

TABLE VIII: WATER SUPPLY SYSTEM IMPROVEMENTS - 2024

<i>Ord. No.</i>	<i>Date Passed</i>	<i>Description</i>
2024-02	5-07-2024	Provide for the acquisition, construction, and equipping of certain improvements the water distribution/supply system. Provide for the issuance and sale of revenue bonds.

ORDINANCE NO. #2024-02

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF CERTAIN IMPROVEMENTS TO THE WATER DISTRIBUTION/SUPPLY SYSTEM OF THE VILLAGE OF PORT SANILAC; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY A PORTION OF THE COST THEREOF; TO PRESCRIBE THE FORM OF THE BONDS; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COST OF THE OPERATION AND MAINTENANCE OF THE SYSTEM AND PAYING THE PRINCIPAL OF AND INTEREST ON THE BONDS AND THE ISSUER'S PRIOR BONDS; TO PROVIDE AN ADEQUATE RESERVE ACCOUNT FOR THE BONDS AND THE PRIOR BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE SYSTEM'S REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS AND THE PRIOR BONDS AND ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS, THE PRIOR BONDS, AND THE SYSTEM.

THE VILLAGE COUNCIL OF THE VILLAGE OF PORT SANILAC HEREBY ORDAINS:

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

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

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

"Authorized Officer" shall mean the Issuer's Village President, Village President Pro Tem, Village Clerk, Village Treasurer, Business Manager, or a designee thereof.

"Bond" or "Bonds" shall mean the Issuer's 2024 Water Distribution System Revenue Bonds, issued in one or more series in the aggregate principal amount of not to exceed One Million Two Hundred Sixty-Nine Thousand Dollars (\$1,269,000), authorized to be issued pursuant to this Ordinance and the Prior Bonds Authorizing Ordinance, together with any additional bonds of equal standing hereafter issued.

"Department of Treasury" shall mean the Department of Treasury of the State of Michigan.

"Engineer" shall mean Rowe Professional Services Company.

“Fiscal Year” shall mean the fiscal year of the Issuer and the operating year of the System, commencing July 1 and ending June 30 of the subsequent year, as such fiscal year may be changed by the Issuer from time to time.

“Government” shall mean the government of the United States of America, acting through the Department of Agriculture, or any agency thereof.

“Issuer” or “Village” shall mean the Village of Port Sanilac, Sanilac County, Michigan.

“Ordinance” shall mean this Ordinance and any ordinance or resolution of the Issuer amendatory or supplemental to this Ordinance, including ordinances or resolutions authorizing the issuance of additional bonds.

“Prior Bonds” shall mean the Issuer's (1) 2018 Water Supply System Revenue Bonds, Series A, dated May 10, 2018, issued in the original principal amount of \$1,025,000, and (2) 2018 Water Supply System Revenue Bonds, Series B, dated May 10, 2018, issued in the original principal amount of \$90,000.

“Prior Bonds Authorizing Ordinance” shall mean Ordinance No. 2018-01, enacted by the Issuer's Village Council on May 1, 2018, with respect to the Prior Bonds. Except as changed by the provisions of this Ordinance, all of the provisions of the Prior Bonds Authorizing Ordinance shall apply to the Bonds, the same as if each of those provisions was repeated in this Ordinance in its entirety. It is the purpose of this Ordinance to authorize the issuance of additional bonds to finance a portion of the cost of the Project, additional bonds for such purpose being authorized by the provisions of the Prior Bonds Authorizing Ordinance, upon the conditions therein stated, which conditions have been fully satisfied.

“Project” shall mean the acquisition and construction of certain improvements to the Village's water distribution/supply system, including, but not limited to, a “tap in fee” to the Village of Lexington Water System, transmission main fees to Sanilac Township, the replacement of certain existing water mains and the construction, and installation of new water mains and the construction of an interconnect, as well as acquiring related equipment, improvements, and appurtenances, and the acquisition of any necessary easements and/or rights in land, and other necessary and related improvements.

“Public Improvements” shall mean the Project and any other public improvements, as defined in Section 3 of Act 94, which are authorized to be acquired and constructed under the provisions of this Ordinance.

