

**VILLAGE OF MUIR
(Ionia County, Michigan)**

Ordinance No. 53

AN ORDINANCE SUPPLEMENTING ORDINANCE NO. 46 TO AUTHORIZE AND PROVIDE FOR THE ISSUANCE OF AN ADDITIONAL SERIES OF REVENUE BONDS TO PAY THE COST OF ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO THE VILLAGE'S WATER SUPPLY SYSTEM UNDER THE PROVISIONS OF ACT 94, PUBLIC ACTS OF MICHIGAN, 1933, AS AMENDED; TO PRESCRIBE THE FORM OF THE BONDS; AND TO PROVIDE FOR OTHER MATTERS RELATIVE TO THE ADDITIONAL BONDS.

Councilmember Hyland supported by Councilmember Waterman moved the adoption of the following Ordinance:

WHEREAS, the Village of Muir, County of Ionia, State of Michigan (the "Village"), has previously enacted Ordinance No. 46 authorizing the issuance of revenue bonds to pay the cost of acquisition and construction of various water system improvements to be operated as part of the Village's Water Supply System (the "System") under the provisions of Act 94, Public Acts of Michigan, 1933; and

WHEREAS, the Village Council has determined that it is necessary to acquire and construct additional improvements to the system; and

WHEREAS, the Village has met or will meet all the conditions and requirements of Section 20(a) of Ordinance No. 46 for the issuance of additional bonds.

THE VILLAGE OF MUIR HEREBY ORDAINS:

Section 1. DEFINITIONS.

(a) The definitions contained in Section 1 of the Prior Ordinance shall apply to the terms in this Ordinance. In addition, except when otherwise indicated by context, the following definitions shall apply:

(i) "Authorized Officer" means the President, Clerk and Treasurer of the Village, or any of them acting alone.

(ii) "Bondholder" or "Bondholders" means the holder or holders of the Bonds.

(iii) “Bonds” as defined in the Prior Ordinance shall include the Series 2010 Bonds which are being issued as Additional Bonds under Section 20 of the Prior Ordinance.

(iv) “2010 Bonds Reserve Account” means the sub-account established within the Redemption Account pursuant to Section 13 of this Ordinance.

(v) “2010 Bonds Repair Replacement and Improvement Fund” means the sub-account established within the Repair and Replacement Fund pursuant to Section 14 of this Ordinance.

(vi) “Construction Fund” shall mean the 2010 Water Supply System Revenue Bonds Construction Fund created pursuant to Section 12 of this Ordinance.

(vii) “Improvements” means the design, acquisition and construction of improvements to the System, including but not limited to the installation of new water mains, the replacement of water mains, the replacement of valves and hydrants, pump and well improvements, drainage improvements, the restoration of streets, sidewalks, rights-of-way and easements affected by the improvements and related facilities, as well as all work necessary or incidental to these improvements.

(viii) “Prior Bonds” means the Village’s Water Supply System Revenue Bond, Series 2001 dated September 28, 2001, issued in the original aggregate principal amount of \$1,850,000 and the Village’s Water Supply System Revenue Bond, Series 2001B dated December 20, 2001, issued in the original aggregate principal amount of \$340,000.

(ix) “Prior Ordinance” means the Village’s Ordinance No. 46 adopted on September 4, 2001 to authorize the issuance of the Prior Bonds.

(x) “Series 2010 Bonds” means the Village’s Water Supply System Revenue Bonds, Series 2010.

(xi) “United States” means the United States of America.

(b) The Bond Payment Fund created by Section 14(b) of the Prior Ordinance shall be redesignated as the Bond and Interest Redemption Account (the “Redemption Account”).

Section 2. NECESSITY, PUBLIC PURPOSE: It is hereby determined to be necessary for the public health, safety and welfare of the Village to acquire and construct the Improvements to the System in accordance with the maps, plans and specifications therefore prepared by Prein & Newhof, which are hereby approved.

Section 3. ESTIMATED COST; PERIOD OF USEFULNESS: The cost of the Improvements has been estimated by the engineers to be \$1,520,000, including the payment of legal, engineering, financial and other expenses, which estimate of cost is approved and confirmed, and the period of usefulness of the Improvements is estimated to be greater than forty (40) years.

