

**CHARTER TOWNSHIP OF HAMPTON
REGULAR MEETING MINUTES
August 22, 2022**

The regular meeting of the Charter Township of Hampton Board of Trustees was called to order at 7:00 p.m. by the Supervisor.

PRESENT: Kenniston, Wisniewski, Benchley, Wright, DeWyse, Samyn, Close

ABSENT: None

ALSO PRESENT: Hewitt, Franz, Hebner, Campau, Johnson, and Jordyn Leyba

Motion by Close, supported by Wisniewski, to add item B under New Business: Resolution to apply for a USDA Grant for the Purchase of a 2022 Ford F150 Police Responder Vehicle.

Motion carried.

APPROVAL OF MINUTES:

Motion by Kenniston, supported by Benchley, to approve the August 8, 2022 regular meeting minutes & August 16, 2022 special meeting minutes with the reading waived.

Motion carried.

COMMUNICATIONS:

Motion by Wisniewski, supported by Wright, to receive the June & July 2022 Public Safety Reports and the reading waived.

Motion carried.

AUDITORS REPORT:

Motion by Wisniewski, seconded by Kenniston, the following warrants be approved for payment:

#50023-#50078	General Fund	\$ 571,300.75
#4464-#4467	Sewer Fund	\$ 403,319.11
#2004-#2009	Water Fund	\$ 358,727.60
#1406-#1418	Tax Fund	\$ 435,872.76
#1896-#1898	Trust & Agency Fund	\$ 873.00
		<u>\$1,770,093.22</u>

AYES: Wisniewski, Kenniston, Wright, Benchley, DeWyse, Samyn, Close

NAYS: None

ABSENT: None

Motion carried.

OPEN TO THE PUBLIC:

No one addressed the Board.

NEW BUSINESS:

Motion by Kenniston, supported by Benchley, to introduce the following Ordinance #70:

ORDINANCE NO. 70

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE WATER SUPPLY SYSTEM OF THE CHARTER TOWNSHIP OF HAMPTON; 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 COSTS OF OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON BONDS OF THE SYSTEM; TO PROVIDE AN ADEQUATE RESERVE ACCOUNT FOR THE BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE SYSTEM; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF

THE CHARTER TOWNSHIP OF HAMPTON ORDAINS:

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

- (a) "Act 94" shall mean Act 94, Public Acts of Michigan, 1933, as amended.
- (b) "Additional Junior Lien Bonds" shall mean additional Junior Lien Bonds issued pursuant to Section 15 of this Ordinance.
- (c) "Additional Senior Lien Bonds" shall mean additional Senior Lien Bonds issued pursuant to Section 14 of this Ordinance subsequent to the issuance of the initial series of Senior Lien Bonds.
- (d) "Authority" means the Michigan Finance Authority.
- (e) "Authorized Officer" means any of the Supervisor, the Treasurer or the Clerk of the Issuer.
- (f) "Bonds" means, collectively, the outstanding Senior Lien Bonds and the outstanding Junior Lien Bonds.
- (g) "EGLE" means the Michigan Department of Environment, Great Lakes, and Energy, or its successor.
- (h) "Engineer" means Fleis & VandenBrink.
- (i) "Fiscal Year" shall mean the fiscal year of the Issuer and the operating year of the System, commencing January 1 and ending December 31 of each year, as such year may be changed from time to time by the Issuer.
- (j) "Issuer" shall mean the Charter Township of Hampton, County of Bay, State of Michigan.
- (k) "Junior Lien Bond and Interest Redemption Account" shall mean the Water Supply System Junior Lien Bond and Interest Redemption Account established in accordance with Section 12(c) of this Ordinance.
- (l) "Junior Lien Bond Reserve Account" shall mean the subaccount in the Junior Lien Bond and Interest Redemption Account established in accordance with Section 12(c) of this Ordinance.
- (m) "Junior Lien Bond Reserve Amount" shall mean, with respect to Junior Lien Bonds secured by the Junior Lien Bond Reserve Account as provided in Section 12(c) of this Ordinance, an amount equal to the least of: (1) the maximum annual debt service requirements during any Fiscal Year on all Junior Lien Bonds secured by the Junior Lien Bond Reserve Account then outstanding; (2) 125% of the average annual debt service requirements during any Fiscal Year on all Junior Lien Bonds secured by the Junior Lien Bond Reserve Account then outstanding; and (3) 10% of the initial principal amount of all Junior Lien Bonds secured by the Junior Lien Bond Reserve Account then outstanding, less original issue discount, if any.

(n) “Junior Lien Bonds” shall mean the Series 2022 Bond and any Additional Junior Lien Bonds issued in accordance with Section 15 of this Ordinance, which are payable from Net Revenues deposited in the Junior Lien Bond and Interest Redemption Account, after satisfaction of any requirements for funding the Senior Lien Bond and Interest Redemption Account, and which are secured by a statutory second lien on the Net Revenues established by this Ordinance and which are junior and subordinate in all respects to the statutory first lien on Net Revenues securing any Senior Lien Bonds hereafter issued.

(o) “Ordinance” shall mean this Ordinance and any ordinance or resolution of the Issuer amendatory or supplemental to this Ordinance.

(p) “Project” shall mean the acquisition, construction and equipping of improvements to the System, consisting generally of the removal, replacement and installation of water mains and water service lines, together with related improvements, structures, equipment and appurtenances, all as described in the plans and specifications prepared by the Engineer.

