

ORDINANCE NO. 34

ORDINANCE AUTHORIZING THE ISSUANCE OF WATER SYSTEM IMPROVEMENTS REVENUE BONDS BY THE VILLAGE OF LAKEVIEW, COUNTY OF MONTCALM, MICHIGAN, FOR THE PURPOSE OF CONSTRUCTING IMPROVEMENTS TO THE EXISTING WATER SYSTEM OF SAID VILLAGE, PRESCRIBING THE FORM OF BONDS; 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, AND PROVIDING AN ADEQUATE RESERVE FUND THEREFOR, AND PROVIDING FOR THE PAYMENT OF SAID BONDS AND FURTHER PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES; AND, PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS IN ENFORCEMENT THEREOF AND PROVIDING FOR OTHER MATTERS RELATIVE TO SAID BONDS AND SAID SYSTEM.

THE VILLAGE OF LAKEVIEW ORDAINS:

SECTION 1. Necessity; Description of Project. It is hereby determined to be necessary for the public health and welfare of the Village of Lakeview (herein sometimes called Village) to proceed to acquire and construct, in accordance with detailed maps, plans and specifications therefor prepared by Williams and Works, Inc., Registered Engineers of Grand Rapids, Michigan, consisting of a well, pump, pump house, elevated storage tank, and water mains together with the necessary appurtenances and attachments thereto (hereinafter referred to as "project").

SECTION 2. Cost; Useful Life. The cost of said public improvements has been estimated by said engineer to be One Hundred Thirty-One Thousand Five Hundred and no/100 (\$131,500.00) including the payment of incidental expenses as specified in Section 3 of this Ordinance which estimate of cost is hereby approved and confirmed, and the period of usefulness of said public improvements is estimated to be not less than forty (40) years.

SECTION 3. Payment of Cost. To pay part of the cost of acquiring and constructing the project including the payment of legal, engineering, and financial expenses, capitalized interest, and other expenses incident thereto and incident to the issuance and sale of the bonds, it is hereby determined that the Village of Lakeview borrow the sum of One Hundred Thousand (\$100,000.00) Dollars and that revenue bonds be issued therefor pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended, which bonds are referred to in this Ordinance as "the bonds." The balance of the cost of the Project will be paid by federal and state grants, and from the general funds of the Village.

SECTION 4. Definitions. Whenever the words "the System" are referred to in this Ordinance, they shall be

understood to mean the Village of Lakeview Water System and all extensions and improvements thereto hereafter made.

Whenever the words “revenues” and “net revenues” are used in this Ordinance, it shall be understood to have the meanings as defined in Section 3, Act 94, Public Acts of Michigan, 1933, as amended.

Whenever the word “acquired” is used in this Ordinance it shall be construed to include acquisition by purchase, construction or by any other method.

Whenever the words “Village” and “Village Council” are used in this Ordinance they shall be understood to mean the Village of Lakeview, Michigan and the Village Council of said Village.

Whenever the word “government” is used in this Ordinance it shall be understood to mean the Government of the United States of America.

SECTION 5. Bond Data. Said bonds shall be designated WATER SYSTEM IMPROVEMENT REVENUE BONDS, shall be dated as of the date of delivery, shall be in the denomination of \$1,000.00 each and shall be numbered 1 to 100, both inclusive.

The bonds will bear interest not exceeding five percent (5%) per annum, all interest to be payable on January 1, 1971, and semi-annually thereafter on July 1 and January 1 of each year until payment of the principal amount of such bond. Said bonds shall be numbered in direct order of maturity from 1 to 100, inclusive and shall mature serially on January 1st of each year as follows:

\$1,000.00 January 1st of each year from 1972 to 1978 inclusive;

\$2,000.00 January 1st of each year from 1979 to 1988 inclusive;

\$3,000.00 January 1st of each year from 1989 to 1999 inclusive;

\$4,000.00 January 1st of each year from 2000 to 2009 inclusive.

Said bonds shall be signed by the President and countersigned by the Village Clerk and shall have the corporate seal of the Village impressed thereon, and may have interest coupons attached bearing the facsimile signature of the President and Village Clerk. After execution, the bonds shall be held by the Village Treasurer for delivery to the purchaser.

Both principal and interest shall be payable in lawful money of the United States of America at Bank of Lakeview, Lakeview, Michigan or at the option of the holder at a bank or trust company located in the City of Grand Rapids, Michigan to be designated by the original purchaser of the bonds with the approval of the Village. Bonds may be registered as to principal only or as to principal and interest. In the case of registered bonds payment of principal and interest (if registered) shall be made to the registered holder at the address shown on the registration books of the Village.

Bonds numbered 1 to 13, inclusive, maturing in the years 1972 to 1981, inclusive, will not be subject to redemption prior to maturity.

Bonds numbered 14 to 100, inclusive, maturing in the years 1982 to 2009, inclusive, will be subject to redemption prior to the maturity, in inverse numerical order, at the option of the Village on any interest payment date on or after January 1, 1981, at par and accrued interest to the date fixed for redemption.

Thirty days' notice of the call of any bonds for redemption shall be given by publication in a newspaper or publication circulated in the State of Michigan which carries, as part of its regular service, notices of sale of municipal bonds, and in case of registered bonds, thirty days' notice shall be given by mail to the registered holder at the registered address and no publication shall be necessary. Bonds so called for redemption shall

not bear interest after the date fixed for redemption, provided funds are on hand with the paying agent to redeem said bonds.

