

VILLAGE OF CASS CITY
County of Tuscola, State of Michigan

ORDINANCE # 190

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO THE WATER SUPPLY SYSTEM OF THE VILLAGE OF CASS CITY; TO PROVIDE FOR THE ISSUANCE OF THE SERIES 2020 REVENUE BOND AS AN ADDITIONAL BOND UNDER ORDINANCE No. 163; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE SERIES 2020 REVENUE BOND.

THE VILLAGE OF CASS CITY ORDAINS:

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

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

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

“Additional Bonds” shall mean the bonds issued pursuant to Section 17 of Ordinance No. 163.

“Bond Reserve Account” shall mean the subaccount in the Bond and Interest Redemption Account established in accordance with Section 12 of Ordinance No. 163.

“Bonds” shall mean the Series 2006 Bonds and the Series 2020 Bonds, together with any additional bonds of equal standing hereafter issued.

“Depository Bank” shall mean a financial institution which is qualified to serve as depository bank and designated by resolution of the Village for deposit of all funds belonging to or associated with the System.

The phrase “delivery installment” shall mean each installment of the Bonds delivered to the Government as initial purchaser thereof. Each delivery installment shall be noted on the registration grid set forth on the bond.

“Engineer” shall mean Townley Engineering, LLC.

“Fiscal Year” shall mean the fiscal year of the Village and the operating year of the System, commencing January 1 and ending on December 31 of each year, as such year may be changed from time to time.

“Government” shall mean the government of the United States of America or any agency thereof.

“Ordinance” shall mean Ordinance No. 163, this ordinance, and any ordinance or resolution of the Village amendatory or supplemental to Ordinance No. 163 and this ordinance, including ordinances or resolutions authorizing issuance of Additional Bonds.

“Ordinance No. 163” means Ordinance No. 163 of the Village enacted June 12, 2006 authorizing issuance of the Series 2006 Bonds.

“Outstanding Bonds” means, as of any given date, Bonds issued and delivered under Ordinance No. 163 and this Ordinance except for Bonds or maturities thereof which the Village has paid.

“Series 2020 Project” shall mean replacement of water mains and sanitary sewer lines within the Village together with associated appurtenances and attachments, which are public improvements as defined in Section 3 of Act 94, and are authorized to be acquired and constructed under the provisions of this Ordinance.

“Reserve Amount” shall mean the lesser of (i) the maximum annual debt service requirements on the Outstanding Bonds, (ii) 125% of the average annual debt service requirements on the Outstanding Bonds, or (iii) the total of 10% of the original aggregate face amount of each series of Bonds currently outstanding, reduced by the net original issue discount, if any; provided, however, that the Reserve Amount shall not at any time exceed the amount allowed to be invested at an unrestricted yield pursuant to Treas. Reg. Section 1.148-2(f)(2) or any successor provision thereto as applicable to the Bonds.

“Revenues” and “Net Revenues” shall mean the revenues and net revenues of the Village 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 Ordinance No. 163.

“Series 2006 Bonds” shall mean the Water Supply System Revenue Bond, Series 2006A and the Water Supply System Revenue Bond, Series 2006B dated June 28, 2006.

“Series 2020 Bond” shall mean the Water Supply System Revenue Bond, Series 2020 of the Village in the principal amount of not-to-exceed \$1,237,000 authorized by this Ordinance.

“System” shall mean the Village’s water supply system including such facilities thereof as are now existing, are acquired and constructed as the Series 2020 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 Village as provided in Section 5 of this Ordinance and who or which shall carry out the duties and responsibilities as set forth in Sections 5 of this Ordinance and Section 6 of Ordinance No. 163.

“Village” shall mean the Village of Cass City, County of Tuscola, State of Michigan.

Section 2. Necessity; Approval of Plans and Specifications. It is hereby determined to be a necessary public purpose of the Village to acquire and construct the Series 2020 Project in accordance with detailed maps, plans and specifications therefor prepared by the Engineer and on file with the Village, which maps, plans and specifications are hereby approved.

Section 3. Costs; Useful Life. The total cost of the Series 2020 Project is estimated to be not less than One Million Two Hundred Thirty-Seven Thousand Dollars (\$1,237,000) including the payment of incidental 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 Series 2020 Project is estimated to be not less than forty (40) years.