“Revenues” and “Net Revenues” shall mean the revenues and net revenues of the Issuer derived from the operation of the System and shall be construed as defined in Section 3 of Act 94, including with respect to “Revenues”, the earnings derived from the investment of moneys in the various funds and accounts established by this Ordinance and/or the Prior Bonds Authorizing Ordinance, to which may be made the following adjustments: (1) Revenues may be augmented by the amount of any rate increases adopted before the issuance of additional bonds or to be placed

into effect before the time principal or interest on such additional bonds becomes payable from Revenues as applied to quantities of service furnished during the operating year or portion thereof that the increased rates were not in effect; (2) Revenues may be augmented by amounts which may be derived from rates and charges to be paid by new customers of the System; and/or (3) if there is a bond reserve account to be funded from the proceeds of additional bonds, then the Revenues may be augmented by an amount equal to the investment income representing interest on investments estimated to be received each operating year from the addition to the bond reserve account to be funded from the proceeds of the additional revenue bonds being issued.

“System” shall mean the Issuer’s water distribution/supply system, including such facilities thereof as are now existing, acquired and constructed as the Project, and all enlargements, extensions, repairs and improvements thereto hereafter made.

“Transfer Agent” shall mean the transfer agent and bond registrar for each series of bonds as appointed from time to time by the Issuer as provided in **Section 6** of this Ordinance and who or which shall carry out the duties and responsibilities as set forth in **Section 5**, **Section 6** and **Section 7** of this Ordinance.

Section 2. Necessity; Approval of Plans and Specifications. It is hereby determined to be a necessary public purpose of the Issuer to create, establish, and improve the System and to acquire and construct the Project in accordance with the plans and specifications prepared by the Issuer’s Engineer and on file with the Issuer, which plans and specifications are hereby approved, and the System is hereby created and established.

Section 3. Costs; Useful Life. The total cost of the Project is estimated to be approximately Five Million Sixty-Three Thousand Dollars (\$5,063,000), including the payment of incidental and/or issuance expenses as specified in **Section 4** of this Ordinance, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the Project is estimated to be not less than forty (40) years. Project costs not financed through the issuance of the Bonds shall be paid from grant monies received by the Village from the United States of America/USDA Rural Development (“USDA”) and Village funds on hand and available for that purpose.

Section 4. Payment of Costs; Bonds Authorized. To pay a portion of the cost of acquiring and constructing the Project and the legal, engineering, financial and other expenses incidental to said acquisition and construction, and expenses incidental to the issuance and sale of the Bonds, it is hereby determined that the Issuer shall borrow the sum of not to exceed One Million Two Hundred Sixty-Nine Thousand Dollars (\$1,269,000), and that revenue bonds be issued therefor in one or more series pursuant to the provisions of Act 94. The remaining Project costs will be paid for from grant proceeds and/or available Village funds on hand.

Section 5. Bond Details. The Bonds shall be designated **2024 WATER DISTRIBUTION SYSTEM REVENUE BONDS**, with such series designation as necessary and approved by an Authorized Officer, shall be dated as of the date of delivery of the first installment, shall consist of one (1) fully-registered nonconvertible bond for each series of bonds in the denomination of not to exceed One Million Two Hundred Sixty-Nine Thousand Dollars

(\$1,269,000); shall be issued in denominations of \$1,000, or integral multiples thereof; shall be payable in not more than forty (40) annual principal installments serially on April 1 (or such other date as shall be approved by an Authorized Officer) of each year, with the first installment coming due not later than one (1) year from the date of delivery/funding of the Bonds. The Bonds shall bear interest at a rate not to exceed 2.25% per annum.

The Bonds may be issued in one or more series, as approved by an Authorized Officer. If more than one series of Bonds is issued, the title for the bond issue shall be revised to reflect the year that the series of Bonds is issued, and, if necessary, any series designation.

An Authorized Officer, or a designee thereof, is hereby authorized to: approve and/or adjust the maturity schedule, including the dates/years for the first and last maturities for the Bonds; approve and/or adjust the interest payment dates; and/or reduce the principal amount of the borrowing as deemed necessary and reasonable to the Project.

The Bonds are expected to be delivered to the Government as the initial purchaser thereof in installments (the "delivery installments") and each delivery installment shall be noted on the registration grid set forth on the applicable Bonds. The delivery installments shall be deemed to correspond to the serial principal installments of the applicable Bonds in direct chronological order of said serial principal installments.

The serial principal installments of the Bonds will each bear interest from the date of delivery of the corresponding delivery installment to the registered holder thereof as shown on the registration grid set forth on the Bonds at the applicable interest rate as described above, payable on October 1, 2024, and semiannually thereafter on April 1 and October 1 (or such other interest payment dates as shall be approved by an Authorized Officer) of each year until maturity or earlier prepayment of said installment. Acceptance of the interest rate on the Bonds shall be made by execution of the Bonds which so designates the rate specified by the Government and accepted in writing by the Issuer. The Bonds shall be issued in fully-registered form and each series of the Bonds shall not be convertible or exchangeable into more than one fully-registered bond.