The bonds and coupons will be payable to bearer or at the option of the purchaser the bonds may be registered as to principal only or registered as to the principal and interest on the books of the Village, kept for that purpose by the Village Treasurer upon presentation thereof which registration shall be noted thereon by the Village Treasurer, and the interest coupons attached thereto removed by the Village Treasurer, after which no transfer shall be valid unless made on said book and similarly noted on the bonds. No charge shall be made for registration.

Transferability by delivery may be restored, at the expense of the holder, by registration to bearer and in the case of registered interest reattachment of unmatured interest coupons or surrender of this bond and issuance of a new coupon bond.

SECTION 6. Bond Form. The form and tenor of said bonds shall be substantially as follows:

under which the 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.

Bonds maturing in the years 1972 to 1981, inclusive shall not be subject to redemption prior to maturity. Bonds maturing in the years 1982 to 2009, inclusive will be subject to redemption prior to maturity, in inverse numerical order, at the option of the Village on any interest payment date on or after January 1, 1981, at par and accrued interest to the date fixed for redemption.

Thirty days' notice of the call of any bonds for redemption shall be given by publication in a paper circulated in the State of Michigan which carries, as part of its regular service, notices of sale of municipal bonds, and in case of registered bonds, thirty days' notice shall be given by mail to the registered holder at the registered address. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the paying agent to redeem said bonds.

Said bonds may be registered as to principal only, or as to principal and interest on the books kept by the Treasurer of the Village as registrar in the name of the holder and unmatured interest coupons detached from said bond after which it shall be transferable only upon presentation to such registrar with a written transfer by the registered holder or his attorney in fact. Such transfer shall be noted upon the books of the Village kept for that purpose. Said bonds once registered are exchangeable at the request of the registered owner hereof and at his sole expense for a negotiable coupon bond payable to bearer, upon surrender of this bond to the borrower at the office of the Treasurer of the Village.

This bond is a self-liquidating bond, and is not a general obligation of the Village and does not constitute an indebtedness of said Village within any constitutional or statutory limitation, but is payable, both as to principal and interest, solely from the revenues of the Water 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 said Water System as shall be sufficient to provide for payment of the interest upon and the principal of all such bonds 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 the expenses of administration and operation and such expenses for maintenance of said Water 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.

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 said Village by its President and to be countersigned by its Village Clerk, and its corporate seal to be hereunto affixed and has caused the annexed interest coupon to be executed with the facsimile signatures of said President and Village Clerk, all as of -----, 19---
-----.

VILLAGE OF LAKEVIEW
COUNTY OF
MONTCALM
STATE OF MICHIGAN

----- By

(President)

(SEAL)

Countersigned:

Village Clerk

REGISTRATION

NOTHING TO BE WRITTEN HEREON EXCEPT

BY THE VILLAGE TREASURER AS REGISTRAR

Date of Registration

Name of Registered Owner

Registrar

_____ : _____ :

_____ : _____ : _____
_____ : _____ : _____

(Form of Coupon)

No. _____ \$ _____

On the first day of _____, A.D., 19____, the Village of Lakeview, County of Montcalm, State of Michigan, will pay to the bearer hereof the sum of _____ Dollars, in the manner and out of the revenues described in said bond at _____ being the semi-annual interest due that date on its Water System Improvements Revenue Bond dated _____, No. _____.

This coupon is not a general obligation of the Village, but is payable out of certain revenues as set forth in the bond to which it pertains.

President

Village Clerk

SECTION 7. Security for Bonds. The bonds hereby authorized, together with interest thereon, shall not be a general obligation of the Village but shall be payable solely from the net income and revenues to be derived from the operation of the System. To pay such principal and interest as and when the ae shall become due, there is hereby created a statutory first lien upon the whole of the net revenues of said System to continue until the payment in full of the principal and interest on said bonds and said revenues and shall be set aside for the purpose and identified as the "Water System Improvements Revenue Bond and Interest Redemption Fund Account," as hereinafter specified.

SECTION 8. Custodian of Funds. Supervised Bank Accounts; Funds. The Treasurer of said Village shall be custodian of all funds belonging to and/or associated with the Village's System and such funds shall be deposited in the Bank of Lakeview, Lakeview, Michigan, which bank is a member of the Federal Deposit Insurance Corporation. In the event that the government is a holder of any of the bonds herein authorized, all monies in excess of \$15,000 in the supervised bank account shall be secured by the depository bank in advance in accordance with United States Treasury Department Circular No. 176 and the Village Treasurer shall execute a fidelity bond in an amount not less than \$15,000.00 with a surety company approved by the

government, and the United States 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 government. The Village Treasurer is hereby directed to create the following funds and accounts into which the bond 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 bonds hereby authorized remain unpaid.

I. CONSTRUCTION ACCOUNT. The proceeds of the bonds hereby authorized shall be deposited in the Construction Account in the Bank of Lakeview, Lakeview, Michigan, a bank insured by the Federal Deposit Insurance Corporation. In the event the government is a holder of any of the bonds herein authorized, then said account shall be established as a supervised bank account and such proceeds shall be withdrawn on the orders of the Village of Lakeview only on checks signed by the Treasurer

of the Village and countersigned by the County Supervisor of the Farmers Home Administration. Said monies shall be used solely for the purposes for which the bonds were issued.

