lakeview, County of Montcalm, State of Michigan, on February 10, 1986, and approved by me on February 10, 1986.

Keith Bucholtz, President
Todd Lincoln, Village Clerk

I hereby certify that the foregoing is a true and complete copy of an Ordinance, duly adopted by the Village Council of the Village of Lakeview, County of Montcalm, State of Michigan, at a Regular Meeting held on February 10, 1986, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following members were present at said meeting: Rankin, Wales, Stilson, Fountain, Jura, Bowser; and that the following Members were absent: None.

I further certify that Member Wales moved adoption of said Ordinance and that Members Rankin supported said motion.

I further certify that the following Members voted for adoption of said Ordinance: Rankin, Wales, Stilson, Fountain, Jura, Bowser; and that the following Members voted against adoption of said Ordinance: None.

I further certify that said Ordinance has been recorded in the Ordinance Book of the Village of Lakeview, and that such recording has been authenticated by the signatures of the President and Village Clerk.

Todd Lincoln, Village Clerk

ORDINANCE NO. 61

AN ORDINANCE TO AMEND THE SECOND TO LAST PARAGRAPH OF SECTION 5 OF ORDINANCE 58 TO PROVIDE FOR A REDUCED INTEREST RATE ON THE BONDS AUTHORIZED BY ORDINANCE #58:

THE VILLAGE OF LAKEVIEW ORDAINS:

Section 1. The second to last paragraph of Ordinance #58 shall read as follows:

“The sale of the Junior Lien Bond to the FmHA at an interest rate of 6-1/8 percent annum at the par value thereof is hereby approved. The Village Treasurer is hereby authorized to deliver the Junior Lien Bond in accordance with the delivery instructions of the FmHA.”

Section 2. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance or of Ordinance #58.

Section 3. All ordinances, resolutions, or orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 4. This Ordinance is hereby determined to be immediately necessary to the preservation of the peace, health and safety of the Village and shall become effective immediately upon its adoption and shall be published once, in full, in the Daily News Banner, a newspaper of general circulation within the boundaries of the Village and qualified under state law to publish legal notices, and the same shall be recorded in the Ordinance Book of the Village and such recording authenticated by the signatures of the President and Clerk.

I hereby certify that the foregoing is a true and complete copy of Ordinance Number 61, duly adopted by the Village Council of the Village of the Village of Lakeview, Michigan at a Special meeting held on May 19, 1986 and that public notice of said meeting was given pursuant to and in conformity with Act 267, Public Acts of Michigan, 1976.

I further certify that Member Rankin moved adoption of said Ordinance and that Member Griffith supported said motion.

I further certify that the following Members voted for adoption of said Ordinance: Bowser, Griffith, Stilson, Fountain, Rankin. The following Members voted against adoption of said Ordinance: None.

I further certify that said Ordinance has been recorded in the Ordinance Book of the Village and that such recording has been authenticated with the signatures of the President and Village Clerk.

Todd Lincoln, Village Clerk

ORDINANCE NO. 59

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF SELF-LIQUIDATING JUNIOR LIEN SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 1986B BY THE VILLAGE OF LAKEVIEW, COUNTY OF MONTCALM, MICHIGAN, FOR THE PURPOSE OF PAYING PART OF THE COST OF CONSTRUCTING ADDITIONS, AND IMPROVEMENTS TO ITS SANITARY SEWER SYSTEM; PRESCRIBING THE FORM OF JUNIOR LIEN BONDS, SERIES 1986B; PROVIDING FOR THE COLLECTION OF REVENUE FROM SAID SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE THEREOF, PROVIDING AN ADEQUATE RESERVE FUND THEREFOR, PROVIDING FOR THE PAYMENT OF SAID JUNIOR LIEN BONDS, SERIES 1986B AND FURTHER PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES; CREATING A STATUTORY LIEN ON SAID REVENUES WHICH WILL BE JUNIOR LIEN TO THE STATUTORY LIEN CREATED IN FAVOR OF THE OUTSTANDING SANITARY SEWER SYSTEM REVENUE BONDS AUTHORIZED BY ORDINANCE NO. 24, AS AMENDED BUT WHICH WILL BE OF EQUAL STANDING TO THE STATUTORY LIEN CREATED IN FAVOR OF THE HOLDER OF THE VILLAGE'S JUNIOR LIEN SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 1986A; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID JUNIOR LIEN BONDS, SERIES 1986B IN ENFORCEMENT THEREOF; AND PROVIDING FOR OTHER MATTERS RELATIVE TO SAID JUNIOR LIEN BONDS, SERIES 1986B AND SAID SYSTEM.

THE VILLAGE OF LAKEVIEW ORDAINS:

Section 1. Definitions. In addition to the words and terms elsewhere defined in this Ordinance, the following words and terms as used in this Ordinance shall have the following meanings unless the context or use indicates another or different meaning or intent:

Whenever the word "acquired" is used in this Ordinance it shall be construed to include acquisition by purchase, construction or by another method.

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

"Additional Bonds" shall mean Bonds issued pursuant to Section 18 hereof and subject to the terms of this Ordinance.

"Bonds" shall mean the Junior Lien Bonds, the Series 1986A Bonds and any Additional Bonds.

"Depository Bank" shall mean Bank of Lakeview, Lakeview, Michigan.

"Fiscal Year" shall mean the operating year of the System commencing March 1, as such year may be changed from time to time.

"FmHA" shall mean the Farmers Home Administration, an agency of the United States Department of Agriculture. Provisions herein referencing the FmHA shall be inapplicable in the event the Junior Lien Bonds are not sold to the FmHA and in the event that the Government shall no longer be a holder of any of the Bonds.

"Government" shall mean the government of the United States of America.

“Junior Lien Bonds” shall mean the \$190,000 Village of Lakeview Sanitary Sewer System Junior Lien Revenue Bonds, Series 1986B, authorized to be issued under Section 4 of the Ordinance.

“Ordinance” shall mean this ordinance and any ordinance or resolution of the Village amendatory or supplemental hereto, including ordinances or resolutions authorizing issuance of Additional Bonds.

“Outstanding Bonds” shall mean the Sanitary Sewer System Revenue Bonds, dated December 19, 1967, authorized by Ordinance No. 24, as amended, and any additional bonds which may hereinafter be issued on a parity therewith pursuant to the terms of Ordinance No. 24, as amended.

“Project” shall mean the public improvements to the System herein authorized to be acquired and constructed, consisting of sanitary sewers, a pumping station, the raising of existing dikes, the construction of two aeration lagoons and the construction of three rapid infiltration beds, together with appurtenances and attachments thereto as described in the maps, plans and specifications therefor referenced in Section 2 hereof.

“Revenues” and “Net Revenues” shall have the meanings with respect to the System as are set forth in Section 3 of Act 94, and shall include the earnings on the investment of funds of the System (including the Project), and of funds deposited in the Sanitary Sewer System Fund Account pursuant to Section 8 hereof.

“Series 1986A Bonds” shall mean the \$275,000 Village of Lakeview Sanitary Sewer System Junior Lien Revenue Bonds, Series 1986A, authorized to be issued under Section 4 of Ordinance No. 58, and which Series 1986A Bonds shall be of equal standing and priority of lien as to the Net Revenues of the System with the Junior Lien Bonds.

“System” shall mean the Village’s sanitary sewer system, including such facilities thereof as are not existing, are acquired and constructed as the Project, and all enlargements, extensions, repairs and improvements thereto hereafter made.

“Village” shall mean the Village of Lakeview, County of Montcalm, Michigan.

Section 2. Necessity; Description of Project It is hereby determined to be necessary for the public health and welfare of the Village, in accordance with detailed maps, plans and specifications therefor prepared by Granger Engineering, consulting engineers of Cadillac, Michigan (the “Engineers”), to proceed to acquire and construct the Project.

Section 3. Cost; Useful Life. The cost of the Project has been estimated to be \$940,000, including the payment of incidental expenses as specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed. The period of usefulness of the Project is estimated to be not less than forty (40) years.

Section 4. Payment of Costs and Authorization of Junior Lien Bonds. To pay the part of the cost of acquiring and constructing the Project, including legal, engineering and financial expenses, and other

expenses incident thereto and incident to the issuance and sale of the Junior Lien Bond, it is hereby determined that the Village borrow the sum of \$190,000, and that revenue bonds be issued therefor pursuant to the provisions of Act 94. The balance of the cost of the Project will be paid from the proceeds of sale of the Series 1986A Bonds and from other funds of, or available to, the Village legally available therefor, including EDA and Michigan Small Cities grants.

Section 5. Bond Data and Sale. The Junior Lien Bond shall be designated SANITARY SEWER SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 1986B shall be dated as of the date of delivery, shall consist of one (1) single fully-registered bond in the denomination of \$190,000, and shall be payable in principal installments serially on January 1 of each year, as follows:

Principal Installment Amount	Year
\$ 1,000	1988 to 2008, inclusive;
3,000	2009, 2010 and 2011;
6,000	2012, 2013 and 2014;
8,000	2015, 2016 and 2017;
11,000	2018, 2019 and 2020;
13,000	2021, 2022 and 2023;
15,000	2024 and 2025;
16,000	2026

The principal installments of the Junior Lien Bond will bear interest from the date of delivery of said installment to the holder thereof as provided in registration grid set forth on the Junior Lien Bond at the rate of six and five-eighths percent (6-5/8%) per annum, payable in July 1, 1986 and semiannually thereafter on January 1 and July 1 of each year until maturity or earlier prepayment of said installment. The Junior Lien bond shall not be convertible or exchangeable into more than one fully-registered bond.

The Junior Lien Bond shall be issued in fully-registered form. Principal of and interest on the Junior Lien Bond shall be payable in lawful money of the United States of America by check mailed to the registered holder at the address of the registered holder as shown on the registration books of the Village kept by the Village Treasurer who shall act as transfer agent and registrar; provided, however, that if and at such time as the Junior Lien Bond is transferred to or held by any registered owner other than the FmHA, the Village may appoint a bank or trust company qualified under Michigan law to act as transfer agent and registrar. If the FmHA shall no longer be the registered owner of the Junior Lien Bond, then the principal of and interest on the Junior Lien Bond shall be payable to the registered owner of record as of the fifteenth day preceding the payment date. Such date of determination of the registered owner for purposes of payment of principal or interest may be changed by the Village to conform to future market practice.