Pursuant to the provisions of Section 517 of the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended (the "Act"), the Issuer has been designated as a "qualified" issuer and the Issuer is authorized to issue and sell the Bonds. Thus, the Issuer's Authorized Officers are hereby authorized and directed to negotiate privately the sale of the Bonds to the Government within the parameters established in this Ordinance. Further, based upon expense considerations associated with publishing a notice of sale, as specified in Section 309(2) of the Act, as well as the advantages and favorable terms (including the interest rate and reduced costs of issuance) reasonably expected to be realized from selling the Bonds to the Government through a negotiated sale versus selling the Bonds on the open market through a competitive sale, the Issuer authorizes the negotiated sale of the Bonds to the Government, without publication of a notice of sale. The Issuer hereby determines that it is in the best interest of the Issuer to accept the offer from the Government to purchase the Bonds at the price of par, and the Issuer hereby determines to sell the Bonds to the Government pursuant to the provisions of this Ordinance.

An Authorized Officer is hereby authorized to deliver the Bonds in accordance with the delivery instructions of the Government, after approval of the issuance and sale thereof by the Department of Treasury, if such approval is at that time required.

The Bonds 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 Bonds set forth in the form of the bond as attached as Exhibit A, and as otherwise provided by this Ordinance.

Section 6. Bond Registration and Transfer. 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 Issuer. The Transfer Agent shall transfer or cause to be transferred on said books Bonds presented for transfer, as hereinafter provided and subject to such reasonable regulations as it may prescribe.

Any Bond may be transferred upon the books required to be kept by the Transfer Agent 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 transfer, 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 Transfer Agent shall record such transfer on the registration books and shall register such transfer on the registration grid attached to the Bond. At the time of such transfer the Transfer Agent shall note on the Bond the outstanding principal amount thereof at the time of such transfer. 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 Issuer shall not be required to: (A) 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 prepayment of Bonds or installments thereof selected for redemption and ending at the close of business on the day of that mailing; or (B) register the transfer of or exchange any Bond or portion thereof so selected for prepayment. In the event any Bond is called for prepayment in part, the Transfer Agent, upon surrender of the Bond, shall note on the Bond the principal amount prepaid and shall return the Bond to the registered owner thereof together with the prepayment amount on the prepayment date.

An Authorized Officer is hereby appointed to act as Transfer Agent with respect to the Bonds. If and at such time as a series of the Bonds is transferred to or held by any registered owner other than the Government, the Issuer by resolution may appoint a bank or trust company qualified under Michigan law to act as transfer agent and paying agent/bond registrar with respect to such series, and the Issuer may thereafter appoint a successor Transfer Agent upon sixty (60) days notice to the registered owner of the applicable series of the Bonds.

Section 7. Payment of the Bonds. Principal of and interest on the Bonds shall be payable in lawful money of the United States of America by check or draft mailed by the Transfer Agent to the registered owner at the address of the registered owner as shown on the registration books of the Issuer kept by the Transfer Agent. If the Government shall no longer be the registered owner of the Bonds, then the principal of and interest on the Bonds shall be payable to the registered owner of record as of the fifteenth day of the month preceding the payment date by check or draft

mailed to the registered owner at the registered address. Such date of determination of the registered owner for purposes of payment of principal or interest may be changed by the Issuer to conform to future market practice. An Authorized Officer is also hereby authorized to execute an agreement with any successor Transfer Agent.

The Transfer Agent shall record on the registration books the payment by the Issuer of each installment of principal or interest or both on the Bonds when made, and the canceled checks or drafts representing such payments shall be returned to and retained by an Authorized Officer, which canceled checks or drafts shall be conclusive evidence of such payments and the obligation of the Issuer with respect to such payments shall be discharged to the extent of such payments.

Upon payment by the Issuer of all outstanding principal of and interest on a series of the Bonds, the registered owners thereof shall deliver the Bond or Bonds to the Issuer for cancellation.

Section 8. Execution and Delivery of the Bonds. The Bonds shall be manually signed by the Village President and countersigned by the Village Clerk and shall have the corporate seal of the Issuer affixed thereto or impressed thereon. After execution, the Bonds shall be held by an Authorized Officer for delivery to the Government. No Bond or any installment thereof shall be valid until registered by an Authorized Officer or by another person designated in writing by an Authorized Officer to act as Bond Registrar, or upon transfer by the Government and thereafter, by an authorized representative of the Transfer Agent.