Interest on the bonds shall be capitalized for a period of twelve months which is the estimated time for completion of construction, and there shall be set aside from the proceeds of the bonds the amount of interest which will accrue during such period at the interest rate specified in the bonds into the Redemption Fund to be used to pay capitalized interest only. Any unexpended balance of the proceeds of sale remaining after completion of the project herein authorized may in the discretion of the Village Council, to the extent of fifteen percent (15%) of the amount of the bonds authorized by this Ordinance, be used for further improvements, enlargements and extensions to the System, provided that at the time of such expenditure such use be approved by the Municipal Finance Commission. Any remaining balance after such expenditure shall be paid into the Bond and Interest Redemption Fund and shall be used for such purposes as allowed by law.

In the event that the government is a holder of any or all of the bonds any unexpended balance of the proceeds of the sale remaining after completion of the project herein authorized shall be paid immediately into the bond and interest redemption fund as hereinafter specified and shall be used only for the redemption, or purchase at not more than the fair market value, of outstanding bonds issued pursuant to the provisions of this Ordinance.

After completion of the project and disposition of remaining bond proceeds, if any, pursuant to the provisions of this Section, the Construction Account shall be closed.

II. WATER AND SEWER IMPROVEMENTS RECEIVING FUND ACCOUNT. As soon as the system becomes operative and revenue producing, the gross income and revenue shall be set aside into a separate account to be designated the Water System Improvements Receiving Fund Account, and monies so deposited therein shall be expended and used only in the manner and order as follows:

a. Operation and Maintenance Account. Prior to the beginning of each fiscal year the Village will prepare an annual budget of said system for the ensuing fiscal year itemized on the basis of monthly requirements, a copy of such budget shall be mailed without request to the Farmers Home Administration as long as the government is holder of any of said bonds prior to adoption for review and upon written request to any other bond holders. When the system becomes revenue producing, there shall be set aside and deposited each quarter pursuant to

the budget a sufficient portion of the income and revenue in the Operation and Maintenance Account to pay the reasonable and necessary current expenses of administering, operating and maintaining said system for the ensuing quarter.

b. Water System Improvements Bond and Interest Redemption Fund. After the transfer required in (1) above, there shall be transferred each quarter from the Water System Improvements Receiving Fund Account, before any other expenditures or transfer therefrom, and deposited in the Water System Improvements Revenue Bond and Interest Redemption Fund Account for payment of principal and interest on the bonds a sum equal to at least $\frac{1}{2}$ of the amount equal to the interest due on the next ensuing interest due date and not less than $\frac{1}{4}$ of the principal maturing on January 1, 1972 and January 1st of each year thereafter. If for any reason there is a failure to make such quarterly deposit then an amount equal to the deficiency shall be set aside and deposited in the Redemption Fund Account of the net revenues in the ensuing quarter or quarters, which amount shall be in

addition to the regular quarterly deposit required during such succeeding quarter or quarters.

There is hereby established in the Bond and Interest Redemption Fund a separate account to be known as the Bond Reserve Account, into which there shall be paid in equal quarterly installments from the revenues of the System after provision has been made for the Operation and Maintenance Fund and the current requirements of the Bond and Interest Redemption Fund, there shall be deposited the sum of \$250.00 per quarter until the is accumulated in such fund the sum of \$6,500.00. Except has hereinafter provided, no further deposits need be made into the Bond and Interest Redemption Fund for purposes of the Bond Reserve Account once the sum of \$6,500.00 has been deposited therein. The moneys in the said Bond Reserve Account shall be used solely for the payment of the principal and interest on said bonds as for the payment of the principal and interest on said bonds as to which there would otherwise be default.

If at any time it shall be necessary to use moneys in the Bond Reserve Account for such payment, 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 operation and maintenance or for current principal and interest requirements.

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

c. General Purpose Account. The balance of income and revenue after the transfers required in (1 and (2) above have been made, shall be deposited to a General Purpose Account which Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing and damage to the system which may be caused by any unforeseen catastrophe, for making extensions or improvements to the system, and when necessary for the purpose of making payments of principal and interest on the bonds hereby authorized if the amount in the Redemption Fund Account and Bond Reserve Account is not sufficient to meet such payments, then these funds shall be transferred to the Redemption Fund. The total of such deposits to the General Purpose Account and balance of said account need not exceed the sum of \$5,000.00. The funds in the General Purpose Account may be invested in obligations of the United States. Any such investment will be part of the General Purpose Account.

d. Surplus Monies. Whenever there shall accumulate in the Redemption Fund Account amounts in excess of the requirements during the next eighteen months for paying the principal of bonds falling due and interest on outstanding bonds, and in excess of the requirements of the Operation and Maintenance Account and the Reserve Account hereinafter established, such excess may be used by the Village for redemption of bonds in the manner set out below.