The sale of the Junior Lien Bond to the FmHA at an interest rate of six and five-eighths (6-5/8%) per annum and at the par value thereof is hereby approved. The Village Treasurer is hereby authorized to deliver the Junior Lien Bond in accordance with the delivery instructions of the FmHA.

The Junior Lien Bond or installments thereof will be subject to prepayment prior to maturity, in the manner and at the times as provided in the form of the Junior Lien Bond set forth in Section 8.

Section 6. Bond 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 his duly authorized attorney, upon surrender of such 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 register and deliver a new Bond or Bonds in like aggregate principal amount. The transfer agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Village shall not be required (i) to issue, register the transfer of, or exchange any Bond during a period beginning at the opening of business fifteen days before the day of mailing of a notice of redemption of Bonds selected for redemption under Section 8 of this Ordinance and ending at the close of business on the day of that mailing, or (ii) to register the transfer of or exchange any Bond so selected for redemption.

The transfer agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Village. The transfer agent shall transfer or cause to be transferred on said books Bonds presented for transfer, as hereinbefore provided and subject to such reasonable regulations as it may prescribe.

Section 7. Execution and Delivery of the Junior Lien Bond. The Junior Lien Bond shall be signed by the President and countersigned by the Village Clerk and shall have the corporate seal of the Village impressed thereon. The Junior Lien Bond may be signed and countersigned with the facsimile signatures of the President and Village Clerk, and a facsimile of the corporate seal of the Village printed thereon if permitted by law. After execution, the Junior Lien Bond shall be held by the Village Treasurer for delivery to the FmHA. No Junior Lien Bond or any installment thereof shall be valid until registered by the Village Treasurer, or upon transfer by the FmHA and thereafter, by an authorized officer of the transfer agent. From time to time as necessary after the FmHA shall have transferred the Junior Lien Bond, executed blank bonds for registration of transfer may be delivered to the transfer agent for safekeeping.

Section 8. Bond Form. The form and tenor of the Junior Lien Bond shall be substantially as follows, subject to appropriate variation upon issuance of Additional Bonds:

(See enclosed pages)

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MONTCALM
VILLAGE OF LAKEVIEW
SANITARY SEWER SYSTEM
JUNIOR LIEN REVENUE BOND, SERIES 1986B
\$190,000

No. 1

The Village of Lakeview, County of Montcalm, State of Michigan (the "Village"), for value received, hereby promises to pay to the registered holder hereof, but only out of the hereinafter described Net Revenues of the Sanitary Sewer System of the Village, including all appurtenances, additions, extensions and improvements thereto (the "System"), the sum of

ONE HUNDRED NINETY THOUSAND DOLLARS

On the dates and in the principal installment amounts set forth in Exhibit A attached hereto and made a part hereof, with interest on said installments from the date each said installment is delivered to the holder hereof and as set forth on the registration grid hereon until paid at the rate of six and five-eighths (6-5/8%) per annum, payable on July 1, 1986, and semiannually thereafter. Both principal of and interest on this bond are payable in lawful money of the United States of America by check mailed to the registered holder at the address shown on the registration books of the Village and for the prompt payment thereof, the gross revenues of the system, after provision has been made for reasonable and necessary expenses of operation, administration and maintenance thereof (the "Net Revenues"), and for the requirements of the outstanding Sanitary Sewer System Revenue Bonds, authorized by Ordinance No. 24, as amended in the original principal amount of \$384,000 (the "Outstanding Bonds"), are hereby irrevocably pledged and a statutory lien thereon is hereby created which is a second lien subject only to the prior lien in favor of the Outstanding Bonds and any bonds of equal standing with the Outstanding Bonds hereafter issued. Said second lien is of equal standing and priority with the Village's Sanitary Sewer System Junior Lien Revenue Bond, Series 1986A issued as of the date hereof in the original principal amount of \$275,000.

This bond is a single, fully-registered, non-convertible bond in the principal sum of \$190,000, issued pursuant to Ordinance No. 59, duly adopted by the Village on February 10, 1986, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of paying part of the cost of acquiring and constructing additions and improvements to the System. For a complete statement of the revenues from which, and the conditions under which additional bonds of equal and prior standing may hereafter

be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the above-described Ordinances.

Principal installments of this bond are subject to prepayment prior to maturity, in inverse chronological order, at the option of the Village on any interest to the date fixed for prepayment.

Thirty days notice of the call of any principal installments for prepayment shall be given by mail to the registered holder at the registered address. The principal installments so called for prepayment shall not bear interest after the date fixed for prepayment, provided funds are on hand to prepay said installments.

This bond shall be registered as to principal and interest on the books of the Village kept by the transfer agent and registrar and noted hereon, after which it shall be transferable only upon presentation to such transfer agent and registrar with a written transfer satisfactory to such transfer agent and registrar by the registered holder or his attorney in fact. Such transfer shall be noted hereon and upon the books of the Village kept for that purpose.

This bond may not be converted to or exchanged for a bond with coupons or into any other instrument.

This bond is a self-liquidating bond and is not a general obligation of the Village and does not constitute an indebtedness of the Village within any constitutional or statutory limitation, but is payable, both as to principal and interest, solely from the Net Revenues of the System after provision for the requirements of the Outstanding Bonds.

The Village hereby covenants and agrees to fix and maintain at all times while any installments of this bond shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest upon and the principal of all such installments of this bond payable from the Net Revenues of the System as and when the same become due and payable, and to create a bond and interest redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the above-described Ordinances.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond have been done and performed in regular and due time and form as required by law.

IN WITNESS WHEREOF, THE VILLAGE OF LAKEVIEW, County of Montcalm, State of Michigan, by its Village Council, has caused this bond to be signed in the name of said Village by its President and to be countersigned by its Village Clerk, and its corporate seal to be hereunto affixed, all as of February 10, 1986.

VILLAGE OF LAKEVIEW
COUNTY OF
MONTCALM
STATE OF MICHIGAN
By Keith Bucholtz, President

(SEAL)
Countersigned:
Todd Lincoln, Village Clerk

REGISTRATION
 NOTHING TO BE WRITTEN HEREON EXCEPT BY THE REGISTRAR

Date of Registration:	Name of Registered Owner:	Principal Installment Delivered:	Signature Of Registrar:
:	United States of	:	:
:	America Farmers Home	:	:
:	Administration	:	:

Principal Installment Amount	Year
\$ 1,000	1988 to 2008, inclusive;
3,000	2009, 2010 and 2011;
6,000	2012, 2013 and 2014;
8,000	2015, 2016 and 2017;
11,000	2018, 2019 and 2020;
13,000	2021, 2022 and 2023;
15,000	2024 and 2025;
16,000	2026.

Section 9. Security for Bonds. Neither the Junior Lien Bonds nor the interest thereon shall be a general obligation of the Village but shall be payable solely from the Net Revenues after provision has been made for the Outstanding Bonds and any additional bonds of equal standing with the Outstanding Bonds, provided, however, that the Junior Lien Bonds and the Series 1986A Bonds shall be of equal standing and priority of lien as to the Net Revenues. To pay such principal and interest as and when the same shall become due on the Junior Lien Bonds and the Series 1986A Bonds, there is hereby created a statutory lien upon the whole of the Net Revenues of the System after provision for the requirements of the Outstanding Bonds subject only to the prior lien in favor of the Outstanding Bonds and any

additional bonds of equal standing with the Outstanding Bonds, to continue with respect to any other Bonds until the payment in full of the principal of and interest on the Bonds.

Section 10. Budget. Prior to the beginning of each Fiscal Year, and immediately upon the effective date of the Ordinance for the remainder of the current Fiscal Year, the Village shall prepare an annual budget of the System for the ensuing Fiscal Year itemized on the basis of monthly requirements, a copy of which shall be mailed without request by the FmHA to the FmHA (if and as long as the Government is holder of any of the Bonds) for review prior to adoption, and upon written request to any other holders of the Bonds.

Section 11. Remedies. The holder of the Bonds may, by suit, action, or other proceedings, protect and enforce the statutory lien established by the Ordinance and enforce and compel the performance of all duties of the officials of the Village, including, but not limited to, compelling the Village by proceedings in a court of competent jurisdiction or other appropriate forum to establish and maintain the rates and charges and to perform the other obligations of the Village set forth in the Ordinance.

Section 12. Custodian of Funds; Funds. The Village Treasurer shall be custodian of all funds belonging to or associated with the System. Such funds shall be deposited in the Depository Bank. The Village Treasurer shall execute a fidelity bond in an amount not less than \$100,000 with a surety company licensed to conduct a business in the State of Michigan and approved by the FmHA. The United States of America, acting through the FmHA, and the Village shall be named co-obligees in such bond and the amount thereof shall not be reduced without the prior written consent of the FmHA. The Village Treasurer is hereby directed to create the following funds and accounts into which the proceeds of the Bonds and the Revenues shall be deposited in the manner and at the times provided in the Ordinance, which accounts shall be established and maintained, except as otherwise provided so long as any of the Bonds remain unpaid, except as otherwise provided in the Ordinance.

A. CONSTRUCTION FUND. The proceeds of the Junior Lien Bond shall be deposited in the VILLAGE OF LAKEVIEW SANITARY SEWER SYSTEM JUNIOR LIEN CONSTRUCTION FUND (the "Construction Fund") in the Depository Bank. In the event the Government is a holder of the Junior Lien Bond, then at the direction of the FmHA the Construction Fund shall be established as a supervised bank account and such proceeds shall be withdrawn on the orders of the Village only on checks signed by the Village Treasurer and countersigned by the District Director of the FmHA. Said moneys shall be used solely for the purposes for which the Junior Lien Bonds were issued.

Any unexpended balance of the proceeds of the sale of the Junior Lien Bonds remaining completion of the Project herein authorized may be used for further improvements, enlargements and extension of the System in the discretion of the Village, provided that at the time of such expenditure such use be approved by the Michigan Department of Treasury (if such approval is then required by law.) Any remaining balance after such expenditure shall be paid into the Junior Lien Redemption Fund (as hereinafter provided) and shall be credited to the Junior Lien Bond Reserve Account or used for the prepayment of installments of the Junior Lien Bond.

After completion of the Project and disposition of remaining proceeds, if any, of the Junior Lien Bond pursuant to the provisions of this Section, the Construction Fund shall be closed.