Section 4. ISSUANCE OF BONDS. To pay a portion of the cost of acquiring and constructing the Improvements and to pay the legal and financial expenses and all other expenses incidental to the issuance of the Series 2010 Bonds, the Village shall borrow the sum of not-to-exceed \$160,000 and issue its revenue bonds pursuant to the provisions of the Act 94. The Series 2010 Bonds shall be issued in the aggregate principal sum of not-to-exceed \$160,000, as finally determined by the Authorized Officer at the time of sale.

Section 5. SERIES 2010 BOND TERMS. The Series 2010 Bonds shall be issued as one fully registered manuscript bond, shall be sold and delivered to the United States in denominations of \$1,000 or any whole multiple thereof. The Series 2010 Bonds shall be dated the date of delivery to the United States, or such other date approved by the Authorized Officer, and shall be payable on the dates determined by the Authorized Officer at the time of sale provided the final maturity shall be no later than forty years after the date of issuance. The Series 2010 Bonds shall bear interest at the rate of not-to-exceed

3.25% per annum as determined by the Authorized Officer, payable semi-annually on the dates determined by the Authorized Officer at the time of sale.

Section 6. PAYMENT OF BONDS; PLEDGE OF NET REVENUES. Principal of and interest on the Series 2010 Bonds shall be payable in lawful money of the United States to the person appearing on the Bond registration books as the registered owner thereof. While the Series 2010 Bonds are held by the United States, principal of and interest on the Series 2010 Bonds shall be paid to the United States or its assignee. Payment of principal of and interest on the Series 2010 Bonds shall be paid to the United States by draft, check or pre-authorized debit to the United States at the office specified in writing or by such other method of payment as instructed by the United States or its assignee. If the United States is not the registered owner of the Series 2010 Bonds, payment of principal on the Series 2010 Bonds shall be made at the principal office of the paying agent appointed by the Village (the "Paying Agent"), upon surrender of the Series 2010 Bonds, and payment of interest on the Series 2010 Bonds shall be paid to the registered owner at the address as it appears on the registration books.

As provided in Section 9 of the Prior Ordinance, the principal of and interest on the Series 2010 Bonds, as Additional Bonds, shall be payable from the Net Revenues derived from the operation of the System, including future improvements, enlargements and extensions thereof, after provision has been made for the payment of expenses of administration, operation and maintenance thereof, and the Net Revenues of the System, including future enlargements, improvements, and extensions thereto, are hereby pledged to the payment of the principal of and interest on the Series 2010 Bonds. To secure the payment of the principal of and interest on the Series 2010 Bonds there is hereby created, pursuant to the Prior Ordinance, a statutory lien to and in favor of the Bondholders of the Bonds upon the Net Revenues of the System, including future enlargements, improvements, and extensions thereof. The statutory lien on the Net Revenues securing the Series 2010 Bonds shall be of equal standing and priority with respect to the Net

Revenues of the System securing the Prior Bonds. The Net Revenues so pledged shall be and remain subject to such lien until the payment in full of the principal of and interest on the Bonds or until the Bonds are defeased as provided in the Prior Ordinance.

The Series 2010 Bonds, including both principal and interest thereon, shall not be a general obligation of the Village and shall not constitute an indebtedness of the Village for the purpose of any debt limitations imposed by any constitutional or statutory provisions.

Section 7. PRIOR REDEMPTION: The Series 2010 Bonds shall be subject to redemption prior to maturity, at the option of the Village, in whole or in part, in such order as the Village may designate on any date, at the par value thereof and accrued interest to the date fixed for redemption, without a premium. Series 2010 Bonds of a denomination greater than \$1,000 may be partially redeemed in the amount of \$1,000 or any whole multiple thereof. If less than all the Series 2010 Bonds maturing in any year are to be redeemed, the Series 2010 Bonds or portions of the Series 2010 Bonds to be redeemed shall be selected by lot. Series 2010 Bonds called for redemption shall be redeemed at the par value thereof, plus accrued interest to the date fixed for redemption, without a premium.

Notice of the call of any Series 2010 Bonds for redemption shall be given by mail not less than thirty (30) days prior to the date fixed for redemption to the registered holder at the registered address. Series 2010 Bonds so called for redemption shall not bear interest after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Paying Agent to redeem such Series 2010 Bonds.

Section 8. SALE OF BONDS. The Series 2010 Bonds shall be sold to the United States. The Village determines that a negotiated sale to the United States is in the best interest of the Village because the terms offered by the United States are more favorable than those available from other sources of funding.