All monies remaining in the Receiving Fund at the end of any operating year after satisfying the above requirements shall be transferred to the Bond and Interest Redemption Fund and used to call bonds for redemption, or at the option of the Village transferred to the General Purpose Account and used for the purpose of which said Account was established; provided, however, that if there should be a deficit in the Operation and Maintenance Fund, Bond and Interest Redemption Fund or the General Purpose Account, on account of defaults in setting aside therein the amounts hereinbefore required, then transfers shall be made from such funds remaining in the Receiving Fund to such funds in the priority and order named, to the extent of such deficits. Surplus monies may be used to retire junior bonds issues.

SECTION 9. Rates and Charges. Prior to the issuance of the bonds, rates and charges for the services of said utility will be fixed in an amount sufficient to pay the costs of operation and maintaining the said System and to leave an amount of revenues adequate for the principal and interest, debt services, reserve, replacements and improvements requirements and all other requirements provided herein, and otherwise comply with the covenants herein provided. 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 and accruing interest on all bonds, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this and the preceding section. Charges for all service furnished to any premises shall be a lien thereon as provided in Section 3, Act 94, Public Acts of Michigan, 1933, as amended.

SECTION 10. No Free Service. No free service shall be furnished by said System to any individual, firm or corporation, public or private or to any public Agency or instrumentality.

SECTION 11. 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. (i) 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 as long as the government is the holder of any of the bonds, will furnish Farmers Home Administration, without request, a copy of each audit report and will furnish any other holder

of any bonds a copy of such report upon written request. As long as the government is the holder of any of the bonds herein authorized the Farmers Home Administration shall have the right to inspect the System and the records, accounts, and data relating thereto at all reasonable times.

(ii) It will file with the Municipal Finance Commission each year, as soon as is possible, not later than ninety days after the close of the fiscal year, a report, on forms prepared by the commission, made in accordance with the accounting method of the municipality, completely setting forth the financial operation of such fiscal year for its own purpose. A copy of such report shall be concurrently furnished the Farmers Home Administration as long as the government is a holder of any of the bonds herein authorized.

(iii) The Village Council will also cause an annual audit of such books of record and account for the preceding operating year to be made each year by a recognized independent

certified public accountant, and will cause such accountant to mail a copy of such audit to the Farmers Home Administration if the government is the holder of the bonds or to the manager of the syndicate or account purchasing the bonds. Such audit shall be completed and so made available not later than three (3) months after the close of each operating year, and said audit may, at the option of the Village Council, be used in lieu of the statement on forms prepared by the Municipal Finance Commission and all purposes for which said forms are required to be used by this Ordinance.

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 water systems. All monies 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. As long as the government is a holder of any of the bonds herein authorized, then said insurance shall be approved by the Farmers Home Administration.

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 Government if the government is a holder of any of the bonds authorized herein, 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 interest in lands, by sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of the government if the government is a holder of any of the bonds herein authorized.

IV. Any extensions or improvements of the System shall be made according to sound engineering principals and plans and specifications shall be submitted to the Government for prior review, only so long as it is a holder of any of the bonds.

SECTION 12. Additional Bonds. The Village may issue additional bonds of equal standing for the following purposes and on the following conditions:

I. To complete construction of the project according to the plans set forth in Section 1, bonds in the amount necessary may be issued.

II. For the purpose of making reasonable repair, replacement or extension of the System additional bonds or equal standing may be issued if:

A. The net revenues of the System for the fiscal year preceding the year in which such additional bonds are to be issued were 120 percent of the average annual debt service requirements on all bonds then outstanding and those proposed to be issued; or,

B. The holders of at least 75 percent of the then outstanding indebtedness consent to such issue in writing.

The funds herein established shall be applied to all additional bonds issued pursuant to this section as if said bonds were part of the original bond issue and all revenue from any such extension or

replacement construction by the proceeds of an additional bond issue shall be paid to the Water System Improvements Receiving Fund Account mentioned in this Ordinance.

Except as otherwise specifically provided so long as any of such bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said System shall be incurred or issued by the Village unless the same shall be junior and subordinate in all respects to the bonds herein authorized.

SECTION 13. Ordinance Shall Constitute Contract. The provisions of the ordinance shall constitute a contract between the Village and the bond holders and after the issuance of such bonds this ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests 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 said bonds or interest thereon remains unpaid.

SECTION 14. Refunding of Bonds. If at any time it shall appear to the Government that the Village is able to refund, upon call for redemption or with consent of the Government the then outstanding 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, the Village will, upon request of the Government, 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 with such loans.

SECTION 15. Default of Village. If there shall be default in the Redemption Fund, provisions of this ordinance or in the payment of principal or interest of any of the bonds, upon the filing of a suit by twenty percent of the holders of the bonds any court having jurisdiction of the action may appoint a receiver to administer said 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 Michigan.

The Village hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court 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 operator shall operate by authority of the court.

The holders of twenty percent of the bonds in the event of default may require by mandatory injunction the raising of rates in a reasonable amount.

SECTION 16. Ordinance Subject to Michigan Law and Farmers Home Administration Regulations. The

provisions of this ordinance are subject to the laws of the State of Michigan and to the present and future regulations of the Farmers Home Administration not inconsistent with the express provisions hereof and Michigan Law.

SECTION 17. Fiscal Year of System. The fiscal year for operating the System shall be from March 1st to the last day of February of each year.

SECTION 18. 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 F.H.A. 442-47, with the Farmers Home Administration.