B. SANITARY SEWER SYSTEM FUND ACCOUNT. Pursuant to Section 6(B) of Ordinance No. 24, as amended, the Revenues of the System shall continue to be deposited in the Sanitary Sewer System Fund Account established by Ordinance No. 24, as amended (the "Fund Account"), and as of March 1, 1986, the moneys so deposited therein shall be transferred, expended and used only in the manner and order as follows:

(1) Operation and Maintenance Account. There shall first be withdrawn from the Fund Account quarterly (on March 1, June 1, September 1 and December 1) and set aside in and transferred to the Operation and Maintenance Account established by Section 6(B) (1) of Ordinance No. 24, as amended, an amount sufficient to meet the requirements relative to the Operation and Maintenance Account, which amount shall be sufficient to pay the reasonable and necessary current expenses for the ensuing quarter of administering, operating and maintaining the System, including the Project.

(2) Outstanding Bond Requirements. There shall next be withdrawn (on the aforesaid dates) from the Fund Account quarterly and set aside in and transferred to the Bond and Interest Redemption Fund established by Section 6(B) (2) of Ordinance No. 24, as amended, Revenues in an amount equal to $\frac{1}{2}$ of the amount of interest due on the next interest payment date and an amount equal to $\frac{1}{4}$ of the amount of principal due on the next succeeding July 1st.

(3) Junior Lien Revenue Bond – Bond and Interest Redemption Fund. There is hereby established a separate account known as the JUNIOR LIEN REVENUE BOND, SERIES 1986B – BOND AND INTEREST REDEMPTION FUND (the "Junior Lien Redemption Fund"). After the transfers required in (1) and (2) above, Revenues shall be withdrawn quarterly (except as otherwise provided in this paragraph) from the Fund Account, before any other expenditures or transfers therefrom, and set aside in and transferred to the Junior Lien Redemption Fund for payment of principal and interest on the Junior Lien Bonds and the Series 1986A Bonds and to fund the Junior Lien Bond Reserve Account hereinafter established. Upon any delivery of an installment of the Junior Lien Bonds and/or the Series 1986A Bonds, there shall be set aside at the time of such delivery and on the first day of each quarter of the Fiscal Year thereafter to the next interest payment date an amount equal to that fraction of the amount of interest due on the next interest payment date on said installments so delivered, the numerator of which is 1 and the denominator of which is the number of full and partial quarters from the date of said delivery to the next interest payment date. There shall also be set aside each quarter of the Fiscal Year an amount not less than $\frac{1}{2}$ of the amount of interest due on the next interest payment date on all outstanding installments of the Junior Lien Bonds and the Series 1986A Bonds not delivered during the then current interest payment period. There shall also be set aside at the time of delivery of the initial installment of the Junior Lien Bonds and the Series 1986A Bonds and on the first day of each quarter of the Fiscal Year thereafter to the next principal payment date an amount equal to that fraction of principal of the Junior Lien Bond and the Series 1986A Bonds due on the next principal payment date, the numerator of which is 1 and the denominator of which is the number of full and partial quarters of the Fiscal Year from of the date of said delivery to the next principal payment date. Commencing on the

first day of the Fiscal Year next succeeding the Fiscal Year in which the first installment is delivered there shall be set aside each quarter of the Fiscal Year an amount not less than ¼ of the amount of the principal installment of the Junior Lien Bonds and the Series 1986A Bonds due on the next principal payment date.

If for any reason there is a failure to make such quarterly deposit in the amounts required, then the entire amount of the deficiency shall be set aside and deposited in the Junior Lien Redemption Fund out of the Revenues first received thereafter which are not required by this Ordinance or Ordinance No. 24, as amended, to be deposited in the Operation and Maintenance Account or in the Bond and Interest Redemption Fund, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters.

There is hereby established in the Junior Lien Redemption Fund a separate account known as the JUNIOR LIEN BOND RESERVE ACCOUNT (the "Junior Lien Bond Reserve Account"). Commencing March 1, 1987, there shall be withdrawn from the Fund Account quarterly and set aside in and transferred to the Junior Lien Bond Reserve Account the sum of at least \$850.00 per quarter until there is accumulated in such fund the sum of \$34,000.00, after provision for the current requirements of the Junior Lien Redemption Fund. Except as hereinafter provided, no further deposits need be made into the Junior Lien Redemption Fund for credit to the Junior Lien Bond Reserve Account once the sum of \$34,000.00 has been credited thereto. Except as hereinafter provided, moneys in the Junior Lien Bond Reserve Account shall be used solely for the payment of the principal of and interest on Junior Lien Bonds and/or Series 1986A Bonds as to which there would otherwise be default.

If at any time it shall be necessary to use moneys in the Junior Lien Bond Reserve Account for payment of principal of and interest on the Junior Lien Bond and/or Series 1986A Bonds, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required by this Ordinance to be used for current principal and interest requirements or reserve requirements for the Outstanding or for current principal and interest requirements for the Junior Lien Bonds and/or Series 1986A Bonds.

No further payments need be made into the Junior Lien Redemption Fund after the amount then held in the Junior Lien Redemption Fund (including the Junior Lien Bond Reserve Account), is equal to the entire amount of principal and interest which will be payable at the time of maturity of the Junior Lien Bonds and Series 1986A Bonds then outstanding.

Any amount on deposit in the Junior Lien Redemption Fund in excess of the requirements for paying principal of and interest on Junior Lien Bonds and Series 1986A Bonds due during the ensuing eighteen months plus the requirements of the Junior Lien Bond Reserve Account, may be used by the Village for redemption of Junior Lien Bonds and Series 1986A Bonds in the manner set forth in Section 8 hereof.

The moneys in the Junior Lien Redemption Fund and the Junior Lien Bond Reserve Account shall be invested in accordance with Section 14 of this Ordinance, and profit realized or income earned on such investment shall be used or transferred as provided in said Section.

(4) General Purpose Account. The balance of Revenues in the Receiving Fund shall be set aside in and transferred to the General Purpose Account established by Section 6(B) (3) of Ordinance No. 24, as amended, and used for the purposes specified therein.

Section 13. Reverse Flow of Funds; Surplus Moneys. In the event there moneys in the Fund Account are insufficient to provide for the current requirements of the Operation and Maintenance Account, the Bond and Interest Redemption Fund, the Junior Lien Redemption Fund (including the Junior Lien Bond Reserve Account), or the General Purpose Account, any moneys and/or securities in the funds of the System established by this Ordinance shall be transferred, first, to the Operation and Maintenance Account, and second, to the Bond and Interest Redemption Fund, and third, to the Junior Lien Redemption Fund (including the Junior Lien Reserve Account), and fourth to the General Purpose Account.

Section 14. 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 Village Council on behalf of the Village in Government obligations or obligations the principal of and interest on which is fully guaranteed by the United States of America, or certifications of deposit of a bank insured by the Federal Deposit Insurance Corporation. Investment of moneys in the Junior Lien Redemption Fund being accumulated for payment of the next maturing principal or interest payment on the Bonds shall be limited to Government obligations bearing maturity dates prior to the date of the next maturing principal or interest payment on the Bonds. Investment of moneys in the Junior Lien Bond Reserve Account shall be limited to Government obligations bearing maturity dates, or subject to redemption at the option of the holder thereof, not later than five years, from the date of the investment. Securities representing investments shall be kept on deposit with the Depository Bank. Profit realized or interest income earned on investment of funds in the Junior Lien Redemption Fund and, at any time after it is fully funded, the Junior Lien Bond Reserve Account, shall be deposited in or credited to the Receiving Fund.

Moneys in any other fund or account of the System shall be invested as provided herein.

Section 15. Rates and Charges. Rates and charges for the services of the System have been fixed pursuant to Section 1 of Ordinance No. 28, as said Ordinance has been amended from time to time, including Ordinance No. 57, in an amount sufficient to pay the expenses of administration, operation and maintenance of the System, to pay the principal and interest requirements on all bonds payable from Revenues, including the Outstanding Bonds and the Bonds, and to meet all other requirements and comply with the covenants provided by Ordinance No. 24, as amended and herein. The Village hereby covenants and agrees to fix and maintain at all times while any of the Outstanding Bonds and the Bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for the foregoing expense, requirements and covenants, and to create a bond and interest redemption fund (including a bond reserve account) for all such bonds. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the costs and value of said System and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all bonds payable from Revenues and accruing interest on such bonds.

Section 16. No Free Service. No free service shall be furnished by the System to any individual, firm or corporation, public or private or to any public agency or instrumentality.

Section 17. Covenants. The Village covenants and agrees that so long as any of the bonds hereby authorized remain unpaid as follows:

I. It will comply with applicable State laws and regulations and continually operate and maintain the System in good condition.

II. It will comply with provisions and covenants of Ordinance No. 24, as amended, and this Ordinance.

III. (i) It will maintain complete books and records relating to the operation and financial affairs of the System. If the Government is the holder of any of the Bonds, the FmHA shall have the right to inspect the system and the records, accounts, and data relating thereto at all reasonable times.

(ii) It will cause an annual audit of such books of record and account for the preceding Fiscal Year to be made each year by a recognized independent certified public accountant, or will prepare a report for such purpose in forms prepared by the Department of Treasury of the State of Michigan, and will mail a copy of such audit or report to the FmHA, or to the manager of the syndicate or account purchasing the bonds, and the Department of Treasury. Such audit shall be completed and so made available not later than three (3) months after the close of each Fiscal Year.

I. The Village will maintain and carry, for the benefit of the holders of the Bonds, insurance in all physical properties of the System, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar systems. All moneys received for losses under any such insurance policies shall be applied to the replacement and restoration of the property damaged or destroyed, and to the extent not so used, shall be used for the purpose of calling Bonds. If the government is a holder of any of the Bonds, then said insurance shall be in amounts not less than such amounts as may be specified by LETTER OF INTENT TO MEET CONDITIONS, Form FmHA 442. 46 and shall be approved by the FmHA.

II. It will not borrow any money from any source or enter into any contract or agreement to incur any other liabilities that may in any way be a lien upon the Revenues or otherwise encumber the System so as to impair Revenues therefrom, without obtaining the prior written consent of the FmHA (if the Government is a holder of any of the Bonds), nor shall it transfer or use any portion of the Revenues derived in the operation of the System for any purpose not herein specifically authorized.

III. It will not voluntarily dispose of or transfer its title to the System or any part thereof, including lands and interests in lands, by sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of the FmHA if it is a holder of any of the Bonds.

IV. Any extensions or improvements of the System shall be made according to sound engineering principles and plans and specifications shall be submitted to the FmHA (if the government is the holder of any of the Bonds) for prior review.