(q) “Purchase Contract” means the Purchase Contract to be entered into between the Authority and the Issuer relating to the purchase by the Authority of the Series 2022 Bond.

(r) “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.

(s) “Senior Lien Bonds” shall mean any bonds or series of bonds issued in accordance with Section 14 of this Ordinance and payable from the Net Revenues deposited in the Senior Lien Bond and Interest Redemption Account, which are secured by a statutory first lien on the Net Revenues established by this Ordinance and which are superior and senior in all respects to the statutory second lien on Net Revenues established by this Ordinance securing any Junior Lien Bonds.

(t) “Senior Lien Bond and Interest Redemption Account” shall mean the Water Supply System Senior Lien Bond and Interest Redemption Account established in accordance with Section 12(b) of this Ordinance.

(u) “Senior Lien Bond Reserve Account” shall mean the subaccount in the Senior Lien Bond and Interest Redemption Account established in accordance with Section 12(b) of this Ordinance.

(v) “Senior Lien Bond Reserve Amount” shall mean, with respect to Senior Lien Bonds secured by the Senior Lien Bond Reserve Account as provided in Section 12(b) of this Ordinance, an amount equal to the least of: (1) the maximum annual debt service requirements during any Fiscal Year on all Senior Lien Bonds secured by the Senior Lien Bond Reserve Account then outstanding; (2) 125% of the average annual debt service requirements during any Fiscal Year on all Senior Lien Bonds secured by the Senior Lien Bond Reserve Account then outstanding; and (3) 10% of the initial principal amount of all Senior Lien Bonds secured by the Senior Lien Bond Reserve Account then outstanding, less original issue discount, if any.

(w) “Series 2022 Bond” shall mean the Issuer’s Water Supply System Junior Lien Revenue Bond, Series 2022 (Taxable), in the original principal amount of not to exceed \$2,000,000, authorized to be issued pursuant to this Ordinance.

(x) “Sufficient Government Obligations” shall mean direct obligations of the United States of America or obligations the principal of and interest on which is fully guaranteed by the United States of America, not redeemable at the option of the issuer, the principal and interest payments upon which, without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the interest as it comes due on the Bonds and the principal and redemption premium, if any, on the Bonds as it comes due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations shall be placed in trust with a bank or trust company, and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call such Bonds for redemption shall be given to the transfer agent.

(y) “Supplemental Agreement” means the supplemental agreement among the Issuer, the Authority and the EGLE relating to the Series 2022 Bond.

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

Section 2. Establishment of System; Necessity; Approval of Plans and Specifications. The Issuer hereby reconfirms the establishment of the System as a “public improvement” under and as defined in Act 94. It is hereby determined to be a necessary public purpose of the Issuer to acquire and construct the Project in accordance with the plans and specifications prepared by the Engineer and on file with the Issuer, which plans and specifications are hereby approved. The Project qualifies for the Drinking Water State Revolving Fund financing program being administered by the EGLE and the Authority.

Section 3. Costs; Useful Life. The total cost of the Project, including the payment of incidental expenses as specified in Section 4 of this Ordinance, is estimated to be not more than \$2,000,000, which estimate of cost is hereby approved and confirmed, and the estimated period of usefulness of the Project is determined to be not less than thirty (30) years.

Section 4. Payment of Costs; Series 2022 Bond Authorized. To pay all or part of the cost of acquiring and constructing the Project, including legal, engineering, financial and other expenses incident to said acquisition and construction, and incident to the issuance and sale of the Series 2022 Bond, it is hereby determined that the Issuer borrow the aggregate principal sum of not to exceed Two Million Dollars (\$2,000,000) and issue the Series 2022 Bond therefor pursuant to the provisions of Act 94. The remaining costs of the Project, if any, will be paid from Issuer funds on hand and legally available for such use.

Section 5. Issuance of Series 2022 Bond; Details. The Series 2022 Bond of the Issuer, to be designated “WATER SUPPLY SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 2022 (TAXABLE),” is authorized to be issued in the aggregate principal amount of not to exceed Two Million Dollars (\$2,000,000), or such lesser amount as finally determined by order of the EGLE, for the purpose of paying the costs of the Project and the incidental costs set forth in Section 4 of this Ordinance. The Series 2022 Bond shall be Junior Lien Bonds, payable solely out of the Net Revenues, as set forth more fully in Section 8 of this Ordinance, provided that the Series 2022 Bond shall be junior and subordinate to the prior lien with respect to the Net Revenues securing any Senior Lien Bonds hereafter issued. The Series 2022 Bond shall be sold to the Authority upon the terms and conditions as hereinafter provided.

The Series 2022 Bond shall be in the form of a single, fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery of the Series 2022 Bond, payable in principal installments as finally determined by the order of the EGLE at the time of sale of the Series 2022 Bond and approved by the Authority and any one Authorized Officer. Final determination of the principal amount of the Series 2022 Bond, the payment dates and amounts of principal installments of the Series 2022 Bond and the dates for payment of interest on the Series 2022 Bond shall be evidenced by execution of the Purchase Contract, and each Authorized Officer is hereby individually authorized and directed to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above; provided, however, that the aggregate principal amount of the Series 2022 Bond shall not exceed \$2,000,000 and the final principal installment of the Series 2022 Bond shall be due not later than October 1, 2045.

The Series 2022 Bond shall bear interest at an interest rate per annum on the par value thereof as determined by the Authority and evidenced by execution of the Purchase Contract, but in any event not to exceed two and one-eighth percent (2.125%) per annum.