Section 9. BOND FORM: The Series 2010 Bonds shall be substantially in the form attached hereto as Exhibit A, and incorporated herein, with such completions, changes and additions as may be required by the United States or as recommended by the Village's Bond counsel and approved by the officers of the Village signing the Series 2010 Bonds.

Section 10. AUTHORIZED OFFICER: The Authorized Officer is hereby designated, for and on behalf of the Village, to do all acts and to take all necessary steps required to effectuate the sale, issuance and delivery of the Series 2010 Bonds to the United States. Notwithstanding any other provision of this Ordinance, the Authorized Officer is authorized within the limitations of this Ordinance to determine the specific interest rate or rates to be borne by the 2010 Bonds, not exceeding 3.250% per annum, the principal amount, interest payment dates, dates of maturities, and amount of maturities, redemption rights, the title of the Series 2010 Bonds, date of issuance, and other terms and conditions relating to the Series 2010 Bonds and the sale thereof provided, however, the last annual principal installment of the Series 2010 Bonds shall not be more than forty years from the date of issuance of the Series 2010 Bonds. The Authorized Officer's approval of the terms shall be evidenced by his or her signature on the document or agreement stating such terms. The Authorized Officer is hereby authorized for and on behalf of the Village, without further Village Council approval, to do all acts and take all necessary steps required to effectuate the sale, issuance, and delivery of the Series 2010 Bonds.

The Authorized Officers, or any one or more of them, are authorized to execute any orders, receipts, agreements, pledge agreements, documents or certificates necessary to complete the transaction, including, but not limited to, any issuer's certificate, any certificates relating to federal or state securities laws, rules or regulations, and any applications to the Michigan Department of Treasury.

Section 11. EXECUTION OF BONDS: The President or President Pro Tem, and the Clerk or Deputy Clerk of the Village, are hereby authorized and directed to sign the Series 2010 Bonds, either

manually or by facsimile signature, on behalf of the Village. Upon execution, the Series 2010 Bonds shall be delivered by the Village Treasurer to the United States.

Section 12. CONSTRUCTION FUND. The proceeds of the Series 2010 Bonds shall be deposited in the Construction Fund, which shall be a separate depository account. Such moneys shall be used for the purpose for which the Series 2010 Bonds were issued. Any unexpected balance in the Construction Fund remaining after completion of the Improvements may be used for such purposes as allowed by law or shall be returned to the United States. After completion of the Improvements and disposition of remaining Series 2010 Bond proceeds, if any, pursuant to the provisions of this Section, the Construction Fund shall be closed.

Section 13. 2010 BOND RESERVE SUB-ACCOUNT. There is hereby established a sub-account with respect to the Series 2010 Bonds within the Redemption Account to be known as the 2010 Bonds Reserve Account (the "2010 Reserve"). The Village shall pay into the 2010 Reserve from the revenues of the System after provision has been made for the Operation and Maintenance Fund and the current requirements of the Redemption Account, an annual sum of not less than \$750 until there has been accumulated in the 2010 Reserve the sum of \$7,500 (the "Required Reserve"). Except as hereinafter provided, no further deposits or additions need be made into the 2010 Reserve once the Required Reserve has been deposited therein. The moneys in the 2010 Reserve shall be used solely for the payment of the principal of and interest on the Bonds as to which there would otherwise be default.

If at any time it shall be necessary to use moneys in the 2010 Reserve for payment of principal and/or interest on the Series 2010 Bonds, then the moneys so used shall be replaced from the 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.

Section 14. 2010 BONDS REPAIR REPLACEMENT AND IMPROVEMENT FUND. The Village hereby establishes the 2010 Bonds Repair Replacement and Improvement Fund, into which the Village shall deposit each year from monies in the Receiving Fund, after meeting the requirements of the subsections set forth above, the sum of \$17,950, until such time as the 2010 Reserve has been attained, and thereafter the sum of \$18,700 per year, until the principal of and interest on the Bonds has been paid in full. Moneys in the 2010 Bonds Repair Replacement and Improvement Fund shall be used by the Village for the purpose of acquiring and constructing improvements, additions and extensions and for making repairs and replacements to the System. Such additional sums may be deposited into the 2010 Repair Replacement and Improvement Fund as the Village Council shall determine to be necessary from time to time for the purposes of the 2010 Repair Replacement and Improvement Fund.