Section 4. Payment of Cost; Series 2020 Bond Authorized, Conditions Permitting Issuance of Additional Bond. To pay part of the cost of acquiring, constructing and equipping the Series

2020 Project including legal, engineering, financial and other expenses incident thereto and to the issuance and sale of the Series 2020 Bond, it is hereby determined that the Village borrow the sum of not to exceed One Million Two Hundred Thirty-Seven Thousand Dollars (\$1,237,000), and that a revenue bond or bonds be issued therefor in one or more series pursuant to the provisions of Act 94. The remaining cost of the Series 2020 Project, if any, shall be defrayed from Village funds on hand and legally available for such use.

The Council hereby determines that if the Series 2020 Bond is issued within the parameters of this Ordinance bearing interest at the rate of 1.875% per annum or less, then during the preceding operating year (ending December 31, 2019) the augmented net revenues of the System (as defined in Section 17 of Ordinance No. 163) shall be at least equal to 100% of the maximum amount of principal and interest hereafter maturing in any operating year on the Outstanding Revenue Bonds (the Series 2006 Bond) and the Series 2020 Bond, as required by Section 17 subparagraph (b) of Ordinance No. 163 for the issuance of Additional Bonds. Therefore, Council hereby finds that the conditions of the Ordinance for the issuance of the Series 2020 Bond as an Additional Bond have been met.

Section 5. Series 2020 Bond Details, Registration and Execution. The Series 2020 Bond shall be designated as the WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2020 or such other series designation as determined by the Village President and Village Clerk at the time of delivery to reflect the year in which the Series 2020 Bond is delivered or to differentiate the Series 2020 Bond from other bonds of the Village. The Series 2020 Bond shall constitute an Additional Bond as defined in the Ordinance and shall have equal standing and priority of lien as to the Net Revenues of the System with the outstanding Series 2006 Bonds.

The Series 2020 Bond shall be dated as of the date of delivery of the first delivery installment, and shall be payable in principal installments serially on October 1 of each year, as shown in the payment grid attached to the Bond Form set forth in this Ordinance, or in such other principal maturity amounts and dates as the Village President and Village Clerk may determine at the time of delivery of the Series 2020 Bond which is acceptable to the Government as the initial purchaser thereof, provided that the final principal payment of the Series 2020 Bond shall be due and payable within 40 years of the date of issuance thereof. The Series 2020 Bond shall consist of one (1) single fully-registered nonconvertible bond of the denomination of \$1,237,000 (or such lesser principal amount issued in the discretion of the Village President and Village Clerk).

The Series 2020 Bond is expected to be delivered to the Government as initial purchaser thereof in installments (each, a “delivery installment”) and each delivery installment shall be noted on the registration grid set forth on the bond. The delivery installments shall be deemed to correspond to the serial principal installments of the Series 2020 Bond in direct chronological order of said serial principal installments.

Each delivery installment of principal of the Series 2020 Bond will bear interest from the date of delivery to the Government as shown on the registration grid of the Series 2020 Bond. Interest shall be payable on the first October 1 or April 1 following the date of delivery of each delivery installment, and semiannually thereafter on October 1 and April 1 of each year until maturity or earlier prepayment, or on such other semi-annual dates as the Village President and Village Clerk may determine at the time of delivery of the Series 2020 Bond which is acceptable to the Government as the initial purchaser of the Series 2020 Bond. The Series 2020 Bond shall be issued in fully-registered form and shall not be convertible or exchangeable into more than one fully-registered bond.

The Series 2020 Bond or installments thereof will be subject to prepayment prior to maturity in whole or in part at any time in the manner provided in the Series 2020 Bond as delivered.

The Village's Treasurer is hereby appointed to act as Transfer Agent with respect to the Series 2020 Bond. If and at such time as the Series 2020 Bond is transferred to or held by any registered owner other than the Government, the Village by resolution may appoint a bank or trust company qualified under Michigan law to act as transfer agent and bond registrar, and the Village may thereafter appoint a successor Transfer Agent upon sixty (60) days' notice to the registered owner of that Bond.

The provisions of Sections 6 and 7 of Ordinance No. 163 shall apply to the Series 2020 Bond.