The principal amount of the Series 2022 Bond is expected to be drawn down by the Issuer periodically, and interest on the principal amount shall accrue from the date such principal amount is drawn down by the Issuer.

The Series 2022 Bond shall not be convertible or exchangeable into more than one fully-registered bond. Principal of and interest on the Series 2022 Bond shall be payable as provided in the form of the Series 2022 Bond set forth in Section 6 of this Ordinance.

The Series 2022 Bond or principal installments thereof shall be subject to redemption prior to maturity at the option of the Issuer only with the prior written consent of the Authority and on such terms as may be required by the Authority.

An Authorized Officer shall record on the registration books payment by the Issuer of each installment of principal or interest or both when made and the cancelled checks or other records evidencing such payments shall be returned to and retained by an Authorized Officer.

Upon payment by the Issuer of all outstanding principal of and interest on the Series 2022 Bond, the Authority shall deliver the Series 2022 Bond to the Issuer for cancellation.

Section 6. Execution of Series 2022 Bond; Form of Series 2022 Bond. The Series 2022 Bond shall be executed in the name of the Issuer with the manual or facsimile signatures of the Supervisor and countersigned by the Clerk of the Issuer and shall have the seal of the Issuer, or a facsimile thereof, printed or impressed thereon. The Series 2022 Bond bearing the manual or facsimile signatures of the Supervisor and the Clerk of the Issuer shall require no further authentication.

The Series 2022 Bond shall be in substantially the following form, with such changes or completions as are necessary or appropriate to give effect to the intent of this Ordinance and as may be required by the Authority:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF BAY
CHARTER TOWNSHIP OF HAMPTON
WATER SUPPLY SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 2022 (TAXABLE)

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: _____ Dollars (\$_____)

DATE OF ORIGINAL ISSUE: _____, 2022

The Charter Township of Hampton, County of Bay, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay, solely out of the hereinafter described Net Revenues of the System (hereinafter defined), to the Michigan Finance Authority (the "Authority"), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, in lawful money of the United States of America, unless prepaid or reduced prior thereto as hereinafter provided.

During the time funds are being drawn down by the Issuer under this Bond, the Authority will periodically provide to the Issuer a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding Principal Amount actually advanced (subject to any principal forgiveness as provided for in Schedule A attached hereto and made a part hereof), all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth on the Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$_____ is disbursed to the Issuer or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of one and seven-eighths percent (1.875%) per annum. Interest is first payable on _____ 1, 20__, and semiannually thereafter, and principal is payable on the first day of _____ commencing _____ 1, 20__ (as identified in the Purchase Contract) and annually thereafter.

Principal installments of this Bond are subject to redemption prior to maturity at the option of the Issuer only with the prior written consent of the Authority and on such terms as may be required by the Authority.

Notwithstanding any other provision of this Bond, so long as the Authority is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the Authority (the "Authority's Depository"); (b) the Issuer agrees that it will deposit with the Authority's Depository

payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

Additional Interest

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority) the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this Bond fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the Authority) of such deficiency as additional interest on this Bond.

For prompt payment of principal and interest on this Bond, the Issuer has irrevocably pledged the revenues of the water supply system of the Issuer, including all appurtenances, additions, extensions and improvements thereto (the "System"), after provision has been made for reasonable and necessary expenses of operation, administration and maintenance thereof (the "Net Revenues"), and a statutory second lien thereon is hereby recognized and created, subject to the statutory first lien on the Net Revenues created to secure any Senior Lien Bonds hereafter issued by the Issuer in accordance with the provisions of the Ordinance (as hereinafter defined).

The Issuer has reserved the right to issue Senior Lien Bonds, which shall be secured by a statutory first lien on the Net Revenues and which shall be superior and senior in all respects to the statutory second lien on Net Revenues securing this bond, and to issue Additional Junior Lien Bonds, which shall be of equal standing and priority of lien as to the Net Revenues with this bond, all on conditions stated in the Ordinance.

This Bond is a single, fully-registered, non-convertible bond in the principal sum indicated above, issued pursuant to Ordinance No. ____ adopted by the Issuer on August 22, 2022 (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 paying the cost of acquiring and constructing improvements to the System. For a complete statement of the revenues from which, and the conditions under which, this bond is payable, a statement of the conditions under which additional bonds of superior or equal standing as to the Net Revenues 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 Issuer and does not constitute an indebtedness of the Issuer within any constitutional or statutory debt 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 the statutory second lien hereinbefore mentioned.

The Issuer has covenanted and agreed, and does hereby covenant and agree, to fix and maintain at all times while any bonds 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 any Senior Lien Bonds hereafter issued, as and when the same become due and payable, and to create a Senior Lien Bond and Interest Redemption Account therefor, to provide for payment of the interest upon and the principal of this Bond and any Additional Junior Lien Bonds hereafter issued, as and when the same become due and payable, and to create a Junior Lien Bond and Interest Redemption 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.

This Bond is transferable only upon the books of the Issuer by the registered owner in person or the registered owner's attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the transfer agent, duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinances, and upon payment of the charges, if any, therein prescribed.

Capitalized terms used in this Bond and not defined herein have the meanings set forth in 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 Charter Township of Hampton, County of Bay, State of Michigan, by its Township Board, has caused this Bond to be signed in its name by its Supervisor and to be countersigned by its Clerk, and its corporate seal or a facsimile thereof to be printed or impressed hereon, all as of the Date of Original Issue.