SECTION 19. Municipal Finance Commission Approval. The Village Clerk is authorized and directed to make application to sell said bonds in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended.

SECTION 20. Conflict and Severability. All Ordinances, resolutions and orders or parts thereof in conflict with the provisions of this ordinance are to the extent of such conflict hereby repealed, and each section of this 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 this ordinance.

SECTION 21. Paragraph Headings. The paragraph headings in this Ordinance are furnished for convenience of reference the Municipal Finance Commission for authority to issue and only and shall not be considered to be a part of this Ordinance.

SECTION 22. Publication and Recordation. This Ordinance shall be published in full in the Lakeview Enterprise, a newspaper of general circulation of the Village of Lakeview qualified under State law to publish legal notices, promptly after its adoption, and the same shall be recorded in the Ordinance Book of the Village and such recording authenticated by the signatures of the President and Village Clerk.

SECTION 23. 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 and adopted by the Village of Lakeview, Michigan, on June 8, 1970 and approved by me on June 8, 1970.

Carl W. Thompson, President

Village of Lakeview

Attest:

Willard Stilson

Village Clerk

I hereby certify that the foregoing is a true and complete copy of an Ordinance adopted by the Village Council of the Village of Lakeview, County of Montcalm, State of Michigan, at a regular meeting held on June 8, 1970, and that public notice of said meeting was given pursuant to Act No. 261, Public Acts of Michigan, 1968, including in the case of a special or rescheduled meeting notice by publication or posting at least 12 hours prior to the time set for the meeting.

ORDINANCE NO. 52

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF SELF-LIQUIDATING JUNIOR LIEN WATER SUPPLY SYSTEM REVENUE BONDS BY THE VILLAGE OF LAKEVIEW, COUNTY OF MONTCALM, MICHIGAN, FOR THE PURPOSE OF CONSTRUCTING ADDITIONS AND IMPROVEMENTS TO ITS WATER SUPPLY SYSTEM; PRESCRIBING THE FORM OF BONDS; 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 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 WATER SYSTEM IMPROVEMENTS REVENUE BONDS AUTHORIZED BY ORDINANCE NO. 34; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS IN ENFORCEMENT THEREOF; AND PROVIDING FOR OTHER MATTERS RELATIVE TO SAID BONDS AND SAID SYSTEM.

THE VILLAGE OF LAKEVIEW ORDAINS:

Section 1. Necessity; Description of Project. It is hereby determined to be necessary for the public health and welfare of the Village of Lakeview, County of Montcalm, Michigan, in accordance with detailed maps, plans and specifications therefor prepared by Granger Engineering, Inc., consulting engineers of Cadillac, Michigan (the "Engineers", to proceed to acquire and construct the Project (as hereinafter defined).

Section 2. Cost; Useful Life. The cost of the Project has been estimated to be \$630,000, including the payment of incidental expenses as specified in Section 3 of this Ordinance which estimate of cost is hereby approved and confirmed, and the period of usefulness of is estimated to be not less than forty (40) years.

Section 3. Payment of Cost and Authorization of Bonds. To pay the cost of the Project including the payment of legal, engineering and financial expenses, 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 \$630,000 and that revenue bonds be issued therefor pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended.

Section 4. 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.

“Bonds” shall mean the \$630,000 principal amount Village of Lakeview Water Supply System Revenue Bonds, Series 1982, authorized to be issued under Section 3 of this Ordinance and any additional bonds authorized to be issued pursuant to Section 13 hereof.

“FmHA” shall mean the Farmers Home Administration, an agency of the United States Department of Agriculture.

“Government” shall mean the government of the United States of America.

“Outstanding Bonds” shall mean the Water System Improvements Revenue Bonds, dated March 8, 1971, authorized by Ordinance No. 34, and any additional bonds which may hereinafter be issued on a parity therewith pursuant to the terms of Ordinance No. 34.

“Project” shall mean the improvements to the System to be acquired and constructed under the provisions of this Ordinance consisting of two new wells, a standby generator and transmission mains in the Village, together with all appurtenances and attachments thereto as described in the maps, plans and specification therefor prepared by the Engineers and on file with the Village Clerk.

“Revenues” and “Net Revenues” shall have the meanings as defined in Section 3, Act 94, Public Acts of Michigan, 1933, as amended, and shall include the investment income to the extent provided in said Section 3 and this Ordinance.

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

Section 5. Bond Data and Sale. The Bonds shall be designated WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1982, shall be dated as of the date of delivery of Bond No. 1 to the purchaser thereof, shall consist of one hundred twenty six (126) bonds, in the denomination of \$5,000 each and shall be numbered in order of maturity from 1 upwards.

The Bonds will bear interest from the date of first registration thereof at five percent (5%) per annum, to be payable on January 1, 1983, and semiannually thereafter. The Bonds shall mature on January 1st of each year as follows:

\$ 5,000	1983 through 1995, inclusive;
10,000	1995 to 2000, inclusive;
15,000	2001 to 2008, inclusive;
20,000	2009;
25,000	2010, 2011 and 2012;
30,000	2013 to 2016, inclusive;
35,000	2017 to 2021, inclusive;

The Bonds shall be signed by the Village President and countersigned by the Village Clerk and shall have the corporate seal of the Village impressed thereon. After execution, the Bonds shall be held by the Village Treasurer for delivery to the FmHA.