Section 6. Execution, Sale and Delivery of the Series 2020 Bond. The Series 2020 Bond shall be manually signed by the President and countersigned by the Village Clerk and shall have the corporate seal of the Village impressed thereon. After execution, the Series 2020 Bond shall be held by the Village's Treasurer for delivery to the Government. No delivery installment of the Series 2020 Bond shall be valid until registered by the Village's Treasurer or by another person designated in writing by the Village's Treasurer to act as Bond Registrar, or upon transfer by the Government and thereafter, by an authorized representative of the Transfer Agent.

The Village determines to sell the Series 2020 Bond to the Government at a negotiated sale in order to obtain terms not generally available from conventional municipal bond market sources and for the opportunities provided by a negotiated sale to the Government to select and adjust the terms of the Series 2020 Bond, including the prepayment of the principal of the Series 2020 Bond at any time without premium. The Village Manager or the Village President is hereby authorized and directed to negotiate privately the sale of the Series 2020 Bond to the Government at an interest rate not to exceed 1.875% per annum and at the par value thereof. Acceptance of the interest rate on the Series 2020 Bond shall be made by execution of the Series 2020 Bond which so designates the rate specified by the Government and accepted in writing by the Village. The Village's Treasurer is hereby authorized to deliver the Series 2020 Bond in accordance with the delivery instructions of the Government.

Section 7. Bond Form. The form and tenor of the Series 2020 Bond shall be substantially as follows, with such revisions, additions and deletions as may be advisable or necessary to comply with the requirements of the Government:

[REGISTERED]

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF TUSCOLA

VILLAGE OF CASS CITY
WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2020

No. R-1

#[Amount]

The Village of Cass City, County of Tuscola, State of Michigan (the "Village"), for value received, hereby promises to pay to the registered owner hereof, but only out of the hereinafter described Net Revenues of the Village's water supply system including all appurtenances, additions, extensions and improvements thereto (the "System"), the sum of

[Amount] Dollars (\$[Amount])

on the dates and in the principal installment amounts set forth in Exhibit A attached hereto and made a part hereof with interest on said installments from the date each installment is delivered to the Village and as set forth on the registration grid hereon until paid at the rate of [interest rate]% per annum, first payable on [date], and semiannually thereafter; provided that the principal repayments required herein to the registered owner shall not exceed the total of the principal installments set forth on the registration grid hereon from time to time hereafter to acknowledge receipt of payment of the purchase price of this bond up to a total of \$[amount]. Both principal of and interest on this bond are payable in lawful money of the United States of America to the registered owner at the address shown on the Village's registration books by check or draft mailed to the registered holder at the address shown on the registration books of the Village, and 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 first lien thereon is hereby recognized and created. This bond is of equal standing and priority of lien as to the Net Revenues of the System with the Village's Water Supply System Revenue Bond, Series 2006A and Water Supply System Revenue Bond, Series 2006B dated June 28, 2006.

This bond is a single, fully-registered, non-convertible bond constituting an issue in the total aggregate principal sum of \$[amount], issued pursuant to Ordinance No. 163 adopted by the Village Council on June 12, 2006, as supplemented by Ordinance No. [number], adopted [date], 2020 (as supplemented, the "Ordinance") 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 replacement of water mains and sanitary sewer lines within the Village together with associated appurtenances and attachments. 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 with this bond 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 not a general obligation of the Village and does not constitute an indebtedness of the Village within any constitutional or statutory debt limitation, but is payable, both as to principal and interest, solely and only from the Net Revenues of the System. 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 inverse chronological order, at the Village's option, on any date on or after [date], at par and accrued interest to the date fixed for prepayment.

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

This bond shall be registered as to principal and interest on the books of the Village kept by the Village's Treasurer or successor or written designee as bond registrar and transfer agent (the "Transfer Agent") and noted hereon, after which it shall be transferable only upon presentation to the Transfer Agent with a written transfer by the registered owner or his attorney in fact. Such transfer shall be noted hereon and upon the books of the Village kept for that purpose by the Transfer Agent.

The Village has covenanted and agreed and does hereby covenant and agree to fix and maintain at all times while any portion of this bond shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest upon and the principal of 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 and performed in regular and due time and form as required by law.