CHARTER TOWNSHIP OF HAMPTON
County of Bay
State of Michigan
By _____

Its: Supervisor

(Seal)

By _____

Its: Clerk

EGLE Project No. 7593-01
EGLE Approved Amt: \$ _____*
Loan Amount Forgiven: (\$ _____)
Loan Amount to be Repaid: \$ _____

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the Bond shall be made until the full amount advanced to the Issuer is repaid. In the event the Order of Approval issued by the Department of Environment, Great Lakes, and Energy (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Issuer and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority or (3) that any portion of the principal amount of assistance approved by the Order and disbursed to the Issuer is forgiven pursuant to the Order, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

Principal
Installment Due on

Amount of
Principal Installment

Interest on the Bond shall accrue on that portion of principal disbursed by the Authority to the Issuer and which has not been forgiven pursuant to the Order from the date such portion is disbursed, until paid, at the rate of 1.875% per annum, payable _____ 1, 202_, and semi-annually thereafter.

The Issuer agrees that it will deposit with the Authority's Depository, or at such other place as shall be designated in writing to the Issuer by the Authority, payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise. In the event that the Authority's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment.

*Not to exceed amount. Loan reduction at close out will result in a proportional decrease.

Section 7. Registration and Transfer. The Series 2022 Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the Series 2022 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the transfer agent. Whenever the Series 2022 Bond shall be surrendered for transfer, the Issuer shall execute and the transfer agent shall authenticate and deliver a new Series 2022 Bond, for like aggregate principal amount. The transfer agent shall require payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The transfer agent shall not be required (i) to issue, register the transfer of or exchange the Series 2022 Bond during a period beginning at the opening of business 15 days before the day of the giving of a notice of redemption of the Series 2022 Bond and ending at the close of business on the day of that giving of notice, or (ii) to register the transfer of or exchange the Series 2022 Bond so called for redemption in whole or in part, except the unredeemed portion of the Series 2022 Bond being redeemed in part. The Issuer shall give the transfer agent notice of call for redemption at least 20 days prior to the date notice of redemption is to be given.

The transfer agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Series 2022 Bond, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the transfer agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, the Series 2022 Bond as hereinbefore provided.

If the Series 2022 Bond shall become mutilated, the Issuer, at the expense of the holder of the Series 2022 Bond, shall execute, and the transfer agent shall authenticate and deliver, a new Series 2022 Bond of like tenor in exchange and substitution for the mutilated Series 2022 Bond, upon surrender to the transfer agent of the mutilated Series 2022 Bond. If the Series 2022 Bond issued under this Ordinance shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the transfer agent and, if this evidence is satisfactory to both and indemnity satisfactory to the Issuer and the transfer agent shall be given, and if all requirements of any applicable law, including Act 354, Public Acts of Michigan, 1972, as amended ("Act 354"), being sections 129.131 to 129.135, inclusive, of the Michigan Compiled Laws have been met, the Issuer, at the expense of the owner, shall execute, and the transfer agent shall thereupon authenticate and deliver, a new Series 2022 Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Series 2022 Bond so lost, destroyed or stolen. If the Series 2022 Bond shall have matured or shall

be about to mature, instead of issuing a substitute Series 2022 Bond, the transfer agent may pay the same without surrender thereof.

The Treasurer of the Issuer is hereby appointed to act as transfer agent for the Series 2022 Bond; provided, however, that the Treasurer may designate in writing another person to act as transfer agent. If and at such time as the Series 2022 Bond is transferred to or held by any registered owner other than the Authority, the Issuer may by resolution appoint a bank or trust company qualified under Michigan law to act as transfer agent and bond registrar.

Section 8. Payment of Senior Lien Bonds and Junior Lien Bonds; Security; Priority of Lien.

(a) Any Senior Lien Bonds hereafter issued and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues, which shall be a first lien, to continue until payment in full of the principal of and interest on all Senior Lien Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all principal and interest on all Senior Lien Bonds then outstanding to maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any, due and payable in connection with such redemption. Upon deposit of cash or Sufficient Government Obligations for payment in full of all principal and interest on all Senior Lien Bonds outstanding, as provided in the preceding sentence, the statutory lien shall be terminated with respect to the Senior Lien Bonds, the holders of the Senior Lien Bonds shall have no further rights under this Ordinance except for payment from the deposited funds, and the Senior Lien Bonds shall no longer be considered to be outstanding under this Ordinance.

In the event that sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all principal and interest on any particular series of Senior Lien Bonds then outstanding to maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any, due and payable in connection with such redemption, the statutory lien shall be terminated with respect to such series of the Senior Lien Bonds, the holders of such series of Senior Lien Bonds shall have no further rights under this Ordinance except for payment from the deposited funds, and such series of Senior Lien Bonds shall no longer be considered to be outstanding under this Ordinance.

(b) The Series 2022 Bond, and any Additional Junior Lien Bonds hereafter issued, and the interest thereon, shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues, which shall be a second lien, subject only to the statutory first lien created by this Ordinance to secure all Senior Lien Bonds, to continue until payment in full of the principal of and interest on all Junior Lien Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all principal and interest on all Junior Lien Bonds then outstanding to maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any, due and payable in connection with such redemption. Upon deposit of cash or Sufficient Government Obligations for payment in full of all principal and interest on all Junior Lien Bonds outstanding, as provided in the preceding sentence, the statutory lien shall be terminated with respect to the Junior Lien Bonds, the holders of the Junior Lien Bonds shall have no further rights under this Ordinance except for payment from the deposited funds, and the Junior Lien Bonds shall no longer be considered to be outstanding under this Ordinance.