The Bonds shall be issued as fully-registered bonds. The Fully-registered Bonds shall be payable in lawful

money of the United States of America 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 bond registrar.

The sale of the Bonds to the FmHA at an interest rate of five percent (5%) per annum and at the par value thereof is hereby approved. The Village Treasurer is hereby authorized to deliver the Bonds after approval thereof by the Municipal Finance Commission, in accordance with the delivery instructions of the FmHA.

Bonds will be subject to redemption prior to maturity, in the manner and at the times as provided in the form of the Bonds set forth in Section 6.

Section 6. Bond Form. The form and tenor of the Bonds shall be substantially as follows:

UNITED STATES OF AMERICA

STATE OF MICHIGAN

COUNTY OF MONTCALM

VILLAGE OF LAKEVIEW

WATER SUPPLY SYSTEM

REVENUE BOND, SERIES 1982

No. _____ \$5,000

The Village of Lakeview, County of Montcalm, State of Michigan (the "Village"), hereby promises to pay to the registered holder hereof, but only out of the hereinafter described net revenues of the Water Supply System of the Village, including all appurtenances, additions, extensions, and improvements thereto (the "System"), the sum of

FIVE THOUSAND DOLLARS

on the first day of January A.D. , _____, with interest from the date this bond is first registered until paid at the rate of five percent (5%) per annum, payable on January 1, 1983, and semiannually thereafter. Both principal of and interest on this bond are payable 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 and for the requirements of the outstanding Water System Improvements Revenue Bonds (the "Outstanding Bonds"), authorized by Ordinance No. 34, 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 one of a series of one hundred twenty six (126) bonds of even date and like tenor, except as to date of maturity, aggregating the principal sum of \$630,000, issued pursuant to Ordinance No. _____, duly adopted by the Village on _____, 1982, 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 defraying the cost of acquiring and constructing improvements to the System. For a complete statement of revenues from which, and the conditions under which this bond is payable, a statement of the conditions under which the 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.

Thirty days notice of the call of any bonds for redemption shall be given by mail to the registered holder at the registered address. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand to redeem said bonds.

This bond shall be registered as to principal and interest on the books kept by the Treasurer of the Village as registrar and noted hereon, after which it shall be transferable only upon presentation to

such registrar with a written transfer 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 shall be 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 above-described net revenues of the System.

The Village hereby covenants and agrees to fix and maintain at all times while any of the bonds of this issue 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 bonds payable from the revenues of the System as and when the same become due and payable, and to create and maintain 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 and the series of bonds 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 sad Village by its Village President and to be countersigned by its Village Clerk and its corporate seal to be hereunto affixed, all as of _____, 1982.

VILLAGE OF LAKEVIEW

COUNTY OF

MONTCALM

STATE OF MICHIGAN

Village President

(SEAL)

Countersigned:

Village Clerk

REGISTRATION

NOTHING TO BE WRITTEN HEREON EXCEPT

BY THE VILLAGE TREASURER AS REGISTRAR

Date of Registration

Name of Registered Owner

Registrar

_____ : _____ : ___ United States of America ___

_____ : _____ : ___ Farmers Home Administration ___

_____ : _____ :

Section 7. Security for Bonds. The bonds hereby authorized, together with interest thereon, shall not be a general obligation of the Village but shall be payable solely from the net revenues to be derived from the operation of the System after provision has been made for the Outstanding Bonds. To pay such principal and interest there is hereby created a statutory lien upon the net revenues of the System after provision for the requirements of the Outstanding Bonds, to continue until the payment in full of the principal of and interest on the Bonds.

Section 8. Custodian of Funds; Supervised Bank Accounts; Funds. The Treasurer of the Village shall be custodian of all funds belonging to or associated with the System and such funds shall be deposited in Bank of Lakeview, Lakeview, Michigan, which bank is a member of the Federal Deposit Insurance Corporation (hereinafter referred to as "depository bank"). The Treasurer of the Village shall execute a fidelity bond in an amount not less than \$30,000 with a surety company approved by the FmHA, and 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 Treasurer of the Village is hereby directed to create the following funds and accounts into which the bond 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 bonds hereby authorized remain unpaid.

I. CONSTRUCTION ACCOUNT. The proceeds of the Bonds hereby authorized shall be deposited in the Village of Lakeview Water Supply System Construction Account (the "Construction Account") in the depository

Bank. In the event the Government is a holder of any of the Bonds herein authorized, then at the direction of the FmHA the Construction Account 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 Treasurer of the Village and countersigned by the District Director of the FmHA. Said moneys shall be used solely for the purposes for which the Bonds were issued.

Any unexpended balance of the proceeds of the sale of the Bonds remaining after completion of the Project herein authorized may on the discretion of the Village be used for further improvements, enlargements and extensions of the System, provided that at the time of such expenditure such use be approved by the Municipal Finance Commission. Any remaining balance after such expenditure shall be paid into the Junior Lien Bond and Interest Redemption Fund (as hereinafter provided) and shall be used for such purposes as allowed by law.

In the event that the Government is a holder of any or all of the Bonds, and unexpended balance of the proceeds of the sale of the Bonds remaining after completion of the Project herein authorized shall be paid immediately into the Junior Lien Bond and Interest Redemption Fund as hereinafter specified and shall be used only for the redemption, or purchase at not more than the fair market value, of Bonds.