IN WITNESS WHEREOF, the Village of Cass City, County of Tuscola, State of Michigan, by its Village Council, has caused this bond to be signed in its name by its President and to be countersigned by its Village Clerk, and its corporate seal to be hereunto affixed, all as of [date], 2020.

VILLAGE OF CASS CITY

(Seal)

By _____
President

Countersigned:

By _____
Its Village Clerk

(This page to be signed at Bond Closing.)

REGISTRATION
 NOTHING TO BE WRITTEN HEREON EXCEPT
 BY THE REGISTRAR/TRANSFER AGENT
 Village of Cass City
 WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2020

Date of Registration of Delivery	Name of Registered Owner	Principal Installment Delivered	Signature of Registrar
	United States of America		
	United States of America		
	United States of America		

EXHIBIT A
 PRINCIPAL PAYMENT SCHEDULE
 Village of Cass City
 WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2020

<u>Oct 1</u> <u>Year</u>	<u>Amount</u>	<u>Oct 1</u> <u>Year</u>	<u>Amount</u>	<u>Oct 1</u> <u>Year</u>	<u>Amount</u>
2021	\$21,000	2035	\$27,000	2049	\$35,000
2022	21,000	2036	28,000	2050	36,000
2023	22,000	2037	29,000	2051	36,000
2024	23,000	2038	29,000	2052	37,000
2025	23,000	2039	30,000	2053	38,000
2026	24,000	2040	30,000	2054	38,000
2027	24,000	2041	31,000	2055	39,000
2028	24,000	2042	31,000	2056	40,000
2029	25,000	2043	32,000	2057	40,000
2030	25,000	2044	32,000	2058	41,000
2031	26,000	2045	33,000	2059	42,000
2032	26,000	2046	33,000	2060	43,000
2033	27,000	2047	34,000		
2034	27,000	2048	35,000		

Section 8. Security for the Bonds. To pay the principal of and interest on the Series 2020 Bond as and when the same shall become due, there is hereby created a statutory first lien upon the whole of the Net Revenues of the System to continue until the payment in full of the principal of and interest on the Series 2020 Bond and said Net Revenues shall be set aside for the purpose and identified as the Bond and Interest Redemption Account, as hereinafter specified.

Section 9. Custodian of Funds; Funds. As provided in Ordinance No. 163 the Village's Treasurer is custodian of all funds belonging to or associated with the System and such funds shall be deposited in the Depository Bank. The Village's Treasurer shall execute a fidelity bond with a surety company in an amount at least equal to the maximum annual debt service for the Series 2020 Bond.

The Village's Treasurer is hereby directed to continue or 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 Ordinance No. 163 and this Ordinance, which funds and accounts shall be established and maintained, except as otherwise provided, as long as the Bonds hereby authorized remain unpaid.

(A) CONSTRUCTION ACCOUNT. The proceeds of the Series 2020 Bond, and no other funds, shall be deposited in the SERIES 2020 WATER SUPPLY SYSTEM CONSTRUCTION ACCOUNT (the "Construction Account"), in the Depository Bank. Moneys in the Construction Account shall be used solely for the purposes for which the Series 2020 Bond is issued. If monies other than proceeds of the Series 2020 Bond are deposited into the Construction Account, then the monies constituting proceeds of the Series 2020 Bond shall be accounted separately from such other funds or monies.

Any unexpended balance of the proceeds of sale of the Series 2020 Bond remaining after completion of the Series 2020 Project herein authorized may in the discretion of the Village be used for further improvements, enlargements and extensions to the System. Any remaining balance after such expenditure shall be paid into the Bond and Interest Redemption Account and used as soon as is practical for the prepayment of installments of the Series 2020 Bond or for the purchase of installments to the Series 2020 Bond at not more than the fair market value thereof. Following completion of the Series 2020 Project, any unexpended balance of the Series 2020 Bond shall be invested at a yield not to exceed the yield on the Series 2020 Bond.

After completion of the Series 2020 Project and disposition of remaining proceeds, if any, of the Series 2020 Bond pursuant to the provisions of this Section, the Construction Account shall be closed.