Section 15. RATES AND CHARGES. The rates and charges for the services of the System shall be those in effect on the date of adoption of this Ordinance. The rates and charges are in amounts that are sufficient to pay the expenses of administration and the costs of operation and maintenance of the System, to provide an amount of revenues adequate for the payment of principal of and interest on the Bonds, reserve, replacement and improvement requirements and to otherwise comply with all requirements and covenants provided herein.

Section 16. DEFEASANCE. Notwithstanding any other provision of this Ordinance or the Prior Ordinance, Bonds held by the United States shall not be defeased without written approval of the United States.

Section 17. CONTRACT WITH BONDHOLDERS: The provisions of this Ordinance shall constitute a contract between the Village and the Bondholders from time to time, and after the issuance of any of such Bonds, no change, variation or alteration of the provisions of this Ordinance may be made

which would lessen the security for such Bonds. The provisions of this Ordinance shall be enforceable by appropriate proceedings taken by such Bondholder, either at law or in equity.

Section 18. INTERNAL REVENUE CODE: The Village has consulted with its attorney and understands that the Internal Revenue Code contains certain requirements on (i) the expenditure of proceeds from the sale of the Series 2010 Bonds, (ii) the investment of the proceeds from the issuance of the Series 2010 Bonds and (iii) the rebate of interest earned on the investment of the proceeds of the Series 2010 Bonds under certain circumstances. The Village hereby covenants to comply with such requirements.

Section 19. ELECTRONIC FUND TRANSFERS. Pursuant to the guidelines and requirements of the United States, promulgated through the Rural Development Division of the United States Department of Agriculture, the Series 2010 Bond proceeds will be released and delivered to the Village pursuant to draws against such funds during construction and acquisition of the Improvements. Commencing with the issuance of the Series 2010 Bonds, the Village Treasurer, or his or her appointee, will execute a Certificate of Partial Delivery and Payment and he or she will also inscribe his or her initials on Schedule II attached to the appropriate Series 2010 Bond to acknowledge receipt and acceptance of the amount of the draw. Thereafter the Village Treasurer will complete and execute an "Estimate of Funds Needed for a Thirty (30) Day Period", Form 440-11 (the "Estimate of Funds Needed") periodically requesting additional funds.

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

Section 20. LOAN RESOLUTION. The Loan Resolution required by RUS Bulletin 1780-27 is hereby adopted.

Section 21. SUBJECT TO PRIOR ORDINANCE. Except to the extent supplemented or otherwise provided in this Ordinance, all of the provisions and covenants provided in the Prior Ordinance shall apply to the Series 2010 Bonds.

Section 22. PUBLICATION AND RECORDATION. This Ordinance shall be published once in full in a newspaper of general circulation in the Village qualified under state law to publish legal notices, and the same shall be recorded in the records of the Village and such recording authenticated by the signatures of the Village President and Clerk.

Section 23. ORDINANCE SUBJECT TO MICHIGAN LAW. The provisions of this Ordinance are subject to the laws of the State of Michigan.

Section 24. 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 25. SEVERABILITY: If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance .

Section 26. EFFECTIVE DATE OF ORDINANCE: Pursuant to Section 6 of Act 94, this Ordinance shall be approved on the date of first reading and this Ordinance shall be effective immediately upon its adoption.

YEAS: Council Members Waterman, Davis, Hyland, Kramer, Saurbek & Crooke _____

NAYS: Council Members -0- _____

ABSTAIN: Council Members

ORDINANCE DECLARED ADOPTED.

R. Alan Crooke

R. Alan Crooke, President

Laura Stewart

Laura Stewart, Village Clerk

STATE OF MICHIGAN)
)ss.
COUNTY OF IONIA)

I, Laura Stewart, the duly qualified and acting Clerk of the Village of Muir, Ionia County, Michigan do hereby certify that the foregoing is a true and complete copy of an Ordinance adopted by the Village Council at a regular meeting held on August 3, 2010, and that notice of said meeting was given pursuant to Act. No. 267, Public Acts of Michigan, 1976, as amended.

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

IN WITNESS WHEREOF, I further hereunto affixed my signature this 3rd day of August, 2010.