Section 9. Bond Form. The form and tenor of the Bonds shall be in substantially the form as attached hereto as **Exhibit A**, subject to appropriate variation upon issuance of any additional bonds.

Section 10. Security for Bonds. The Bonds hereby authorized, together with interest thereon, shall be payable solely from the net income and Net Revenues to be derived from the operation of the System. To pay such principal and interest as and when same shall become due, there is hereby created a statutory lien upon the whole of the Net Revenues of the System, which lien shall be a junior lien on the Net Revenues, subordinate to the existing lien on the Net Revenues recognized and created for the Issuer's Prior Bonds, to continue until the payment in full of the principal and interest on the Bonds and said revenues shall be set aside for that purpose and identified as the "Bond and Interest Redemption Fund Account".

Section 11. Budget. Immediately upon the effective date of this Ordinance for the remainder of the current Fiscal Year, and thereafter prior to the beginning of each subsequent Fiscal Year, the Issuer shall prepare an annual budget for the System for the ensuing Fiscal Year itemized on the basis of monthly requirements. A copy of such budget shall be mailed to the Government without request from the Government for review prior to adoption (as long as the Government is the registered owner of any of the Bonds), and upon written request to any other registered owners of the Bonds.

Section 12. Rates and Charges. Rates and charges for the services of the System have been, and will continue to be, fixed by ordinance in an amount sufficient to pay the costs of

administration, operation and maintenance of the System, to pay the principal of and interest on the Bonds and the Prior Bonds and to meet the requirements for repair, replacement, reconstruction and improvement and all other requirements provided herein, and otherwise comply with the covenants herein provided. The Issuer hereby covenants and agrees to fix and maintain at all times, while any of the Bonds or Prior 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 Account (including a Bond Reserve Account) for all such Bonds and Prior Bonds. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all the Bonds and Prior Bonds, the Outstanding Bonds and accruing interest on all of the Bonds and Prior Bonds, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this Section, and as otherwise required by this Ordinance.

Section 13. Rates, Billing and Enforcement. Except as provided in Section 12 above, the rates charged for the services of the System, and the billing, enforcement, and collection of charges for such services, as well as the general management of the System, shall be as in effect in the Issuer's jurisdiction as of the date of the issuance of the Bonds, and as adjusted from time to time by the Issuer, provided by the ordinances and resolutions of the Issuer.

Section 14. Custodian of Funds; Funds and Accounts. An Authorized Officer shall be custodian of all funds belonging to or associated with the System. An Authorized Officer is hereby directed to create and maintain the following funds and accounts into which the proceeds of the Bonds and the Revenues from the System shall be deposited in the manner and at the times provided in this Ordinance, which funds and accounts shall be established and maintained, except as otherwise provided, so long as the Bonds and the Prior Bonds remain outstanding and unpaid.

A. Water System Receiving Account. Upon and after the effective date of this Ordinance, the Revenues of the System shall be set aside into a separate account to be designated the WATER SYSTEM RECEIVING ACCOUNT (the "Receiving Account"), and moneys so deposited therein shall be transferred, expended and used only in the manner and order as follows:

(1) Operation and Maintenance Account. There is hereby established a separate account to be designated the OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account"). Revenues shall be transferred each quarter of the Fiscal Year, commencing upon the effective date of this Ordinance, from the Receiving Account to the Operation and Maintenance Account to pay the reasonable and necessary current expenses of administration, operation and maintenance of the System for the ensuing quarter.

(2) Water System Revenue Bonds - Bond and Interest Redemption Account. There is hereby established a separate account to be designated as the WATER SYSTEM PROJECT - BOND AND INTEREST REDEMPTION ACCOUNT (the "Bond and Interest Redemption Account"). After the transfer required in (1) above, Revenues shall be transferred each quarter of the Fiscal Year, commencing July 1, 2024, or such other date as approved by an Authorized Officer, from the Receiving Account, before any other expenditures or transfer

therefrom, and deposited in the Bond and Interest Redemption Account for payment of principal of and interest on the Bonds and to fund the Bond Reserve Account.

Upon any delivery of an installment of the Bonds there shall be set aside at the time of 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 the installment so delivered, the numerator of which is 1 and the denominator of which is the number of full and partial Fiscal Year quarters from the date of the delivery to the next interest payment date. There shall be set aside each Fiscal Year quarter on or after July 1, 2024, or such other date as approved by an Authorized Officer, 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 Bond not delivered during the then-current interest payment period.