In the event that sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all principal and interest on any particular series of Junior Lien Bonds then

outstanding to maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any, due and payable in connection with such redemption, the statutory lien shall be terminated with respect to such series of the Junior Lien Bonds, the holders of such series of Junior Lien Bonds shall have no further rights under this Ordinance except for payment from the deposited funds, and such series of Junior Lien Bonds shall no longer be considered to be outstanding under this Ordinance.

The statutory second lien on the Net Revenues created pursuant to this Section 8(b) with respect to the Junior Lien Bonds (including the Series 2022 Bond) shall at all times be and remain junior and subordinate to the statutory first lien created by this Ordinance to secure any Senior Lien Bonds hereafter issued.

(c) The Series 2022 Bond shall not be additionally secured by the Junior Lien Bond Reserve Account established by Section 12(c) of this Ordinance, and no holder of the Series 2022 Bond shall have any claim on any amounts at any time on deposit in the Junior Lien Bond Reserve Account.

Section 9. Management; Fiscal Year. The operation, repair and management of the System and the acquiring of the Project shall continue to be under the supervision and control of the Issuer. The Issuer may employ such person or persons in such capacity or capacities as it deems advisable to carry on the efficient management and operation of the System. The Issuer may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System. The System shall be operated on the basis of an operating year which shall coincide with the Issuer's Fiscal Year.

Section 10. Rates and Charges; Rate Covenant; No Free Service or Use. The rates presently in effect for the services supplied by the System are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Series 2022 Bond as the same becomes due and payable, and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. In addition, it is covenanted and agreed that the rates shall be set from time to time so that there shall be produced in each Fiscal Year, Net Revenues in an amount not less than (i) 100% of the principal of and interest on all Senior Lien Bonds then outstanding coming due in such Fiscal Year, plus (ii) 100% of the principal of and interest on the Series 2022 Bond and any Additional Junior Lien Bonds then outstanding coming due in such Fiscal Year. The rates shall be reviewed not less than once a year and shall be fixed and revised from time to time as may be necessary to produce these amounts, and it is hereby covenanted and agreed to fix and maintain rates for services furnished by the System at all times sufficient to provide for the foregoing.

No free service or use of the System, or service or use of the System at less than cost, shall be furnished by the System to any person, firm, or corporation, public or private, or to any public agency or instrumentality, including the Issuer.

Section 11. Bondholders' Rights; Receiver. The holder or holders of the Bonds representing in the aggregate not less than twenty percent (20%) of the entire principal amount thereof then outstanding, may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues of the System, and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the Issuer, including the fixing of

sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the System and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the System or any part thereof.

If there is a default in the payment of the principal of or interest on any Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Issuer, under the direction of said court, and by and with the approval of the court, to perform the duties of the officers of the Issuer more particularly set forth herein and in Act 94.

The holder or holders of the Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Bonds and the security therefor.

Section 12. Funds and Accounts; Flow of Funds. The Township Treasurer is hereby directed to create and maintain the following funds and accounts into which the Revenues from the System shall be deposited in the manner and at the times provided in this Ordinance, which accounts shall be established and maintained, except as otherwise provided, so long as any Bonds remain outstanding. Commencing on the date of delivery of the Series 2022 Bond, all funds belonging to the System shall be transferred as herein indicated and all Revenues of the System shall be set aside into a separate account to be designated 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:

(a) Operation and Maintenance Account. There is hereby established and there shall be maintained a separate account to be designated the OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account"). Revenues shall be transferred on the first day of each quarter of the Fiscal Year 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.

(b) Senior Lien Bond and Interest Redemption Account. There is hereby established and there shall be maintained a separate deposit account to be designated as the WATER SUPPLY SYSTEM SENIOR LIEN BOND AND INTEREST REDEMPTION ACCOUNT (the "Senior Lien Bond and Interest Redemption Account"), the moneys on deposit therein from time to time used solely for the purpose of paying the principal of, redemption premiums (if any) and interest on the Senior Lien Bonds.

Out of the Revenues remaining in the Receiving Account, after provision for the Operation and Maintenance Account, there shall be set aside on the first day of each quarter of the Fiscal Year, in the Senior Lien Bond and Redemption Account, a sum proportionately sufficient to provide for the payment of the principal of and interest due on the Senior Lien Bonds on the next succeeding principal and interest payment date, less any amounts in the Senior Lien Bond and Interest Redemption Account representing investment income on amounts on deposit in the Senior Lien Bond and Interest Redemption Account. The amount to be set aside each quarter for interest, after taking into account moneys in the Senior Lien Bond and Interest Redemption Account as provided above, shall be one-half ($\frac{1}{2}$) of the total amount of interest on the Senior Lien Bonds next coming due, or such greater or lesser amount in approximately equal quarterly installments necessary to accumulate the amount of interest next coming due by the date such interest is to be paid. The amount set aside each quarter for principal shall be one-quarter ($\frac{1}{4}$) of the principal of the Senior Lien Bonds next coming due, or such greater or lesser amount in approximately equal quarterly installments necessary to accumulate the principal amount next coming due by the date such principal is to be paid. If there is any deficiency in the amounts previously set aside, that deficiency shall be added to the next succeeding quarterly requirements. The amount to be

set aside in the Senior Lien Bond and Interest Redemption Account for the payment of principal and interest on any date shall not exceed the amount which, when added to the money on deposit in the Senior Lien Bond and Interest Redemption Account, including investment income thereon, is necessary to pay principal and interest due on the Senior Lien Bonds on the next succeeding principal payment date.