Section 18. Additional Bonds. The Village may issue additional bonds of prior standing to the Bonds authorized in this Ordinance under the terms and conditions set forth in Ordinance No. 24, as

amended. The Village may issue additional bonds of equal, but not prior, standing with the Junior Lien Bonds and the Series 1986A Bonds for any of the following purposes:

- I. To complete construction of the project according to the plans set forth in Section 2, in the amount necessary therefor; or
- II. For the purpose of making reasonable repairs, replacements, improvements, enlargements or extensions of the System; or
- III. To refund any Outstanding Bonds.

Additional Bonds may be issued only if the FmHA, if the Government is then the holder of any of the bonds, consents to such issue in writing; and unless the FmHA holds all of the Bonds, the Augmented Net Revenues (as hereinafter defined) of the System were 120 percent of the average annual debt service requirements on all Bonds then outstanding and those Additional Bonds proposed to be issued, net of any Bonds to be refunded by the Additional Bonds.

For the purposes of this Section the term "Augmented Net Revenues" shall mean the Net Revenues of the System for the Fiscal Year preceding the Fiscal Year in which the Additional Bonds are to be issued, adjusted to reflect the effect of any increase in sales and charges (a) placed in effect during said Fiscal Year (but not in effect for the whole Fiscal Year), (b) placed in effect subsequent to said Fiscal Year, or (c) scheduled, at the time the proposed Additional Bonds are authorized, to be placed in effect before principal of and interest on the proposed Additional Bonds become payable from Revenues, and augmented by any increase in Revenues or decrease in expenses estimated to accrue from the repairs, improvements, enlargements or extensions to be acquired from the proceeds of the proposed Additional Bonds. Such adjustments and augmentations shall be established by certificate of an independent consulting engineer filed with the Village Clerk. If Additional Bonds are to be issued within four months subsequent to the start of a Fiscal Year, the ratio of Augmented Net Revenues to average annual debt service requirements may be determined based upon the results of either of the two Fiscal Years ending within the sixteen months preceding the date of issuance of the Additional Bonds.

Permission of the Michigan Department of Treasury (or such other body or agency of the State of Michigan then having jurisdiction over the issuance of municipal bonds) to issue such Additional Bonds shall be conclusive as to the existence of conditions permitting the issuance thereof. In the event permission of the Michigan Department of Treasury (or such other body or agency) is not then required to issue such Additional Bonds, then the adoption of the Village Council of an ordinance authorizing the issuance of such Additional Bonds shall be conclusive as to the existence of conditions permitting the issuance thereof.

The funds established by the Ordinance shall be applied to all Additional Bonds; all Revenues from any such completion, repair, replacement, improvement, enlargement or extension financed from the proceeds of the Additional Bonds shall be paid, as received, into the Fund Account.

Except as otherwise specifically provided in this Section and Ordinance No. 24, as amended, so long as any of the Outstanding Bonds and the Bonds 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.

Section 19. Ordinance Shall Constitute Contract. The provisions of the Ordinance shall constitute a contract between the Village and the bondholder. After the issuance of the bonds the Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the bondholder, nor shall the Village adopt any law, ordinance or resolution in any way adversely affecting the rights of the holder of the Bonds so long as the Bonds or interest thereon remains unpaid.

Section 20. Refunding of Bonds. If at any time it shall appear to the FmHA (while the Government is a holder of any of the Bonds) that the Village is able, upon call for redemption or with the consent of the FmHA, to refund the bonds by obtaining a loan for such purposes for responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and period of time, upon request of the Government, the Village will apply for and accept such loan in sufficient amount to repay the Government, and will take all such actions as may be required in connection therewith.

Section 21. Default of Village. If there shall be default in the Junior Lien Redemption Fund provisions of the Ordinance or in the payment of principal or interest of any of the Bonds, upon the filing of a suit by any holder of the Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Village with power to charge and collect rates and charges sufficient to provide for the payment of the Bonds payable from Revenues and for the payment of administration, operation and maintenance expenses and the payment of the Outstanding Bonds and to apply income and Revenues in accordance with Ordinance No. 24, as amended, the Ordinance and the laws of the State of Michigan.

The Village hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of Village obligations, all contracts and other rights of the Village conditionally, for such time only as such receiver or operation by authority of the court.

The holders of twenty percent (20%) of the Bonds may enforce the statutory lien and the covenants of the Village in the event of default, and may require by mandatory injunction the raising of rates and charges to the extent permitted by Section 15 hereof.

Section 22. Ordinance Subject to Michigan Law and FmHA Regulations. The provisions of the Ordinance are subject to the laws of the State of Michigan and to the present and future regulations of the FmHA (while the Government is a holder of any of the Bonds) as are not inconsistent with the express provisions hereof and Michigan law.

Section 23. Village Subject to Loan Agreement. So long as the Government is holder of any of the Bonds, the Village shall be subject to the loan agreement (form FmHA 442-47) with the FmHA and shall comply with all provisions thereof.

Section 24. Department of Treasury Approval; Sale of Bonds. The President and/or Clerk having been authorized and directed to give to the Department of Treasury notice of intent to issue and sell the Junior Lien Bond and having paid the required fee, and having received said approval the Clerk is

authorized and directed to privately negotiate the sale of the Junior Lien Bonds to the FmHA at the interest rate approved in Section 5 hereof.

Section 25. Conflict and Severability. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of the Ordinance are to the extent of such conflict hereby repealed, and each section of the Ordinance and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivision of the Ordinance. Ordinance No. 54 adopted on August 26, 1985 is hereby repealed.

Section 26. Paragraph Headings. The paragraph headings in the Ordinance are furnished for convenience of reference only and shall not be considered to be a part of the Ordinance.

Section 27. Publication and Recordation. The Ordinance shall be published in full promptly after its adoption in the Daily News and Belding Banner, a newspaper of general circulation in the Village, qualified under state law to publish legal notices, and shall be recorded in the Ordinance Book of the Village, which recording shall be authenticated by the signatures of the President and Village Clerk.

Section 28. Effective Date. The Ordinance is hereby determined by the Village Council to be immediately necessary for the preservation of the peace, health and safety of the Village and shall be in full force and effect from and after its passage and publication as required by law.

Passed and adopted by the Village Council of the Village of Lakeview, County of Montcalm, State of Michigan, on February 10, 1986, and approved by me on February 10, 1986.

Keith Bucholtz, President
Todd Lincoln, Village Clerk

I hereby certify that the foregoing is a true and complete copy of an Ordinance, duly adopted by the Village Council of the Village of Lakeview, County of Montcalm, State of Michigan, at a regular meeting held on February 10, 1986, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following Members were present at said meeting: Rankin, Wales, Stilson, Fountain, Jura, Bowser; and that the following Members were absent: None.

I further certify that Member Wales moved adoption of said Ordinance and that Member Rankin supported the motion.

I further certify that the following Members voted for adoption of said Ordinance: Rankin, Wales, Stilson, Fountain, Jura, Bowser; and that the following Members voted against adoption of said Ordinance: None.

I further certify that said Ordinance has been recorded in the Ordinance Book of the Village of

Lakeview, and that such recording has been authenticated by the signatures of the President and Village Clerk.
Todd Lincoln, Village Clerk

ORDINANCE NO. 62

AN ORDINANCE TO AMEND THE SECOND TO LAST PARAGRAPH OF SECTION 5 OF ORDINANCE 59 TO PROVIDE FOR A REDUCED INTEREST RATE ON THE BONDS AUTHORIZED BY ORDINANCE #59:

THE VILLAGE OF LAKEVIEW ORDAINS:

Section 1. The second to last paragraph of Ordinance #59 shall read as follows:

“The sale of the Junior Lien Bond to the FmHA at an interest rate of 6-1/8 percent per annum at the par value thereof is hereby approved. The Village Treasurer is hereby authorized to deliver the Junior Lien Bond in accordance with the delivery instructions of the FmHA.

Section 2. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance or of Ordinance #59.

Section 3. All ordinances, resolutions or orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 4. This Ordinance is hereby determined to be immediately necessary to the preservation of the peace, health and safety of the Village and shall become effective immediately upon its adoption and shall be published once, in full, in the Daily News Banner, a newspaper of general circulation within the boundaries of the Village and qualified under state law to publish legal notices, and the same shall be recorded in the Ordinance Book of the Village and such recording authenticated by the signatures of the President and Clerk.

I hereby certify that the foregoing is a true and complete copy of Ordinance Number 62, duly adopted by the Village Council of the Village of Lakeview, Michigan at a Special meeting held on May 19, 1986 and that public notice of said meeting was given pursuant to and in conformity with Act 267, Public Acts of Michigan, 1976.

I further certify that Member Bowser moved adoption of said Ordinance and that Member Rankin supported said motion.

I further certify that the following members voted for adoption for said Ordinance: Bowser, Griffith, Stilson, Fountain, Rankin. The following members voted against adoption of said Ordinance: None.

I further certify that said Ordinance has been recorded in the Ordinance Book of the Village and that such recording has been authenticated with the signatures of the President and Village Clerk.

Todd Lincoln, Village Clerk

VILLAGE COUNCIL
OF THE
VILLAGE OF LAKEVIEW

Ordinance No. 01-02

AN ORDINANCE TO PROVIDE FOR SANITARY SEWER SYSTEM IMPROVEMENTS FOR THE VILLAGE OF LAKEVIEW, MONTCALM COUNTY, MICHIGAN; TO AUTHORIZE THE ISSUANCE OF SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2001 PURSUANT TO THE PROVISIONS OF ACT 94 OF THE PUBLIC ACTS OF MICHIGAN OF 1933, AS AMENDED, TO FINANCE THE COST THEREOF; TO PRESCRIBE THE FORM OF BONDS; TO PROVIDE FOR THE COLLECTION OF REVENUES FOR THE PURPOSE OF PAYING THE PRINCIPAL AND INTEREST ON THE BONDS; TO PROVIDE FOR THE PAYMENT AND SECURITY OF THE BONDS; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF AND OTHER MATTERS RELATIVE TO THE BONDS AND SAID SYSTEM AND FOR THE USE THEREOF FOR THE PRESERVATION OF THE PUBLIC HEALTH, SAFETY AND WELFARE.