Upon any delivery of an installment of the 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 principal payment date an amount equal to that fraction of the amount of principal due on the next principal payment date on the installment so delivered, the numerator of which is 1 and the denominator of which is the number of full and partial Fiscal Year quarters from the date of the delivery to the next principal payment date. There shall also be set aside each Fiscal Year quarter on or after July 1, 2024, or such other date as approved by an Authorized Officer, an amount not less than $\frac{1}{4}$ of the amount of principal due on the next principal payment date. Except as hereinafter provided, no further deposits shall be made into the Bond and Interest Redemption Account (excluding the Bond Reserve Account) once the aforesaid sums have been deposited therein. Any amount on deposit in the Bond and Interest Redemption Account (excluding the Bond Reserve Account) in excess of (a) the amount needed for payment of principal installments of the Bonds for the then current principal payment period, plus (b) interest on the Bonds for the then-current interest payment period, shall be used by the Issuer for redemption of principal installments of the Bonds in the manner set forth in this Ordinance, or if such use is impractical, shall be deposited in or credited to the Receiving Account.

If for any reason there is a failure to make the quarterly deposit in the amounts required, then the entire amount of the deficiency shall be set aside and deposited in the Bond and Interest Redemption Account out of the Revenues first received thereafter which are not required by this Ordinance to be deposited in the Operation and Maintenance Account or in the Bond and Interest Redemption Account, which amount shall be in addition to the regular quarterly deposit required during the succeeding quarter or quarters.

There is hereby established in the Bond and Interest Redemption Account a separate account to be designated the WATER SYSTEM PROJECT BOND RESERVE ACCOUNT (the "Bond Reserve Account"). Commencing July 1, 2024, or such other date as approved by an Authorized Officer, there shall be made a separate withdrawal from the Receiving Account on the first day of each Fiscal Year, to be set aside in and transferred to the Bond Reserve Account, after provision has been made for the Operation and Maintenance Account and the current requirements of the Bond and Interest Redemption Account, the sum of not less than \$4,830 (or such other amount that is equal to $\frac{1}{10}^{\text{th}}$ of the Issuer's annual total principal and interest payments on the

Bonds) per year until there is accumulated in the Bond Reserve Account the sum of \$48,300 (or such other amount that is equal to the Issuer's annual total principal and interest payments on the Bonds). Except as hereinafter provided, no further deposits shall be made into the Bond and Interest Redemption Account for the purposes of the Bond Reserve Account once the sum of \$48,300 (or such other amount that is equal to the Issuer's annual total principal and interest payments on the Bonds) has been deposited therein.

The moneys in the Bond Reserve Account shall only be withdrawn by the Issuer once written approval from the Government has been obtained. The moneys in the Bond Reserve Account shall be used solely for the payment of the principal installments of and interest on the Bonds as to which there would otherwise be default; provided, however, that in the event the amount on deposit in the Bond Reserve Account exceeds the Reserve Amount, the moneys in excess of the Reserve Amount shall be used to pay principal installment of and interest on the Bonds on the next payment date.

If at any time it shall be necessary to use moneys in the Bond Reserve Account for the 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 for the Bonds. In the event that moneys in the Bond Reserve Account are withdrawn, then deposits shall be made or shall continue pursuant to this Section until the Bond Reserve Account has been fully funded as provided in this Section.

No further payments need be made into the Bond and Interest Redemption Account after enough of the principal installments of the Bonds have been retired so that the amount then held in the Bond and Interest Redemption Account (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 principal installments of the Bonds then remaining outstanding.

(3) 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 any damage to the System, which may be caused by an 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 insufficient to meet such payments, then these funds shall be transferred to the Redemption Fund, The funds in the General Purpose Account may be invested in obligations of the United States or such other obligations as are permitted by law. Any such investment will be a part of the General Purpose Account.

(4) Repair, Replacement and Improvement Account. There is hereby established a separate account designated REPAIR, REPLACEMENT AND IMPROVEMENT ACCOUNT (the "RRI Account"). After the transfers required in (1) and (2) above, commencing July 1, 2024 (or such other date as approved by an Authorized Officer) until the Bonds have been fully paid and retired, funds in the sum of at least \$7,400 per year, shall be transferred on the first day of each Fiscal Year from the Receiving Account and deposited in the RRI Account in an

amount to be approved by an Authorized Office. Moneys in the RRI Account shall be used and disbursed only for the purpose of paying the cost of: (a) repairing any damage to and emergency maintenance of the System; (b) repairing or replacing obsolete, deteriorating, deteriorated or worn out portions of the System; (c) acquiring and constructing extensions and improvements to the System; and (d) when necessary, for the purpose of making payments of principal and interest on the Bonds. If the amount in the Bond and Interest Redemption Account and the Bond Reserve Account is not sufficient to pay the principal of and interest on the Bonds when due, the moneys in the RRI Account shall be transferred to the Bond and Interest Redemption Account and used for that purpose.