There is established a subaccount in the Senior Lien Bond and Interest Redemption Account to be designated the SENIOR LIEN BOND RESERVE ACCOUNT (the "Senior Lien Bond Reserve Account"). The Issuer, in the ordinance authorizing the issuance of a series of Senior Lien Bonds, may provide that such series of Senior Lien Bonds shall be additionally secured by the Senior Lien Bond Reserve Account. If any series of Senior Lien Bonds is to be secured by the Senior Lien Bond Reserve Account, there shall be deposited to the Senior Lien Bond Reserve Account on the date of delivery of such Senior Lien Bonds, from the proceeds of such Senior Lien Bonds or from System funds or other Issuer funds on hand and legally available for such use, the lesser of: (i) the amount which, when added to the amount on deposit therein on the date of delivery of such Senior Lien Bonds, if any, will equal the Senior Lien Bond Reserve Amount for all Senior Lien Bonds secured by the Senior Lien Bond Reserve Account as provided in this Section 12(b) (including the Senior Lien Bonds to be delivered on such date) or (ii) the maximum amount permitted by the Internal Revenue Code of 1986, as amended.

Except as otherwise provided in this section, the moneys credited to the Senior Lien Bond Reserve Account shall be used solely for the payment of the principal of, redemption premiums (if any) and interest on the Senior Lien Bonds entitled to the benefits and security of the Senior Lien Bond Reserve Account (as hereinbefore provided) as to which there would otherwise be a default. If at any time it shall be necessary to use moneys credited to the Senior Lien Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required by this Ordinance to be deposited to the Operation and Maintenance Account or to the Senior Lien Bond and Interest Redemption Account for current principal and interest requirements on all Senior Lien Bonds then outstanding until the amount on deposit equals the Senior Lien Bond Reserve Amount. In no event shall moneys in the Senior Lien Bond Reserve Account be used for the payment of the principal of, redemption premiums (if any) or interest on any Senior Lien Bonds not specifically entitled to the benefits and security of the Senior Lien Bond Reserve Account pursuant to the ordinance authorizing such Senior Lien Bonds, and no holder of any such Senior Lien Bonds shall have any claim on amounts on deposit in the Senior Lien Bond Reserve Account.

Following the annual valuation of the Senior Lien Bond Reserve Account as provided in Section 13 hereof, if the amount then on deposit in the Senior Lien Bond Reserve Account exceeds the Senior Lien Bond Reserve Amount, the amount of such excess shall be deposited in or credited to the Senior Lien Bond and Interest Redemption Account.

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

(c) Water Supply System Junior Lien Bond and Interest Redemption Account. There is hereby established and there shall be maintained a separate deposit account to be designated the WATER SUPPLY SYSTEM JUNIOR LIEN BOND AND INTEREST REDEMPTION ACCOUNT (the "Junior Lien Bond and

Interest Redemption Account”) for the purpose of paying the principal, redemption premiums (if any) and interest on the Junior Lien Bonds.

Out of the Revenues remaining in the Receiving Account, after provision has been made for the requirements of the Operation and Maintenance Account and of the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account), there shall next be set aside on the first day of each quarter of the Fiscal Year, in the Junior Lien Bond and Redemption Account, a sum proportionately sufficient to provide for the payment of the principal of and interest due on the Junior Lien Bonds on the next succeeding principal and interest payment date, less any amounts in the Junior Lien Bond and Interest Redemption Account representing investment income on amounts on deposit in the Junior Lien Bond and Interest Redemption Account. The amount to be set aside each quarter for interest, after taking into account moneys in the Junior Lien Bond and Interest Redemption Account as provided above, shall be one-half ($\frac{1}{2}$) of the total amount of interest on the Junior Lien Bonds next coming due, or such greater or lesser amount in approximately equal quarterly installments necessary to accumulate the amount of interest next coming due by the date such interest is to be paid. The amount set aside each quarter for principal shall be one-quarter ($\frac{1}{4}$) of the principal of the Junior Lien Bonds next coming due, or such greater or lesser amount in approximately equal quarterly installments necessary to accumulate the principal amount next coming due by the date such principal is to be paid. If there is any deficiency in the amounts previously set aside, that deficiency shall be added to the next succeeding quarterly requirements. The amount to be set aside in the Junior Lien Bond and Interest Redemption Account for the payment of principal and interest on any date shall not exceed the amount which, when added to the money on deposit in the Junior Lien Bond and Interest Redemption Account, including investment income thereon, is necessary to pay principal and interest due on the Junior Lien Bonds on the next succeeding principal payment date.

There is established a subaccount in the Junior Lien Bond and Interest Redemption Account to be designated the JUNIOR LIEN BOND RESERVE ACCOUNT (the “Junior Lien Bond Reserve Account”). The Issuer, in the ordinance authorizing the issuance of a series of Junior Lien Bonds, may provide that such series of Junior Lien Bonds shall be additionally secured by the Junior Lien Bond Reserve Account. If any series of Junior Lien Bonds is to be secured by the Junior Lien Bond Reserve Account, there shall be deposited to the Junior Lien Bond Reserve Account on the date of delivery of such Junior Lien Bonds, from the proceeds of such Junior Lien Bonds or from System funds or other Issuer funds on hand and legally available for such use, the lesser of: (i) the amount which, when added to the amount on deposit therein on the date of delivery of such Junior Lien Bonds, if any, will equal the Junior Lien Bond Reserve Amount for all Junior Lien Bonds secured by the Junior Lien Bond Reserve Account as provided in this Section 12(c) (including the Junior Lien Bonds to be delivered on such date) or (ii) the maximum amount permitted by the Internal Revenue Code of 1986, as amended.