WHEREAS, the following Ordinance, prepared by Law, Weathers & Richardson, P.C., Bond Counsel, was presented to the Village Council providing for financing improvements to the Sanitary Sewer System in the Village in accordance with plans and specifications prepared by Prein & Newhof, the estimated cost of which is \$450,000. The public improvements shall be financed by the issuance of revenue bonds or other evidences of indebtedness in the amount of \$450,000 for a period of forty (40) years, pursuant to Act 94 of the Public Acts of 1933, as amended.

THE VILLAGE OF LAKEVIEW ORDAINS:

1. Definitions. Whenever used in this Ordinance or in the Bonds to be issued hereunder, except when otherwise indicated by content, the following definitions shall apply:

A. "Acquired" shall include acquisition by purchase, construction or by any other method.

B. "Act" means Act 94 of the Public Acts of Michigan of 1933, as amended, referred to sometimes as the Revenue Bond Act.

C. "Bonds" or "bonds" means the Sanitary Sewer System Revenue Bonds, Series 2001, authorized and issued pursuant to the Act and this Ordinance, in the principal amount of \$450,000.

D. "Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

E. "Net revenues" shall have the same meaning as defined in Section 3 of the Act.

F. "Ordinance" means this Ordinance and all amendments hereto.

G. "Prior Bonds" means the Village's:

1. Sanitary Sewer System Revenue Bond issued in 1967 pursuant to Ordinance No. 24, as amended by Ordinance No. 26, in the initial principal amount of \$384,000, with a present outstanding balance of \$90,000 (the "1967 Bonds"); and

2. Sanitary Sewer System Junior Lien Revenue Bonds, Series 1986A, issued pursuant to Ordinance No. 58, as amended by Ordinance No. 61, in the initial principal amount of \$275,000, with a present outstanding balance of \$243,000 (the "1986A Bonds"); and

3. Sanitary Sewer System Junior Lien Revenue Bonds, Series 1986B issued pursuant to Ordinance No. 59, as amended by Ordinance No. 62, in the initial principal amount of \$190,000, with a present outstanding balance of \$176,000 (the "1986B Bonds").

II. "Public Improvements" means the improvements to the Village's Sanitary Sewer System authorized to be acquired and constructed pursuant to this Ordinance.

III. "Revenues" shall have the same meaning as defined in Section 3 of the Act and shall include all earnings on investment of funds of the System and all other revenues derived from or pledged to operation of the System.

IV. "Sanitary Sewer System" or "System" means the complete Sanitary Sewer System of the Village, including collection, distribution and treatment facilities and all appurtenances thereto now owned by the Village and acquired pursuant to this Ordinance and all extensions and improvements thereto hereafter made.

V. "United States" means the United States of America, the purchaser of the Bonds.

VI. "Village" means the Village of Lakeview, Montcalm County, Michigan.

VII. "Village Council" mean the Village Council of the Village of Lakeview, the legislative and governing body thereof.

8. Necessity: Description of Project. It is hereby determined to be necessary for the public health, safety and welfare of the Village to acquire and construct the public improvements to the Sanitary Sewer System, in accordance with detailed maps, plans and specifications therefor prepared by Prein & Newhof.

9. Estimated Cost: Period of Usefulness. The cost of the public improvements has been estimated by the engineers to be \$450,000, including the payment of incidental expenses as are hereafter specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the public improvements is estimated to be greater than forty (40) years.

10. Issuance of Bonds. To defray a portion of the cost of acquiring and constructing the public improvements, including the payment of legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Bonds, it is hereby determined that the Village borrow the sum of \$450,000 and issue its revenue bonds pursuant to the provisions of the Act.

11. Bond Information. The Bonds authorized to be issued and sold pursuant to the provisions of the Act and this Ordinance in the aggregate principal sum of \$450,000 shall be known as "Sanitary Sewer System Revenue Bonds, Series 2001"; shall be bonds payable out of the net revenues collected by the Village from users of the Sanitary Sewer System after provision has been made for the payment of expenses of administration and operation and maintenance; shall be sold and delivered to the United States of America (the "United States"); shall be dated the date of initial delivery to the United States; and shall be issued and delivered as one (1) fully registered bond (without coupons) in the amount of \$450,000. The Bonds shall bear interest at a rate of 5% per annum, payable semi-annually on the first day of February and August of each year, commencing August 1, 2001, and continuing thereafter until the principal of and interest on the Bonds is fully paid. The Bonds shall mature serially on the first (1st) day of February of each year as follows:

Year	Amount	Year	Amount	Year	Amount	Year	Amount
2002	4,000.00	2012	6,000.00	2022	10,000.00	2032	16,000.00
2003	4,000.00	2013	6,000.00	2023	10,000.00	2033	17,000.00
2004	4,000.00	2014	7,000.00	2024	10,000.00	2034	18,000.00

2005	4, 000. 00	201 5	7, 000 00	20 25	1 1 0 0 0 0	2 0 3 5	19,000.00
2006	4, 000. 00	201 6	7, 000 00	20 26	1 2 0 0 0 0	2 0 3 6	20,000.00
2007	5, 000. 00	201 7	8, 000 00	20 27	1 3 0 0 0 0	2 0 3 7	21,000.00
2008	5, 000. 00	201 8	8, 000 00	20 28	1 3 0 0 0 0	2 0 3 8	22,000.00
2009	5, 000. 00	201 9	8, 000 00	20 29	1 4 0 0 0 0	2 0 3 9	23,000.00

2010	5, 000. 00	202 0	9, 000 00	20 30	1 5 0 0 0 0	2 0 4 0	24,000.00
2011	6, 000. 00	202 1	9, 000 00	20 31	1 5 0 0 0 0	2 0 4 1	25,000.00

Principal of and interest on the Bonds shall be paid in lawful money of the United States of America to the United States or its assignee. Payment of principal on the Bonds shall be made to the United States at the office specified in writing. Payment of interest on the Bonds shall be paid by draft, check or pre-authorized debit to the United States at the address as it appears on the registration books.

1. Prior Redemption. While the Bonds are held by the United States, the Bonds shall not be subject to redemption prior to maturity or otherwise defeased without written approval of the United States. If the Bonds are not held by the United States, the Bonds shall be subject to redemption prior to maturity, at the option of the Village, in whole or in part, in such order as the Village may designate on any one or more interest payment dates, at the par value thereof and accrued interest to the date fixed for redemption, without a premium.

2. Paying Agent and Registration. The Village shall, from time to time, designate and appoint a Paying Agent, which shall also act as a transfer agent and bond registrar. The initial Paying Agent shall be the Village Treasurer. In the event of a change in the Paying Agent, notice shall be given writing by certified mail to the Registered Owner not less than sixty (60) days prior to the next interest payment date.

Registration of the Bonds shall be recorded in the registration books of the Village to be kept by the Paying Agent. Bonds may be transferred only by submitting the same, together with a satisfactory instrument of transfer signed by the Registered Owner or his legal representative duly authorized in writing, to the Paying Agent, after which a new Bond or Bonds shall be issued by the Paying Agent to the transferee (new registered owner) in the amount of the aggregate principal balance of the Bonds transferred. No transfer of Bonds shall be valid unless and until recorded on the bond registration books in accordance with the foregoing. The person in whose name any bond is registered may for all purposes, notwithstanding any notice to the contrary, be deemed and treated by the Village and the Paying Agent as the absolute owner thereof, and any payment of principal and interest on any Bond to the Registered Owner thereof shall continue a valid discharge of the Village's liability upon such Bond to the extent of such payment. No Bond shall be transferred less than fifteen (15) days prior to an interest payment date nor after the Bond has been called for redemption.

3. Execution. The Bonds shall be signed by the manual or facsimile signatures of the President or the President Pro-Tem and by the Village Clerk or the Deputy Clerk, and they are hereby authorized and directed to execute the Bonds for and on behalf of the Village. Upon the execution of the Bonds, the same shall be delivered by the Village Treasurer to the United States.

4. Bond Form. The form and tenor of the Bonds shall be substantially as set forth on Exhibit A, attached hereto.

5. Bonds of Equal Standing. The Bonds of this issue shall be subject only to the prior lien of the 1967 Bonds and shall be of equal standing, as to revenues of the System, with the 1986A Bonds and the 1986B Bonds.

6. Revenue as Sole Security; No General Obligation of the Village. The Bonds, including both principal and interest thereon, shall not be a general obligation of the Village and shall not constitute an indebtedness of the Village for purposes of any debt limitations imposed by any constitutional provision or any statutory or charter limitation. The principal of and interest on the Bonds shall be payable solely from the net revenues derived from the operation of the Sanitary Sewer System, including future improvements, enlargements and extensions thereof. The net revenues of the System, including future enlargements, improvements, and extensions thereto, are hereby pledged to the payment of the principal of and interest on the Bonds. To secure the payment of the principal of and interest on the Bonds issued hereunder and on any additional bonds of equal standing which may be issued as provided by the terms of this Ordinance, there is hereby created

to and in favor of the holders of the Bonds, a lien, considered a statutory lien upon the net revenues of the System including future enlargements, improvements, and extensions thereof, subject only to the prior lien of the 1967 Bonds and of equal standing, as to revenues of the System, with the 1986A Bonds and the 1986B Bonds. The net revenues so pledged shall be and remain subject to said lien until the payment in full of the principal of and interest on said Bonds.

7. Rights of Bondholders. The holder or holders of the Bonds representing in the aggregate not less than twenty percent (20%) of the entire issue then outstanding may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce said statutory lien and enforce and compel the performance of all duties of the officials of the Village, including the fixing of sufficient rates, the collection of revenues, the proper segregation of revenues and the proper application thereof; provided, however, that said statutory lien shall not be construed to give any Registered Owner of any Bond authority to compel the sale of the public improvement, the revenues of which are pledged thereto.

If there be any default in the payment of the principal of or interest on any of the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Village and under the direction of said court, and by and with the approval of said court, to fix and charge rates and collect revenues sufficient to provide for the payment of any Bonds or other obligations outstanding against the revenues of the System and for the payment of the expenses of operating and maintaining the System and to apply the income and revenues of the System in conformity with the Act and this Ordinance.

The owners or holders, from time to time, of the Bonds, shall have all the rights and remedies given by law, and particularly by the Act, for the collection and enforcement of the Bonds and the security therefor.

8. Management of System. The construction, alteration, repair and management of the System shall be under the supervision and control of the Village Council. The Village may employ such persons in such capacities as it deems advisable to carry on the efficient management and operation of the System. The Village Council may make such rules, orders and regulations as it deems advisable and necessary to assure the efficient management and operation of the System.