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

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

Section 15. 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 16. Covenants. The Issuer covenants and agrees with the holder(s) of the Bonds that so long as any of the Bonds or the Prior Bonds remain outstanding and unpaid as to either principal or interest that it will keep and maintain each of the covenants and agreements as set forth in the Prior Bonds Authorizing Ordinance. Further:

- A. The Issuer covenants to operate the System and to fix rates and charges for the services of the System sufficient to provide Net Revenues equal to at least 100% of the debt service requirements of the Bonds and the Prior Bonds. Rates and charges for the services of the System shall be fixed in an amount sufficient to pay the costs of operating and maintaining the System, and to provide sufficient revenue for the payment of principal and interest on the Bonds and the Prior Bonds, debt service, reserve, replacement and improvement requirements, and all other requirements provided herein.

- B. The Issuer will comply with applicable State laws and regulations and continually operate and maintain the System in good condition.
- C. The Issuer will cause to be maintained and kept proper books of record and account, separate from all other records and accounts, in which shall be made full and correct entries of all transactions relating to the System. The Village Council of the Issuer shall cause an annual audit of such books and records and account for the preceding operating year to be made by a recognized independent certified public accountant. Such audit shall be completed and so made available not later than six (6) months after the close of each operating year.
- D. The Issuer will maintain and carry, for the benefit of the holders of the Bonds, insurance on all physical properties of the System of the kind and in the amounts normally carried by municipalities engaged in the operation of municipal sanitary sewer systems. All monies received from losses under 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 purposes of calling Bonds.
- E. Any extensions to or improvements of the System shall be made according to sound engineering principles and plans.
- F. The Issuer will periodically review the System's rates and charges for services to ensure that same are adequate to pay the costs of operating and maintaining the System and to provide sufficient revenue for the payment of principal and interest on the Prior Bonds and Bonds, debt service, replacement and improvement requirements, and any other necessary and reasonable expenses and charges. If the System's rates and charges are found to be insufficient to pay the aforementioned expenses and costs, the Issuer shall adjust the System's rates and charges as necessary to comply with this provision. Said review of the System's rates and charges shall be conducted at least annually.

Section 17. Additional Bonds. Subject to the provisions in the Prior Bonds Ordinance, the Issuer may issue additional bonds of equal standing with the Bonds for the following purposes and on the following conditions:

- A. To complete the construction of the Project according to the plans described herein, bonds in the amount necessary may be issued.
- B. For the purposes of making reasonable repair, replacement, or extension to the System, additional bonds of equal standing may be issued if, together with projected net revenues, Net Revenues will equal or exceed one hundred percent (100%) of proposed new debt service on all bonds, including the additional bonds proposed to be issued.

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 issuance of the Bonds, and all revenues from any such extension or replacement constructed with the proceeds of an additional bond issue shall be paid to the Receiving Account mentioned in this Ordinance.

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

Section 18. Ordinance Shall Constitute Contract. The provisions of this Ordinance shall constitute a contract between the Issuer 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 holders nor shall the Issuer 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.

Section 19. Refunding of Bonds. If at any time it shall appear to the Government that the Issuer 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 from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Issuer 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 20. Ordinance Subject to Michigan Law and Governmental 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 Government not inconsistent with the express provisions hereof and Michigan law.

Section 21. Fiscal Year of System. The fiscal year for operating the System shall be the Fiscal Year.

Section 22. Issuer Subject to Loan Resolution. As long as the Government is holder of any of the Bonds, the Issuer shall be subject to the loan resolution (RUS Bulletin 1780-27) and shall comply with all provisions thereof.

Section 23. Covenant Not to Defeas. As long as the Government is the holder of any of the Bonds, the Issuer covenants that it will not defeas any of the Bonds held by the Government.