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

I. RECEIVING FUND. Pursuant to Section 8 of Ordinance No. 34, the revenues of the System shall continue to be deposited in the Receiving Fund Account established by Ordinance No. 34 (the "Receiving Fund"), and moneys so deposited therein shall be expended and used only in the manner and order as follows:

a. Operation and Maintenance Fund. There shall first be withdrawn from the Receiving Fund quarterly and deposited in the Operation and Maintenance Account established by Ordinance No. 34, an amount sufficient to meet the requirements of Section 8 of Ordinance No. 34, relative to the Operation and Maintenance Account. Prior to the beginning of each fiscal year the Village will prepare an annual budget of said System for the ensuing fiscal year itemized on the basis of monthly requirements, a copy of such holder of any of said bonds prior to adoption for review and upon request to any other Bond holders. There shall be set aside and deposited each quarter pursuant to the budget a sufficient portion of the income and revenue in the Operation and Maintenance Fund to pay the reasonable and necessary current expenses of administering, operating and maintaining said System for the ensuing quarter.

b. Outstanding Bond Requirements. There shall next be withdrawn from the Receiving Fund each quarter and deposited in the Bond and Interest Redemption Fund established by Ordinance No. 34, an amount sufficient to meet all requirements for the Bond and Interest Redemption Fund (including the Bond Reserve Account) as established in Ordinance No. 34, and the funds so deposited shall be used as required by Ordinance No. 34.

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, and after meeting all of the requirements for Outstanding Bonds as specified in Section 8 of Ordinance No. 34, there shall be transferred each quarter from the Receiving Fund, before any other expenditures or transfer therefrom, and deposited in the Junior Lien Redemption Fund for payment of principal and interest on the Bonds, not otherwise provided for in this Section, a sum of equal to at least $\frac{1}{2}$ of the amount equal to the interest due on the next ensuing interest due date and not less than $\frac{1}{4}$ of the principal maturing on the next ensuing principal payment date. If for any reason there is a failure to make such quarterly deposit then an amount equal to the deficiency shall be set aside and deposited in the Junior Lien Redemption Fund of the net revenues in the ensuing quarter or quarters, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters. There is hereby established within the Junior Lien Redemption Fund a separate account known as the Junior Lien Bond Reserve Account (the "Junior Lien Bond Reserve Account") into which there shall be deposited after the above required deposit to the Junior Lien Redemption Fund the sum of at least \$925 per quarter until there is accumulated in such fund by February 28, 1992 the sum of \$37,000. Except as hereinafter provided, no further deposits need be made into the Junior Lien Bond Reserve Account once the sum of \$37,000 has been deposited therein. The moneys in the Junior Lien Bond Reserve Account shall be used

solely for the payment of the principal of and interest on Bonds as to which there would otherwise be default.

1. If at any time it shall be necessary to use moneys in the Junior Lien Bond Reserve Account for such payment, 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 operation and maintenance or for principal and interest requirements on the Outstanding Bonds or for principal and interest requirements on the Bonds.

No further payments need be made into the Junior Lien Redemption Fund after enough of the Bonds have been retired so that the amount then held in said 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 Bonds then outstanding.

2. General Purpose Account. The balance of the income and revenues after the transfers required in Sections 8 (B) (1) and (2) of Ordinance No. 34, and Sections 8(B) (1), (2) and (3) of this Ordinance, to the extent of \$30,000 until the total sum of \$35,000 has been accumulated, shall be deposited in the General Purpose Account required to be established pursuant to Section 8(B) (3) of Ordinance No. 34, and used for the purposes specified in Ordinance No. 34.

Section 9. Reverse Flow of Funds and Investment. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Account, the Bond and Interest Redemption Fund established by Ordinance No. 34, or the Junior Lien Redemption Fund (including the Junior Lien Bond Reserve Account) established by this Ordinance, any moneys and/or securities in the funds of the System established by this Ordinance shall be transferred, first, to the Operation and Maintenance Fund, and second, to the Bond and Interest Redemption Fund, and third, to the Junior Lien Redemption Fund, (including the Junior Lien Bond Reserve Account), and fourth, to the Replacement Fund.

Moneys in each fund and account established by this Ordinance shall be invested in accordance with Act 94, and investment income received from such investments of funds in the Junior Lien Redemption Fund and Junior Lien Bond Reserve Account shall be credited to the Receiving Fund at the end of each operating year.

Section 10. Rates and Charges. Prior to the issuance of the Bonds, rates and charges for the services of the System will be fixed in an amount sufficient to pay the cost of operation and maintaining the System and to leave an amount of revenues adequate for the principal and interest requirements on the Bonds and Outstanding Bonds and all other requirements provided by Ordinance No. 34, and herein. 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 therefrom, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this and the preceding section. The charges for utility service which are, under the provisions of Section 21 of Act 94, made a lien on all premises served thereby unless notice is given that a tenant is responsible are hereby recognized to constitute such lien and whenever any such charges against any piece of property shall be delinquent for six (6) months, the Village official or officials in charge of the collection thereof shall certify annually, on April 1st of each year to the Village tax assessing officer the fact of such delinquency, whereupon

such delinquent charge shall be entered upon the next tax roll as a charge against such premises and the lien thereof enforced in the same manner as general Village taxes against such premises are collected and the lien thereof enforced; provided, however, where notice is given that a tenant is responsible for such charges and service as provided by said Section 21, no further service shall be rendered to such premises until a cash deposit of not less than one full year's service shall have been made as security for payment of such charges and service.