Except as otherwise provided in this section, the moneys credited to the Junior Lien Bond Reserve Account shall be used solely for the payment of the principal of, redemption premiums (if any) and interest on the Junior Lien Bonds entitled to the benefits and security of the Junior Lien Bond Reserve Account (as hereinbefore provided) as to which there would otherwise be a default. If at any time it shall be necessary to use moneys credited to the Junior Lien Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required by this Ordinance to be deposited to the Operation and Maintenance Account, to the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account) or the Junior Lien Bond and Interest Redemption Account for current principal and interest requirements on all Junior Lien Bonds then outstanding until the amount on deposit equals the Junior Lien Bond Reserve Amount. In no event shall moneys in the Junior Lien Bond Reserve Account be used for the payment of the principal

of, redemption premiums (if any) or interest on any Junior Lien Bonds not specifically entitled to the benefits and security of the Junior Lien Bond Reserve Account pursuant to the ordinance authorizing such Junior Lien Bonds, and no holder of any such Junior Lien Bonds shall have any claim on amounts on deposit in the Junior Lien Bond Reserve Account.

Following the annual valuation of the Junior Lien Bond Reserve Account as provided in Section 13 hereof, if the amount then on deposit in the Junior Lien Bond Reserve Account exceeds the Junior Lien Bond Reserve Amount, the amount of such excess shall be deposited in or credited to the Junior Lien Bond and Interest Redemption Account.

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

(d) Repair, Replacement and Improvement Account. There is hereby established and there shall be maintained a separate account designated REPAIR, REPLACEMENT AND IMPROVEMENT ACCOUNT (the "RRI Account"). If required by the terms of any ordinance authorizing the issuance of any series of Senior Lien Bonds or any series of Additional Junior Lien Bonds, there shall be transferred each quarter of the Fiscal Year from the Receiving Account and deposited into the RRI Account, after provision has been made for the requirements of the Operation and Maintenance Account, the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account) and the Junior Lien Bond and Interest Redemption Account (including the Junior Lien Bond Reserve Account), as hereinbefore provided, such sum or sums as are required to be deposited in the RRI Account pursuant to such ordinance or ordinances. In addition to the foregoing, the Issuer may, at its option, after provision has been made for the requirements of the Operation and Maintenance Account, the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account) and the Junior Lien Bond and Interest Redemption Account (including the Junior Lien Bond Reserve Account), deposit in the RRI Account from Revenues of the System such additional amounts, if any, as the Issuer deems advisable. Moneys in the RRI Account shall be used and disbursed only for the purpose of paying the cost of (i) repairing any damage to and emergency maintenance of the System, (ii) repairing or replacing obsolete, deteriorating, deteriorated or worn out portions of the System, (iii) acquiring and constructing extensions and improvements to the System and (iv) when necessary, for the purpose of making the transfers required by Section 12(f) of this Ordinance. Moneys in the RRI Account may be invested in accordance with Section 13 of this Ordinance.

(e) General Obligation Debt Account. After provision has been made for the requirements of the Operation and Maintenance Account, the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account), the Junior Lien Bond and Interest Redemption Account (including the Junior Lien Bond Reserve Account) and the RRI Account (if any), Revenues may be transferred to a General Obligation Account established by the Issuer (the "G.O. Account") and utilized by the Issuer to pay debt service on presently existing or future general obligation bond issues or contractual obligations of the Issuer issued or incurred for System purposes.

(f) 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 Operation and Maintenance Account, the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account), the Junior Lien Bond and Interest Redemption Account (including the Junior Lien 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, to the Senior Lien Bond and Interest Redemption Account, third, to the Junior Lien Bond and Interest Redemption Account, and fourth, 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 Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account), the Junior Lien Bond and Interest Redemption Account (including the Junior Lien Bond Reserve Account) and the RRI Account may be transferred to the Senior Lien Bond and Interest Redemption Account or the Junior Lien Bond and Interest Redemption Account and used to call Senior Lien Bonds or Junior Lien Bonds, respectively, for redemption, or at the option of the Issuer, transferred to the RRI Account or the G.O. Account and used for the purpose for which such accounts were established; provided, however, that if there should be a deficit in the Operation and Maintenance Account, the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account), the Junior Lien Bond and Interest Redemption Account (including the Junior Lien 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 13. Investments. Monies in the funds and accounts established in this Ordinance may be invested by the Issuer in the obligations and instruments permitted for investment by Section 24 of Act 94, as the same may be amended from time to time. Interest income earned or profits realized on investment of funds in the Receiving Account, the Operation and Maintenance Account and the RRI Account shall be deposited in or credited to the Receiving Account at the end of each Fiscal Year. Interest income earned or profits realized on the Senior Lien Bond and Interest Redemption Account (excluding the Senior Lien Bond Reserve Account) and the Junior Lien Bond and Interest Redemption Account (excluding the Junior Lien Bond Reserve Account) shall be credited to and retained in the Senior Lien Bond and Interest Redemption Account and the Junior Lien Bond and Interest Redemption Account, respectively, except as otherwise provided by Section 12 of this Ordinance.