Laura Stewart

Laura Stewart, Village Clerk

EXHIBIT A

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF IONIA
VILLAGE OF MUIR**

WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2010

<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Date of</u> <u>Original Issue</u>
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See Schedule I

Registered Owner: United States of America

Principal Amount: _____ Dollars (\$_____)

The Village of Muir, Ionia County, Michigan (the "Issuer"), acknowledges itself indebted and, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, out of the net revenues of the Water Supply System of the Issuer (the "System"), including all appurtenances, additions, extensions and improvements thereto after provision has been made for reasonable and necessary expenses of operation, maintenance and administration of the System (the "Net Revenues"), the Principal Amount specified above, in the amounts and on the dates as set forth on Schedule I attached hereto, unless prepaid prior thereto as hereinafter provided, together with interest thereon from the dates of receipt of such funds, or such later date to which interest has been paid, at the Interest Rate per annum specified above, first payable on _____ 1, 200__ and semi-annually thereafter on the first day of _____ and _____ of each year, except as the provisions hereinafter set forth with respect to redemption of this Bond prior to maturity may become applicable hereto.

Principal of this Bond is payable in lawful money of the United States of America to the United States of America. As long as the United States is the holder of this Bond, such payments shall be made by check, draft, wire transfer, Pre-Authorized Debit (PAD) or such other method of payment as instructed by the United States or its assignee.

This Bond, being one fully registered manuscript bond payable serially as set forth on Schedule I, is issued in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended and an Ordinance No. 46 of the Village adopted on September 4, 2001, as supplemented by Ordinance No. ____ adopted by the Village on August 3, 2010 (the "Ordinance"), for the purpose of paying the cost of acquiring and constructing improvements to the System. This Bond is a self liquidating Bond, and is not a general obligation of the Issuer within any constitutional or statutory limitation, but is payable, both as to principal and interest, solely from the Net Revenues of the System. The principal of and interest on this Bond are secured by a statutory lien on the Net Revenues.

The Issuer hereby covenants and agrees to fix, and maintain at all times while any of the Bonds shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the principal of and interest upon all such Bonds as and when the same become due and payable, to maintain a bond and interest redemption account, a bond reserve account and 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. The Bonds of this series shall have equal standing with any additional first lien bonds that may be issued pursuant to the Ordinance and additional bonds of subordinate standing to the bonds of this series may be issued pursuant to the Ordinance. 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 or subordinate standing may hereafter be issued, and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Ordinance.

While the Bonds of this series are held by the United States of America they shall not be defeased without the prior written consent of the United States of America. The Bonds shall be subject to redemption prior to maturity, at the option of the Issuer and in whole or in part in such order as the Issuer may designate, on any date, at the par value thereof and accrued interest to the date fixed for redemption, without a premium.

This Bond shall be registered in the name of the United States of America on the registration books kept by the Village Treasurer, acting as Paying Agent and bond registrar. No transfer shall be valid unless made upon the books of the Paying Agent.

It is hereby certified and recited that all acts, conditions and things required by law, precedent to and in the issuance of this Bond, exist and have been done and performed in regular and due time and form as required by law and that the total indebtedness of the Issuer including this Bond, does not exceed any charter, constitutional or statutory limitation.

IN WITNESS WHEREOF, the Village of Muir, Ionia County, Michigan, by its Village Council, has caused this Bond to be signed, by the manual or facsimile signatures of its President and Village Clerk, all as of the 3 day of August, 2010

R. Alan Crooke

R. Alan Crooke, President

Laura Stewart

Laura Stewart, Village Clerk

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This Bond represents the total authorized issue of the Village of Muir Water Supply System Revenue Bonds, Series 2010, in the principal amount of \$_____, and has been registered in the name of the Registered Owner designated on the face hereof in the bond register maintained for the Village of Muir.

_____, Village Treasurer
As Paying Agent/Bond Registrar/Transfer Agent

Date: _____

TRANSFER

For value received, the undersigned hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within Bond and all rights thereunder, and hereby constitutes and appoints _____ attorney, to transfer the within Bond on the books kept for registration thereof by the Paying Agent, with full power of substitution in the premises.

Dated: _____

Notice: The signature to this assignment must correspond with the name as it appears on the registration books every particular, without alteration or enlargement or any change whatever.

SCHEDULE I

VILLAGE OF MUIR

\$ _____

WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2010

The Bond in the aggregate principal amount of \$ _____ matures annually on the first day of March as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
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SCHEDULE II
VILLAGE OF MUIR

\$ _____

WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2010

REGISTRATION
NOTHING TO BE WRITTEN HEREON
EXCEPT BY THE BOND REGISTRAR

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