Section 11. No Free Service. No free service shall be furnished by said System to any individual, firm or corporation, public or private or to any public agency or instrumentality.

Section 12. 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. 34 and this Ordinance.

III. (i) 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 as long as the Government is the holder of any Bonds a copy of such report upon written request. As long as 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 file with the Municipal Finance Commission each year, as soon as is possible, not later than ninety days after the close of the fiscal year, a report, on forms prepared by said Commission, made in accordance with the accounting method of the Village, completely setting forth the financial operation of such fiscal year for its own purposes. A copy of such report shall be concurrently furnished with the FmHA as long as the Government is a holder of any of the Bonds.

(iii) The Village Council will also cause an annual audit of such books of record and account for the preceding operating year to be made each year by a recognized independent certified public accountant, and will cause such accountant, to mail a copy of such audit to the FmHA if it is the holder of any Bonds. Such audit shall be completed and so made available not later than three (3) months after the close of each operating year, and said audit may, at the option of the Village Council be used in lieu of the statement on forms prepared by the Municipal Finance Commission and all purposes for which said forms are required to be used by this Ordinance

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. As long as the Government is a holder of any of the Bonds then said insurance 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 it 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 interest 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 principals and plans and specifications shall be submitted to the Government for prior review, only so long as it is holder of any of the Bonds.

Section 13. Additional Bonds. The Village may issue additional bonds of prior standing to the Bonds authorized in the Ordinance under the terms and conditions set forth in Ordinance No. 34, and may issue additional bonds of equal standing with the Bonds authorized herein for the following purposes and on the following conditions:

I. To complete construction of the Project according to the plans set forth in Section 1.

II. For the purposes of making reasonable repair, replacement or extension of the System additional bonds of equal standing may be issued if:

A. The net revenues of the System for the fiscal year preceding the year in which such additional bonds are to be issued were one hundred twenty percent (120%) of the average annual debt

service requirements on all Bonds then outstanding and those proposed to be issued; or,

B. The holders of at least seventy-five percent (75%) of the then outstanding Bonds consent to such issue in writing.

The funds herein established shall be applied to all additional bonds issued pursuant to this Section as if said bonds were part of the Bonds and all revenues from and such extension or replacement constructed by the proceeds of the additional bonds shall be paid to the Receiving Fund mentioned in this Ordinance.

Except as otherwise specifically provided in this Section and Ordinance No. 34, so long as any of such 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 14. Ordinance Shall Constitute Contract. The provisions of the Ordinance shall constitute a contract between the Village and the Bondholders and after the issuance of the Bonds this 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 Bondholders as said Bonds or interest thereon remains unpaid.

Section 15. Refunding of Bonds. If at any time there shall appear to the Government that the Village is able to refund, upon call for redemption or with consent of the Government the then Outstanding 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, the Village will, upon the request of the Government, 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 with such loans.

Section 16. Default of Village. If there shall be default in the Junior Lien Redemption Fund provisions of this Ordinance or in the payment of principal and interest of any of the Bonds, upon the filing of a suit by the holders of twenty percent (20%) 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 at least sufficient to provide for the payment of the Bonds and for the payment of operation and maintenance expenses and the payment of the Outstanding Bonds and to apply income and revenues in accordance with Ordinance No. 34, this Ordinance and the laws of the State of Michigan.

The Village hereby agrees to transfer to any bona fide receiver or other 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 in the event of default may require by mandatory injunction the raising of rates in a reasonable amount.

Section 17. Ordinance Subject to Michigan Law and FmHA Regulations. The provisions of this Ordinance are subject to the laws of the State of Michigan and to the present and future regulations of the FmHA not inconsistent with the express provisions hereof and Michigan Law.

Section 18. 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, for F.H.A 442-47, with the FmHA.

Section 19. Municipal Finance Commission Approval. The Village Clerk is authorized and directed to make application to the Municipal Finance Commission for authority to issue and sell the Bonds.

Section 20. 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 this 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 this Ordinance.

Section 21. Paragraph Headings. 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.

Section 22. Publication and Recordation. This Ordinance shall be published in full in the Lakeview Enterprise, a newspaper of general circulation in the Village, qualified under State Law to publish legal notices, promptly after its adoption, and the same shall be recorded in the Ordinance Book of the Village and such recording authenticated by the signatures of the Village President and Village Clerk.

Section 23. 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 and adopted by the Village Council of the Village of Lakeview, County of Montcalm, State of Michigan, on June 14, 1982, and approved by me on June 14, 1982.

Keith Bucholtz, Village President

(SEAL)

Attest:

H.R. Ule, Village Clerk

I hereby certify that the foregoing 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 June 14, 1982, 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: Jura, Smith, Bowser, Stilson, Martens; and that the following Members were absent: Wales.

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

I further certify that the following Members voted for adoption of said Ordinance: Jura, Smith, Bowser, Stilson, Martens; 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 Village President and Village Clerk.

H.R. Ule, Village Clerk