9. Supervised Bank Accounts. The Treasurer of the Village shall be custodian of all funds belonging to and/or associated with the System and such funds shall be deposited in a bank or banks, each of which has unimpaired capital and surplus of at least \$2,000,000, or which are each a member of the Federal Deposit Insurance Corporation.

10. Funds. The Village Treasurer is hereby directed to create a construction fund and to continue the other following funds, originally established pursuant to Ordinance Nos. 24, 58 and 59, as amended by Ordinance Nos. 26, 61 and 62 of the Village (the "Prior Ordinances"), into which the Bonds proceeds and the revenues and income from the System shall be deposited, which accounts shall be established and maintained, except as otherwise provided, so long as any of the Prior

Bonds or the Bonds hereby authorized remain unpaid.

A. Construction Fund. The proceeds of the Bonds hereby authorized shall be deposited in a separate depository account designated the Sanitary Sewer System Revenue Bonds Construction Fund (the "Construction Funds"). Said moneys shall be used solely for the purpose for which the Bonds were issued. Any unexpended balance in the Construction Fund remaining after completion of the Project herein authorized shall be returned to the United States. After completion of the Project and disposition of remaining Bond proceeds, if any, pursuant to the provisions of this Section, the Construction Fund shall be closed.

B. Receiving Fund. The gross income and revenue of the System shall continue to be set aside into the Sanitary Sewer System Fund Account established pursuant to the Prior Ordinances (the "Receiving Fund") and moneys so deposited therein as pledged shall be expended and used only in the manner and order as follows:

1. Operation and Maintenance Account. Prior to the beginning of each fiscal year, the Village Council shall prepare an annual budget of the System for the ensuing fiscal year itemized on the basis of monthly requirements. Out of the revenues in the Receiving Fund, there shall be set aside quarterly and deposited into the Operation and Maintenance Account a sum sufficient to pay the reasonable and necessary current expenses of administering, operating and maintaining the System for the ensuing three months.

2. 1967 Bonds Bond and Interest Redemption Fund. The Bond and Interest Redemption Fund established for the 1967 Bonds shall be continued. After the transfer required in (i) above, there shall be transferred quarterly from the Receiving Fund, before any other expenditures or transfer therefrom, and deposited in the Bond and Interest Redemption Fund, for payment of principal and interest on the 1967 Bonds, a sum equal to at least one-half (1/2) of the amount of the interest due on the next ensuing interest payment date plus not less than one-fourth (1/4) of the principal maturing on the next ensuing principal payment date in each year. If for any reason there is a failure to make such quarterly deposit or for any reason there is a deficiency in the Bond and Interest Redemption Fund, then an amount equal to the deficiency shall be set aside and deposited in the Bond and Interest Redemption Fund from the net revenues in the next succeeding period, which amount shall be in addition to the regular quarterly deposit required during such succeeding period.

No further payments need be made into the Bond and Interest Redemption Fund after the amount accumulated and held in the Bond and Interest Redemption Fund, plus the amount in the General Purpose Account referred to in subsection (iv) below, is sufficient to pay when due the entire amount of principal and interest which will be payable at the time of maturity or at an earlier redemption date of all the 1967 Bonds then remaining outstanding.

3. Bond Payment Fund. There is hereby established as a separate depository account, a fund known as the "Sanitary Sewer System Revenue Bond Payment Fund," which shall replace the Junior Lien Revenue Bond—Bond and Interest Redemption Fund created for the 1986a and the 1986B Bonds (the "Bond Payment Fund"). After the transfers required in (i) and (ii) above, there shall be transferred quarterly from the Receiving Fund, before any other expenditures or transfer therefrom, and deposited in the Bond Payment Fund, for payment of principal and interest on the Bonds, the 1986A Bonds, and the 1986B Bonds, a sum equal to at least one-half (1/2) of the amount of the interest due on the next ensuing interest payment date plus not less than one-fourth (1/4) of the principal maturing on the next ensuing principal payment date in each year. If for any reason there is a failure to make such quarterly deposit or for any reason there is a deficiency in the Bond Payment Fund, then an amount equal to the deficiency shall be set aside and deposited in the Bond Payment Fund from the net revenues in the next succeeding period, which amount shall be in addition to the regular quarterly deposit required during such succeeding period.

No further payments need be made into the Bond Payment Fund after the amount accumulated and held in the Bond Payment Fund, plus the amounts in the Junior Lien Bond Reserve Account referred to in subsection (iv) below, are sufficient to pay when due the entire amount of principal and interest which will be payable at the time of maturity or at an earlier redemption date of all the Bonds, the 1986A Bonds and the 1986B Bonds then remaining outstanding.

4. Bond Reserve Fund. The General Purpose Account and the Junior Lien Bond Reserve Account created by the Prior Ordinances for the Prior Bonds shall be continued. In addition there is hereby established a separate account for the Bonds to be known as the Bond Reserve Fund. The Village shall pay into the Bond Reserve Fund from the revenues of the System, after provision has been made for the requirements of subsections (i), (ii) and (iii) above, an annual sum of not less than \$2,700 until there has been accumulated in the Bond Reserve Fund the sum of \$27,000 (the "Required Reserve"). The Required Reserve for the Bond Reserve Fund shall be achieved by the year 2011. Except as hereinafter provided, no further deposits need be made into the Bond Reserve Fund once the Required Reserve has been deposited therein. The moneys in the Bond Reserve Fund shall be used solely for the payment of the principal of and interest on the Bonds as to which there would otherwise be default.

If at any time it shall be necessary to use moneys in the Bond Reserve Fund for payment of principal and/or interest on the Bonds, then the moneys so used shall be replaced from the revenues first received thereafter which are not required by this Resolution to be used for operation and maintenance or for current principal and interest requirements on the Bonds and the Prior Bonds.

5. Repair, Replacement and Improvement Fund. There is hereby established a Repair, Replacement and Improvement Fund (the "RRI Fund"), into which account the Village shall deposit each year from monies in the Receiving Fund, after meeting the

requirements of subsections (i), (ii) and (iii) above, the sum of \$22,000, until such time as the Required Reserve has been attained, and thereafter the sum of \$24,700 per year, until the principal and interest on the Bonds has been paid in full. Moneys in the RRI Fund shall be used by the Village for the purpose of acquiring and constructing improvements, additions and extensions and for making repairs and replacements to the System.

6. Surplus Moneys. All moneys remaining in the Receiving Fund at the end of any operating year after satisfying the above requirements may be transferred to the Bond Payment Fund and used as authorized in this Ordinance or, at the option of the Village, transferred to the Repair, Replacement and Improvement Fund and used for the purposes for which said Fund was established.

Provided, however, that if there should be a deficit in the Operation and Maintenance Account, the Bond Payment Fund, the General Purpose Account, the Junior Lien Bond Reserve Account, or the Bond Reserve Fund, on account of defaults in setting aside therein the amounts hereinbefore required, then transfers shall be made from the moneys remaining in the Receiving Fund at the end of any operating year to such funds in the priority and order named, to the extent of such deficits. Available surplus moneys may be used to retire any outstanding obligations of the Village incurred for the construction, expansion or addition to the System including additional bonds, the issuance of which is authorized by this Ordinance, or if no other disposition has been provided for, such moneys may be used for such other purpose or purposes as the Village Council may deem to be for the best interest of the Village.

11. Depository and Funds on Hand. Monies in the several funds and accounts established pursuant to this Bond Resolution, except monies in the Bond Payment Fund, the Bond Reserve Account, and the proceeds of sale of the Bonds, which shall be deposited in accordance herewith, may be kept in one or more bank accounts at a bank or banks designated by resolution of the Village Council, and if kept in one bank account, the monies shall be allocated on the books and records of the Village in the manner and at the times provided in this Bond Resolution.

12. Investment of Funds. Moneys in the several funds and accounts herein established, including the moneys derived from the proceeds of sale of the Bonds, may be invested in obligations of the United States, subject to the limitation provided in the Act, and subject to the applicable limitations imposed by the arbitrage regulations issued pursuant to Section 148 of the Code. In the event such investments are made, the securities representing the same shall be kept on deposit with the bank or trust company having on deposit the fund or funds from which such purchase was made. Income received from such investments shall be credited to the fund from which said investments were made, to the extent such credit would not cause the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

13. Rates and Charges. Prior to the issuance of the Bonds, the Village Council shall have established rates and charges for the services of the System in an amount sufficient to pay the expenses of administration and the costs of operation and maintenance of the System; to provide an amount of revenues adequate for the payment of principal of and interest on the Bonds, debt service, reserve, replacement and improvement requirements and otherwise comply with all requirements and covenants provided herein; provided, however, that the annual net revenues of the System, as defined in Act 94, after providing a sum sufficient for the Prior Bonds, shall not, at any time, be less than one hundred percent (100%) of the annual debt service on the Bonds. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the costs and value of the System and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all Bonds and accruing interest on all Bonds, and there shall be charged such rates and charges as shall be adequate to meet the requirement of this and the preceding sections.

14. Lien. The rates and charges for all services furnished by the System to any premises shall be a lien thereon. There is hereby created a lien, made a statutory lien by Section 8 of the Act, upon the net revenues pledged to the payment of the principal of and interest upon the Bonds, to and in favor of the holders of the Bonds, which lien shall be a lien upon such net revenues, subject only to the lien created in favor of the 1967 Bonds. The lien created hereunder is of equal standing and priority with the 1986A Bonds and the 1986B Bonds.

The charges for service of the System furnished to any premises is made a lien thereon, by Section 21 of the Act and by this Ordinance. Those charges delinquent for six (6) months or more shall be certified by the Village annually on September 1 of each year to the Village tax assessing officer, who shall enter the same upon the next tax roll against the premises to which the service shall have been rendered, and the charges shall be collected and the lien shall be enforced in the same manner as provided for the collection of taxes assessed upon such roll and the enforcement of the lien therefor. However, in all cases where a tenant is responsible for the payment of the charges and the Village is so notified in writing (including a true copy of any lease), then the charges shall not become a lien against the premises from and after the date of the notice. From and after such notice, no further service shall be rendered to the premises until a cash deposit of not less than the amount required by the rate ordinances of the Village shall have been made as security for payment of the charges.

15. No Free Service. No free service shall be furnished by the System to the Village or to any individual, firm or corporation, public or private, or to any agency or instrumentality.

16. Covenants. The Village covenants and agrees, so long as any of the Bonds hereby authorized remain unpaid, as follows:

A. That it will punctually perform all duties with reference to the System and comply with applicable State laws and regulations and continually operate and maintain the System in good condition.