Section 24. Approval of Bond Details. Each Authorized Officer is hereby authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing each is authorized to exercise the authority and make the determinations authorized pursuant to Section 7a(1)(c) of Act 94, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, and other matters and to so modify the terms of this Ordinance, provided that the principal amount of Bonds issued shall not exceed the principal amount authorized in this Ordinance, the interest rate per annum on the Bonds shall not exceed 2.25%, and the Bonds shall

mature in not more than forty (40) annual installments, from 2025 through 2063, inclusive, or as otherwise determined by an Authorized Officer.

Section 25. Prior Bonds Authorizing Ordinance. The Prior Bonds Authorizing Ordinance is supplemented and amended to add the provisions of this Ordinance, and, except as otherwise provided by this Ordinance, all of the provisions and covenants of the Prior Bonds Authorizing Ordinance shall apply to the Bonds issued pursuant to this Ordinance the same as though each of those provisions and covenants were repeated in this Ordinance in detail. It is the purpose of this Ordinance to authorize the issuance of additional revenue bonds to acquire and construct improvements to the System, bonds for such purpose being authorized by the provisions of the Prior Bonds Authorizing Ordinance upon compliance with the conditions precedent to the issuance of bonds as therein specified.

Section 26. Application to Department of Treasury and Other Governmental Agencies. The Authorized Officers, Village Council members, staff, counsel and bond counsel for the Issuer, or any of them, are authorized on behalf of the Issuer to apply for such rulings, order and approvals and file or submit such elections or other documents to any governmental agency and execute all necessary documents on behalf of the Issuer in order that the Bonds may be validly issued and the interest thereon be exempt from federal income taxation and are further hereby authorized to execute, date and deliver such other certificates, documents, instruments, and opinions and other papers as may be required or as may be necessary or convenient to effectuate the sale and delivery of the Bonds.

Section 27. Advance Payment of Project Costs. The advance payment for the Project is hereby approved, and the monies are authorized to be advanced from the Issuer's funds on hand, which monies will be repaid with a like amount, plus interest from the date of withdrawal, from the proceeds of the Bonds when received. The Issuer shall reimburse itself not earlier than the date on which the costs and expenses are paid and not later than the later of:

- A. the date that is eighteen (18) months after the costs and expenses are paid; or
- B. the date the Project placed in service or abandoned, but in no event more than three (3) years after the costs and expenses are paid.

Section 28. Bond Counsel. Thrun Law Firm, P.C., is hereby appointed as bond counsel for the Issuer with reference to the issuance of the Bonds. Further, Thrun Law Firm, P.C., has informed the Village Council that it represents no other party in the issuance of the Bonds.

Section 29. Financial Consultant. The financial consulting firm of PFM Financial Advisors LLC is hereby appointed as financial consultant/advisor to the Village with reference to the issuance of the Bonds herein authorized.

Section 30. 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 hereof 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 31. Section Headings. The section headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be a part of this Ordinance.

Section 32. Publication and Recordation. This Ordinance shall be published once in full in a newspaper of general circulation within the corporate limits of the Issuer, qualified under Michigan law to publish the legal notice, promptly after its adoption, and the same shall be recorded in the ordinance book of the Issuer and such recording authenticated by the signatures of the Village President and Village Clerk.

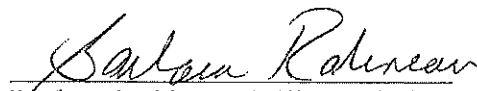
Section 33. Effective Date. This Ordinance is hereby determined by the Village Council to be immediately necessary for the preservation of the peace, health and safety of the Issuer and shall be in full force and effect from and after its passage and publication as required by law.

APPROVED AND ENACTED by the Village Council of the Village of Port Sanilac, County of Sanilac, State of Michigan, on May 7, 2024.



Damien Falcon, Village President
Village of Port Sanilac

I, Barbara Rabineau, Village Clerk of the Village of Port Sanilac, hereby certify that the foregoing is a true copy of the original of Ordinance No. #2024-02, enacted by the Village of Port Sanilac Village Council at a regular meeting on May 7, 2024.