(B) WATER SUPPLY SYSTEM RECEIVING ACCOUNT. The Revenues of the System shall continue to be set aside into a separate account designated as the WATER SUPPLY 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. The separate account to designated as the WATER SUPPLY SYSTEM OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account") is continued and revenues shall continue to be transferred each quarter of the Fiscal Year (each, a "Fiscal Quarter") from the Receiving Account to the Operation and Maintenance Account to pay the reasonable and necessary current expenses of administration and operating and maintaining the System for the ensuing quarter.

(2) Water Supply System Revenue Bond - Bond and Interest Redemption Account. The separate account designated as the WATER SUPPLY SYSTEM BOND AND INTEREST

REDEMPTION ACCOUNT (the “Bond and Interest Redemption Account”) is hereby continued. After the transfer required in (1) above, Revenues shall be transferred each Fiscal Quarter, commencing on the first day of the Fiscal Quarter after delivery of the first delivery installment of the Series 2020 Bond, 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 a delivery installment of the Bonds there shall be set aside at the time of delivery and on the first day of each Fiscal Quarter thereafter an amount equal to that fraction of the amount of interest due on the next interest payment date on said installment so delivered, the numerator of which is 1 and the denominator of which is the number of full and partial Fiscal Quarters from the date of said delivery to the next interest payment date. There shall be set aside each Fiscal Quarter on or after the delivery of the first delivery installment, an amount equal to at least 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 a delivery installment of the Bonds there shall be set aside at the time of such delivery and on the first day of Fiscal Quarter 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 said installment so delivered, the numerator of which is 1 and the denominator of which is the number of full and partial Fiscal Quarters from the date of said delivery to the next principal payment date. There shall also be set aside each Fiscal Quarter on or after the delivery of the first delivery installment, an amount not less than 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 Village for redemption of principal installments of the Bonds or, if such use is impracticable, shall be deposited in or credited to the Receiving Account.

If for any reason there is a failure to make such quarterly deposit in the amounts required, then the entire amount of the deficiency shall be set aside and deposited in the Bond Redemption Account out of the Revenues first received thereafter which are not required by Ordinance No. 163 and 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 such succeeding quarter or quarters.

There is hereby continued in the Bond and Interest Redemption Account a separate account designated as the WATER SUPPLY SYSTEM REVENUE BONDS RESERVE ACCOUNT (the “Bond Reserve Account”). Commencing on the first day of the Fiscal Quarter after delivery of the first delivery installment of the Series 2020 Bond, there shall be withdrawn from the Receiving Account at the beginning of each Fiscal Quarter and set aside in and transferred to the Bond Reserve Account in the Bond and Interest Redemption 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 \$1,146.25 each quarter (\$4,585 annually) until there is accumulated in the Bond and Interest Redemption Account the Bond Reserve Amount of \$45,850** (in addition to the \$95,600 deposited as a condition for sale of the Series 2006 Bonds for a total of \$141,450). 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 on deposit therein is equal to the lesser of \$141,450 or the Reserve Amount. 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 the Bond Reserve Account in excess of the Reserve Amount shall be used to pay principal installment(s) of and interest on the Bonds on the next payment date(s).

If at any time it shall be necessary to use moneys in the Bond Reserve Account for payment of the principal of or interest on the Bonds (other than in the event the amount on deposit in the Bond Reserve Account exceeds the Reserve Amount as provided in the preceding paragraph), then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required by Ordinance No. 163 and this Ordinance to be used for operation and maintenance or for current principal and interest requirements for the Bonds.

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.

The moneys in the Bond and Interest Redemption Account and the Bond Reserve Account shall be invested in accordance with Section 13 of Ordinance No. 163, and profit realized or income earned on such investment shall be used or transferred as provided in Section 13 of Ordinance No. 163.