B. That it will construct the Project herein provided, in substantial accordance with the plans and specifications hereinbefore referred to, and will have the same in operation at the earliest possible time and that it will not sell, lease, mortgage or in any manner dispose of the System, or any substantial part thereof until all Bonds payable from the revenues thereof shall have been paid in full or provision has been made for the payment of the Bonds.

C. That it will cause an annual review of rates and charges to be made and based thereon will adjust such rates and charges to provide the amounts required by Section 18 hereof.

D. That it will maintain complete books and records relating to the operation of the System and its financial affairs, and will cause such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and furnish a copy of such report to the United States as long as it is a holder of the Bonds and to any other holder upon written request.

E. That it will prepare, keep and file such records, statements and accounts as may be required by law and that it will file, if required by law, with the Michigan Department of Treasury, as soon as is possible, but not later than ninety (90) days after the close of the fiscal year, a report on forms prepared by the Department of Treasury, made in accordance with the accounting method of the municipality, completely setting forth the financial operation for such fiscal year for of the System.

F. That it will maintain and carry, for the benefit of the holders of the Bonds, insurance on all physical properties of the System, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar systems. All moneys received for losses under any such insurance policies shall be applied solely to the replacement and restoration of the property damaged or destroyed, and to the extent not so used, shall be used for the purpose of calling Bonds.

G. That it hereby pledges, from other funds of the Village, available for such purpose, such moneys as may be necessary on an annual basis to maintain the requirements of Section 22 hereof for the issuance of additional bonds.

17. Additional Bonds. Additional bonds may be issued for repair, replacement, improvement or extension of the System, or to refund any existing outstanding bonds. If the United States is the holder of the Bonds, additional bonds may be issued only if the United States consents to such issue in writing. If the United States is not the holder of the Bonds, additional bonds may be issued only if the net revenues of the System, adjusted to include any rate increases adopted and in effect prior to the issuance of the additional bonds and to include rates and charges to be paid by new customers of the System (the "Adjusted Net Revenues") shall be equal to at least one hundred twenty percent (120%) of the maximum amount of principal and interest thereafter maturing in any operating year on the then outstanding Bonds, the Prior Bonds and on the additional bonds being issued.

Any additional bonds shall be subject to the various funds herein established as if said bonds were part of the original bond issue herein authorized, and all revenue from any such extension or replacement constructed by the proceeds of an additional bond issue shall be paid into the

Receiving Fund.

18. Ordinance Shall Constitute Contract. The provisions of this Ordinance shall constitute a contract between the Village and the bondholders. After the issuance of the Bonds, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interest of the holders, nor shall the Village adopt any law, ordinance or resolution in any way adversely affecting the rights of the holders so long as the Bonds or interest thereon remains unpaid.

19. Default of the Village. If there shall be default in the Bond Payment Fund provisions of this Ordinance or in the payment of principal of or interest on any of the Bonds, upon the filing of a suit by the owners of twenty percent (20%) or more of the outstanding principal amount of the Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Village, with power to charge and collect rates sufficient to provide for the payment of the Bonds and for the payment of operation expenses and to apply income and revenues in accordance with this Ordinance and the laws of the State of Michigan.

The Village hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce payment of the Village's obligations, all contracts and other rights of the Village, conditionally for such time only as such receiver or operator shall operate by authority of the court.

The owners of twenty percent (20%) or more of the outstanding Bonds in the event of default may require by mandatory injunction the raising of rates in a reasonable amount.

20. Internal Revenue Code. The Village has consulted with its attorney and understands that the Code contains certain requirements on (a) the expenditure of proceeds from the sale of the Bonds, (b) the investment of the proceeds from the issuance of the Bonds and (c) the rebate of interest earned on the investment of the proceeds of the Bonds under certain circumstances. The Village hereby covenants to comply with such requirements.

21. Qualified Tax-Exempt Obligation. The Village reasonably anticipates that the amount of qualified tax-exempt obligations which will be issued by the Village and all subordinate entities during the calendar year 2001 shall not exceed \$5,000,000. The Village hereby designates the Sanitary Sewer System Revenue Bonds, Series 2001 in the principal amount of \$450,000 as "qualified tax-exempt obligations" for purposes of Section 265 (b)(3)(B) of the Code. The Village hereby certifies that the Bonds are not private activity bonds as defined in Section 141 of the Code.

22. Fiscal Year of System. The fiscal year for operating the System shall coincide with the fiscal year of the Village.

23. Sale of Bonds. The Bonds shall be sold and delivered to the United States without public sale. Notice of such sale shall be published in *The Detroit Legal News*.

24. Ordinance Subject to Michigan Law. The provisions of this Ordinance are subject to the laws of the State of Michigan.

25. Paragraph Headlines. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be a part of this Ordinance.

26. Publication and Recordation. This Ordinance, within fifteen (15) days after its adoption, shall be published once in full in a newspaper of general circulation in the Village qualified under state law to publish legal notices, and the same shall be recorded in the records of the Village and such recording authenticated by the signature of the Village Clerk.

27. Severability. If any section, paragraph, sentence, clause or phrase of this Ordinance shall be held invalid, the same shall not affect any other part of this Ordinance.

28. Conflict. All ordinances and resolutions or parts thereof, insofar as the same may be in conflict herewith, are hereby repealed; provided, that the foregoing shall not operate to repeal any provision thereof the repeal of which would impair the obligation on the Bonds.

29. Continuing Disclosure. The Bonds are sold to the United States and are not publicly issued, and the Village will not provide continuing disclosure (as would otherwise be in compliance with Rule 15c2-12 of the Securities and Exchange Commission) and will not provide annual financial information to the State Information Depository ("SID") as may hereafter be appointed.

30. Electronic Fund Transfers. Pursuant to the guidelines and requirements of the United States, promulgated through the Rural Development Division of the United States Department of Agriculture, the loan or Bonds proceeds in the aggregate principal amount of \$450,000 will be released and delivered to the Village pursuant to draws against such funds during construction and acquisition of the project. Commencing with the issuance of the Bonds, the Village Treasurer, or his or her appointee, will execute a Certificate of Partial Delivery and Payment and he or she will also inscribe his or her initials on Schedule II attached to the appropriate Bond to acknowledge receipt and acceptance of the amount of the draw. Thereafter the Village Treasurer will complete and execute an "Estimate of Funds Needed for a Thirty (30) Day Period", Form 440-11 (the Estimate of Funds Needed") periodically requesting additional funds.

In the event the United States provides for an electronic fund transfer of draws, the Village shall deliver the executed Estimate of Funds Needed by mail or facsimile transmission to the United States, after which the appropriate funds will be wire transferred to the account of the Village. Prior to delivery of a final bond opinion the Village and the United States shall certify to each other and to Bond Counsel the total aggregate amount of grant and loan proceeds to have been drawn.

31. Effective Date. This Ordinance is hereby determined by the Village Council to be immediately necessary for the preservation of the peace, health and safety of the Village and shall be in full force and effect from and after its passage and publication as required by law.

Passed, ordained and ordered published the 12th day of February, 2001.

Lee Burlison, Village President

Wally J. Delamater, Village Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the Village Council of the Village of Lakeview, Montcalm County, Michigan, at a regular meeting held on February 12, 2001, and that public notice of said meeting was given pursuant to Act. No 267, Public Acts of Michigan, 1976, as amended.

I further certify that the following Councilmembers were present at said meeting: Burlison, Earhard, Schottle, Lund, Winter, McElhinny, and that the following Councilmembers were absent: Rasmussen.

I further certify that Councilmember Earhart moved adoption of said Ordinance, and that said motion was supported by Councilmember Schottle.

I further certify that the following Councilmembers voted for adoption of said Ordinance: Burlison, Earhart, Schottle, Lund, Winter, McElhinny, that the following Councilmembers voted against adoption of said Ordinance: none, and that the following Councilmembers abstained: none.

Dated February 12, 2001

Wally J. Delamater, Village Clerk

EXHIBIT A

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MONTCALM**

**VILLAGE OF LAKEVIEW
SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2001**

Interest Rate

5%

Registered Owner: United States of America

Principal Amount: Four Hundred Fifty Thousand Dollars (\$450,000)

The Village of Lakeview, County of Montcalm, State of Michigan, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, but only out of the net revenues of the Sanitary Sewer System of the Village, including all appurtenances, additions, extensions and improvements thereto, the Principal Amount specified above, in the Amounts and on the Dates of Maturity as set forth on Schedule I attached hereto, together with interest thereon from the dates of receipt of such principal amounts, or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, payable semi-annually on the first day of February and August of each year, commencing on August 1, 2001, until the Principal Amount hereof and interest thereon is paid.

Principal of this Bond is payable in lawful money of the United States of America to the United States of America. Interest on this Bond shall be paid by check or draft mailed to the Registered Owner at the address shown on the registration books of the Transfer Agent as of the fifteenth (15th) day of the month preceding such interest payment date.

For the prompt payment of principal of and interest on this Bond, the revenues of the Sanitary Sewer System Revenue Bonds authorized by Ordinance No. 24, as amended (the "1967 Bonds"), are hereby irrevocably pledged and a statutory lien thereon is hereby created, which is a second lien subject only to the prior lien in favor of the 1967 Bonds. Said second lien is of equal standing and priority with the Village's Sanitary Sewer System Junior Lien Revenue Bonds, Series 1986A and its Sanitary Sewer System Junior Lien Revenue Bonds, Series 1986B Bonds.

This Bond is the total authorized series of bonds of even date and like tenor, except as to date of maturity aggregating the principal sum of \$450,000, issued pursuant to an Ordinance duly adopted by the Village on February 12, 2001, and under and in substantial compliance with the Constitution and Statutes of the State of Michigan, including specifically Act 94 of the Public Acts of Michigan of 1933, as amended, for the purpose of defraying part of the cost of acquiring, constructing and improving the Sanitary Sewer System facilities of the Village, together with the necessary appurtenances, attachments and equipment related thereto. For a complete statement of the revenues from which, and the conditions under which, this Bond is payable, a statement of the conditions under which additional bonds of equal standing may hereafter be issued, and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the above described Ordinance.

While the Bonds of this series are held by the United States of America, they shall not be subject to redemption prior to maturity or otherwise defeased, without the prior written

consent of the United States of America. If the Bonds are not held by the United States of America, the Bonds shall be subject to redemption prior to maturity, at the option of the Village and in whole or in part in such order as the Village may designate, on any one or more interest payment dates, at the par value thereof and accrued interest to the date fixed for redemption, without a premium.