Barbara Rabineau, Village Clerk
Village of Port Sanilac

EXHIBIT A

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF SANILAC
VILLAGE OF PORT SANILAC
2024 WATER DISTRIBUTION SYSTEM REVENUE BOND**

<u>Rate</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
_____%	\$ _____	____ 1 of each year per "Schedule A"	_____, 2024

REGISTERED OWNER: United States of America Acting through the
Department of Agriculture

VILLAGE OF PORT SANILAC, COUNTY OF SANILAC, STATE OF MICHIGAN (the "Issuer"), promises to pay to the Registered Owner specified above, or registered assigns, out of the net revenues of the Issuer's water distribution/supply system, including all appurtenances, additions, extensions and improvements thereto (the "System"), the Principal Amount specified above, in lawful money of the United States of America on the Maturity Date specified above, with interest thereon from the Date of Original Issue specified above, or subsequent dates of installment deliveries, until paid at the Rate specified above payable on October 1, 2024, and semiannually thereafter on April 1 and October 1 of each year (the "Bond" or "Bonds"); provided that the principal repayments required herein to be paid to the Registered Owner shall not exceed the total of the principal installments set forth on the registration grid attached hereto as "Schedule B" as from time to time hereafter updated by an Authorized Officer of the Issuer (the "Bond Registrar") to acknowledge receipt of the principal installments of this Bond up to a total of \$____,000. Principal on this Bond is payable at the office of the Bond Registrar pursuant to "Schedule A", and upon final principal payment, upon presentation and surrender hereof.

Both principal of and interest on this Bond are payable in lawful money of the United States of America to the Registered Owner by check or draft mailed to the Registered Owner at the registered address shown on the registration books of the Bond Registrar. The Issuer may hereafter designate a successor Bond Registrar upon the conditions specified in Ordinance No. ____, enacted by the Issuer's Village Council on May 7, 2024 (the "Ordinance"), authorizing the issuance of this Bond. For the prompt payment thereof, the revenues of the System, after provision has been made for reasonable and necessary expenses of operation, administration, and maintenance thereof (the "Net Revenues"), are hereby irrevocably pledged and a statutory lien thereon is hereby recognized and created. Said lien is a junior lien on the Net Revenues, subordinate to the lien on the Net Revenues recognized and created for the Issuer's outstanding 2018 Water Supply System Revenue Bonds, Series A, dated May 10, 2018, and the Issuer's outstanding 2018 Water Supply System Revenue Bonds, Series B, dated May 10, 2018.

This Bond is a single, fully-registered instrument evidencing multiple annual maturities delivered in installments and registered as of the date of each installment as set forth in "Schedule

B", aggregating the principal sum of \$____,000, issued pursuant to the Ordinance, and under and in full compliance with the constitution and statutes of the State of Michigan, including specifically Act 34, Public Acts of Michigan, 2001, as amended, and Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of defraying a portion of the cost of improving 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 standing may hereafter be issued, and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Ordinance.

This Bond is a self-liquidating bond and is payable, both as to principal and interest, solely from the Net Revenues of the System. This Bond is not a general obligation of the Issuer and does not constitute an indebtedness of the Issuer within any constitutional or statutory limitation. The principal of and interest on this Bond are secured by the statutory lien hereinbefore mentioned.

Principal installments of this Bond are subject to prepayment prior to maturity, in any order and at any time, at par and accrued interest to the date fixed for prepayment. Thirty (30) days' notice of the call of any principal installment for prepayment shall be given by mail to the Registered Owner at the registered address shown on the registration books kept by the Bond Registrar. The principal installments so called for prepayment shall not bear interest after the date fixed for prepayment, provided funds are on hand with the Bond Registrar to prepay said installments.

This Bond is registered as to principal and interest and is transferable, as provided in the Ordinance, only upon the books of the Issuer kept for that purpose by the Bond Registrar, by the Registered Owner hereof in person or by an agent of the Registered Owner duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or agent thereof and thereupon a new Bond or Bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon payment of the charges, if any, therein provided.

The Issuer has covenanted and agreed and does hereby covenant and agree to fix and maintain at all times while any bonds, including any installments of this Bond, payable from the Net Revenues of the System 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 this Bond and any additional bonds of equal standing 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 account (including 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 Ordinance.

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

This Bond shall not be deemed a valid and binding obligation of the Issuer in the absence of authentication by manual execution hereof by the authorized signatory of the Bond Registrar.

IN WITNESS WHEREOF, Village of Port Sanilac, County of Sanilac, State of Michigan, by its Village Council, has caused this Bond to be signed in its name by its Village President and to be countersigned by its Village Clerk, and its corporate seal or a facsimile thereof to be hereunto affixed or impressed, all as of _____, 2024, and to be manually signed by the authorized signatory of the Bond Registrar as of the date set forth below.

VILLAGE OF PORT SANILAC
COUNTY OF SANILAC
STATE OF MICHIGAN

(Seal)

By: _____
Village President

Countersigned:

Village Clerk

CERTIFICATE OF AUTHENTICATION

Dated:

This Bond is the Bond described
in the within mentioned Ordinance.

By: _____
Bond Registrar