(3) Repair, Replacement and Improvement Account. There is hereby continued a separate account designated REPAIR, REPLACEMENT AND IMPROVEMENT ACCOUNT (the "RRI Account"). After the transfers required in (1) and (2) above, as long as the Government is the holder of any of the Series 2020 Bond, revenues shall continue to be transferred each Fiscal Quarter from the Receiving Account and deposited in the RRI Account in an amount as follows: **the Village will transfer \$3,140 each quarter (\$12,560 annually); after the balance of the Bond Reserve Account reaches the Bond Reserve Amount, the Village will transfer \$4,286.25 each quarter (\$17,145 annually).** The reserve requirement amounts shown in this section may be reduced only with consent of the Government. Moneys in the RRI Account shall be used and disbursed only for the purpose of paying the cost of (a) repairing or replacing obsolete, deteriorating, deteriorated or worn out equipment or other portions of the System, (b) repairing any damage to and emergency maintenance of the System, (c) acquiring and constructing extensions and improvements to the System, and, 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. Moneys in the RRI Account may be invested in accordance with Section 13 of Ordinance No. 163.

(4) REVERSE FLOW OF ACCOUNTS; SURPLUS MONEY. In the event the moneys in the Receiving Account are insufficient to provide for the current requirements of the Operation and Maintenance Account, the Bond and Interest Redemption Account (including the Bond Reserve Account) or the RRI Account, any moneys and/or securities in the accounts of the System described by Ordinance No. 163 and 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 Village, transferred to the RRI Account and used for the purpose for which the account was 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 accounts in the priority and order named in this Section, to the extent of such deficits.

Section 10. Applicability of Ordinance No. 163. Except to the extent supplemented or otherwise provided in this ordinance, all of the provisions and covenants provided in Ordinance No. 163 shall apply to the Series 2020 Bond issued pursuant to provisions of this ordinance, such provisions of the Ordinance being made applicable to the Series 2020 Bond herein authorized, the same as though the Series 2020 Bond was originally authorized and issued as a part of the Outstanding Bonds issued pursuant to Ordinance No. 163.

Section 11. Ordinance Shall Constitute Contract. The provisions of this 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 holders nor shall the Village adopt any law, ordinance or resolution in any way adversely affecting the rights or the holders so long as the Series 2020 Bonds or interest thereon remains unpaid.

Section 12. Refunding of Bonds. If at any time it shall appear to the Government that the Village is able to refund any of the then outstanding Bonds held by the Government 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 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 to the extent permitted by law.

Section 13. Default of Village. If there shall be default in the Bond and Interest Redemption Account provisions of this Ordinance or in the payment of principal of or interest on any of the Bonds, upon the filing of a suit by 20 percent of the holders of the then Outstanding Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Village with power to charge and collect rates sufficient to provide for the payment of the Bonds and for the payment of operation, maintenance and administrative expenses and to apply Revenues in accordance with this Ordinance and the laws of the State of Michigan.

The Village hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the Village's 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 20 percent of the then Outstanding Bonds may protect and enforce the statutory lien on the Net Revenues and compel the performance of all duties of the officials of the Village including the fixing of rates, the collection of revenues, the proper segregation of revenues and the proper allocation of revenues.

Section 14. Ordinance Subject to Michigan Law and Government 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 15. Village Subject to Loan Resolution. As long as the Government is holder of the Series 2020 Bond, the Village shall be subject to the loan resolution (RUS Bulletin 1780-27) and shall comply with all provisions thereof.

Section 16. Covenant Not to Defeas. As long as the Government is the holder of any of the Series 2020 Bonds the Village covenants that it will not defeas any of the Series 2020 Bonds held by the Government.

Section 17. 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 18. 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 19. Publication and Recordation. This Ordinance shall be published in full in the Cass City Chronicle, 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 President and Village Clerk.

Section 20. 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 Cass City, County of Tuscola, State of Michigan, on October 26, 2020.

Dan Delamarter

Village President

Attest:

Nanette Walsh

Village Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the Village Council of the Village of Cass City, County of Tuscola, State of Michigan, at a Regular meeting held on October 26, 2020, 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, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Open Meetings Act.

I further certify that the following Members were present at said meeting: President Delamarter, Trustees: Ball, Herron, Kirn, Leeson, Piaskowski and Zawilinski, and that the following Members were absent: None.

I further certify that Trustee Piaskowski moved adoption of said Ordinance, and that said motion was supported by Trustee Leeson.

I further certify that the following Members voted for adoption of said Ordinance: President Delamarter, Trustees: Ball, Herron, Kirn, Leeson, Piaskowski and Zawilinski 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 and that such recording has been authenticated by the signatures of the President and the Village Clerk.

Nanette Walsh

Village Clerk