This Bond shall be registered in the name of the United States of America on the registration books kept by the Paying Agent, and such registration noted hereon and thereafter no transfer shall be valid unless made upon the registration books and likewise noted hereon.

This Bond is a self-liquidating Bond, and is not a general obligation of the Village within any constitutional or statutory limitation, but is payable, both as to principal and interest solely from the net revenues of the Sanitary Sewer System of the Village. The principal of and interest on this Bond are secured by the statutory lien hereinbefore mentioned.

The Village hereby covenants and agrees to fix, and maintain at all times while any of such Bonds shall be outstanding, such rates for service furnished by the Sanitary Sewer System as shall be sufficient to provide for payment of the principal of and interest upon all such Bonds as and when the same become due and payable, and to create a Bond Payment Fund (including a Bond Reserve Fund) therefor, to provide for the payment of expenses of administration and operating and such expenses for maintenance of said system as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for said system as are required by said Ordinance.

The Village has designated the Sanitary Sewer System Revenue Bonds, Series 2001 as qualified tax-exempt obligations for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

It is hereby certified and recited that all acts, conditions and things required by law 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.

IN WITNESS WHEREOF, the Village of Lakeview, County of Montcalm, State of Michigan, by its Village Council has caused this Bond to be signed in the name of the Village by the manual or facsimile signatures of its Village President and its Village Clerk, all as of the _____ day of _____, 2001.

VILLAGE OF LAKEVIEW

By _____
Lee Burlison
Its: President

Countersigned:

Wally Delamater, Village Clerk

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This Bond is one of the \$450,000, Village of Lakeview, Sanitary Sewer System Revenue Bonds, Series 2001, and has been registered in the name of the Registered Owner designated on the face thereof in the bond register maintained for the Village of Lakeview.

Ruth Corwin, Village
Treasurer
Paying Agent/ As
Bond Registrar/
Transfer Agent

Date: _____, 2001

SCHEDULE I
VILLAGE OF LAKEVIEW
\$450,000

SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2001

The Bond in the aggregate principal amount of \$450,000 matures annually on the first day of February as follows:

Year	Amount	Year	Amount	Year	Amount	Year	Amount
2002	4,000.00	2012	6,000.00	2022	10,000.00	2032	16,000.00
2003	4,000.00	2013	6,000.00	2023	10,000.00	2033	17,000.00
2004	4,000.00	2014	7,000.00	2024	10,000.00	2034	18,000.00
2005	4,000.00	2015	7,000.00	2025	10,000.00	2035	19,000.00

2006	4, 000. 00	201 6	7, 000 00	20 26	1 2 0 0 0 0	2 0 3 6	20,000.00
2007	5, 000. 00	201 7	7, 000 00	20 27	1 3 0 0 0 0	2 0 3 7	21,000.00
2008	5, 000. 00	201 8	8, 000 00	20 28	1 3 0 0 0 0	2 0 3 8	22,000.00
2009	5, 000. 00	201 9	8, 000 00	20 29	1 4 0 0 0 0	2 0 3 9	23,000.00
2010	5, 000. 00	202 0	9, 000 00	20 30	1 5 0 0 0 0	2 0 4 0	24,000.00

2011	6, 000. 00	202 1	9, 000 00	20 31	1 5 0 0 0 0	2 0 4 1	25,000.00
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SCHEDULE II
 VILLAGE OF LAKEVIEW
 \$450,000
 SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 2001
 REGISTRATION
 NOTHING TO BE WRITTEN HEREON
 EXCEPT BY THE BOND REGISTRAR

Date of Regist ration	Princ ipal Insta llmen t Deliv ered	Nam e of Regi ster ed Own er	Bon d Reg istr ar
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UNITED STATES DEPARTMENT
OF AGRICULTURE
FARMERS HOME
ADMINISTRATION
WATER RATE ORDINANCE

ORDINANCE NO. 32

AN ORDINANCE ESTABLISHING RATES, CHARGES, AND RULES FOR THE USE AND SERVICE OF THE MUNICIPAL WATER SYSTEM OF THE VILLAGE OF LAKEVIEW, MONTCALM COUNTY, MICHIGAN.

THE VILLAGE OF LAKEVIEW ORDAINS:

SECTION 1. That there shall be and there is hereby established rates and charges for the use of and for the service supplied by the Municipal Water System of the Village of Lakeview, based upon the meter readings of the amount of water consumed as follows:

First 2,000 gal. or lesser amount per Qtr. - \$7.50 per Qtr. (minimum Qtr. Bill)

Next 8,000 gal. per Qtr. - \$0.50 per 1,000 gal.

Next 40,000 gal. per Qtr. - \$0.40 per 1,000 gal.

Next 50,000 gal. per Qtr. - \$0.30 per 1,000 gal.

All over 100,000 gal. per Qtr. - \$0.20 per 1,000 gal.

(Unmetered Customers - \$9.00 per Quarter).

SECTION 2. Bills for the rates and charges are herein established by the Village shall be sent Quarterly. All bills shall be payable on the 25th day of the month following the receipt of the bill, and shall be paid at the office of the Treasurer of the Village. If any charge for the services of the system shall not be paid by the 25th day of the month in which it shall become due and payable, a delayed payment charge of ten percent (10%) of the amount of the bill shall be added thereto and collected therewith. If any bills for the service of the water system shall remain unpaid after 30 days following the rendition of the bill therefor, the water supply for the lot, parcel of land, or premise affected shall be cut off and shall not be turned on again except on payment in full of the delinquent charges therefor, in addition to the payment of a charge of \$3.00.

SECTION 3. Applications for water service shall be filed with the Clerk of the Village upon a form to be supplied by the Clerk. The application shall state the name of the applicant and the premises to be served.

SECTION 4. The owner of the premises served and the occupant thereof and the user of the water service

shall be jointly and severally liable for the water service provided said premises.

SECTION 5. It is hereby made the duty of the Village Treasurer to render bills for water service and all other charges in connection therewith and to collect all monies due therefrom.

SECTION 6. All revenues and monies derived from the operation of the water system shall be paid to and held by the Treasurer separate and apart from all other funds of the Village and all of said sums and all other funds and monies incident to the operation of said system, as may be delivered to the Treasurer, shall be deposited in a separate fund designated the "Water System Fund Account," and said Treasurer shall administer said fund in every respect in a manner provided by the Laws of Michigan and all laws pertaining thereto.

SECTION 7. The Treasurer shall establish a proper system of accounts and shall keep proper records, books, and accounts in which complete and correct entries shall be made of all transactions relative to the water system and at regular annual intervals the Village Council shall cause to be made an audit by an independent auditing concern of the books to show the receipts and disbursements of the water system.

SECTION 8. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed insofar as the conflicting portions thereof are concerned.

SECTION 9. This Ordinance shall be in full force and effect from and after its passage.

Passed and adopted by the Council of the Village of Lakeview, Michigan, on this 29th day of April, 1970.

Carl Thompson, Council President

Willard Stilson, Clerk

ORDINANCE NO. 99-4

AN ORDINANCE ESTABLISHING SERVICE AND COMMODITY RATE CHARGES FOR SERVICE AND USE OF THE WATER SUPPLY OF THE VILLAGE OF LAKEVIEW, MICHIGAN.

THE VILLAGE OF LAKEVIEW ORDAINS:

Section 1: Section 1 of Ordinance No. 32 is hereby amended to read in its entirety as follows:

Section 1: Rates to be charged for service furnished by the Village Water Supply System, effective immediately following meter reading in February, 2000 shall be as follows:

BASE RATE SERVICE CHARGES

Metered Systems:

A service charge of \$22.00 per month or any portion thereof.

Additional Units:

Residential (owner occupied) \$5.00 per month.

Other / Commercial (including non-owner occupied residential) \$7.50 per month.

BASE RATE COMMODITY USE CHARGE

A Commodity Charge of \$1.80 per thousand gallons per month.

ADJUSTMENT OF SERVICE AND COMMODITY CHARGES

Beginning on March 1, 2000, and annually on March 1 thereafter, the base rate service charges and the base rate commodity use charge (the "base rate charges") shall be increased by the greater amount of two percent (2%) or the "consumer general price level." The adjustments of the base rate charges referenced herein shall become effective on March 1 of the year of the adjustment and shall thereafter constitute the base rate charges for the purpose of administering this Ordinance. For purpose of this Ordinance, "consumer general price level" shall mean the annual averages of the 12 monthly values of the preceding calendar year for the United States consumer price index for all urban consumers as defined and officially reported by the United States Department of Labor, Bureau of Labor Statistics.

TURN-ON/TURN-OFF CHARGES

A charge of \$30.00 will be imposed whenever the Village is required to turn-off water services due to non-payment of water usage fees. Said charges shall also apply when the Village is requested to provide turn-on or turn-off services at times other than during regular business hours.

SPECIAL RATES

Rates for miscellaneous or special services, as defined by the Village Council, shall be established from time to

time by resolution of the Village Council.

FIRE HYDRANT RATE

For water used through each fire hydrant, the Village shall pay a charge of \$100.00 per year, which shall be payable annually from the current funds of the Village, or from the proceeds of taxes or special

assessments which the Village, within constitutional and statutory limits, is hereby authorized and required to levy in an amount sufficient for that purpose.

Section 2: If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provisions shall not affect any of the other provisions of this Ordinance or of Ordinance No. 28.

Section 3: All ordinances and parts of ordinances in conflict with the provisions of the Ordinances are hereby repealed insofar as the conflicting portions thereof are concerned including, but not necessarily limited to, Village Ordinance No.'s 53, 67, 67-A and 92-4.

Section 4: This ordinance shall be published in a newspaper of general circulation within the boundary of the Village of Lakeview, Michigan and qualified under State law to publish legal notices, promptly after its adoption, and the same shall be recorded in the Ordinances Book of the Village and such recording authenticated by the Village President and the Village Clerk.

Section 5: This Ordinance is hereby determined to be immediately necessary for the preservation of the peace, health and safety of the Village and shall become effective immediately upon its adoption.

Yeas: 6

Nays: None

Absent: 1

We hereby certify that the foregoing ordinance was adopted by the Village Council during a regular session at 7:30 P.M. on September 13, 1999.

Lee Burlison, Village President

L. John Kehl, Village Clerk