Investments credited to the Senior Lien Bond Reserve Account shall be valued at least annually on each October 1 (or such other date as the Issuer may determine) at the current market value. If, as of any valuation date, the amount then on deposit in the Senior Lien Bond Reserve Account exceeds the Senior Lien Bond Reserve Amount, the amount of such excess shall be deposited in or credited to the Senior Lien Bond and Interest Redemption Account, except as otherwise provided by Section 12 of this Ordinance. If, as of any valuation date, the amount on deposit in the Senior Lien Bond Reserve Account is less than the Senior Lien Bond Reserve Amount as a result of a decline in the value of investments in the Senior Lien Bond Reserve Account, there shall be credited to the Senior Lien Bond Reserve Account, beginning on the first day of the next succeeding Fiscal Year quarter, and on the first day of the Fiscal Year quarter thereafter, after providing for the current requirements of the Operation and Maintenance Account and the Senior Lien Bond and Interest Redemption Account, an amount not less than one-half (1/2) of the amount necessary to restore the amount on deposit in the Senior Lien Bond Reserve Account to 100% of the Senior Lien Bond Reserve Amount.

Investments credited to the Junior Lien Bond Reserve Account shall be valued at least annually on each October 1 (or such other date as the Issuer may determine) at the current market value. If, as of any valuation date, the amount then on deposit in the Junior Lien Bond Reserve Account exceeds the Junior Lien Bond Reserve Amount, the amount of such excess shall be deposited in or credited to the Junior Lien Bond and Interest Redemption Account, except as otherwise provided by Section 12 of this Ordinance. If, as of any valuation date, the amount on deposit in the Junior Lien Bond Reserve Account

is less than the Junior Lien Bond Reserve Amount as a result of a decline in the value of investments in the Junior Lien Bond Reserve Account, there shall be credited to the Junior Lien Bond Reserve Account, beginning on the first day of the next succeeding Fiscal Year quarter, and on the first day of the Fiscal Year quarter thereafter, after providing for the current requirements of the Operation and Maintenance Account, the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account) and the Junior Lien Bond and Interest Redemption Account, an amount not less than one-half (1/2) of the amount necessary to restore the amount on deposit in the Junior Lien Bond Reserve Account to 100% of the Junior Lien Bond Reserve Amount.

Section 14. Issuance of Initial Series of Senior Lien Bonds; Additional Senior Lien Bonds. The right is reserved, in accordance with the provisions of Act 94, at any time and without limitation, to issue an initial series of Senior Lien Bonds, in such aggregate principal amount, and on such terms, as the Issuer may determine, payable from the Net Revenues of the System and secured by a statutory first lien on the Net Revenues established by this Ordinance, which shall be superior and senior in all respects to the statutory second lien on Net Revenues established by this Ordinance securing the Series 2022 Bond and any Additional Junior Lien Bonds. Thereafter, the Issuer may issue Additional Senior Lien Bonds payable from the Net Revenues of the System and secured by a statutory first lien on the Net Revenues, which shall be of equal standing and priority of lien as to the Net Revenues with any Senior Lien Bonds then outstanding, but only for the following purposes and on the following conditions:

(a) For making repairs, extensions, enlargements and improvements to the System and/or for the purpose of refunding all or part of any Senior Lien Bonds or Junior Lien Bonds then outstanding and paying costs of issuing such Additional Senior Lien Bonds, including deposits, if any, that may be required to be made to the Senior Lien Bond Reserve Account. Additional Senior Lien Bonds for such purposes shall not be issued pursuant to this paragraph (a) unless the actual Net Revenues or the Augmented Net Revenues (as hereinafter defined) of the System for the then last preceding Fiscal Year shall be equal to at least (i) one hundred percent (100%) of the average annual debt service requirements on all Senior Lien Bonds then outstanding and on the Additional Senior Lien Bonds then being issued, plus (ii) one hundred percent (100%) of the average annual debt service requirements on all Junior Lien Bonds then outstanding. If the Additional Senior Lien Bonds are to be issued in whole or in part for refunding outstanding Senior Lien Bonds or Junior Lien Bonds, the annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each Fiscal Year the annual principal and interest requirements of any Senior Lien Bonds or Junior Lien Bonds to be refunded from the proceeds of the Additional Senior Lien Bonds. For purposes of this paragraph (a), the Issuer may elect to use as the last preceding Fiscal Year any Fiscal Year ending not more than eighteen (18) months prior to the date of delivery of the Additional Senior Lien Bonds for which an audit has been completed; or

(b) For refunding all or part of any outstanding Senior Lien Bonds and paying costs of issuing such Additional Senior Lien Bonds, including deposits, if any, that may be required to be made to the Senior Lien Bond Reserve Account. No Additional Senior Lien Bonds shall be issued pursuant to this paragraph (b) unless the maximum amount of principal and interest maturing in any Fiscal Year on all Senior Lien Bonds then outstanding after giving effect to the refunding, and on the Additional Senior Lien Bonds then being issued, shall be not greater than the maximum amount of principal and interest maturing in any Fiscal Year prior to giving effect to the refunding.

For purposes of this Section 14, the term "Augmented Net Revenues" shall mean the Net Revenues of the System for a Fiscal Year, adjusted to reflect the effect of any rate increase placed in effect during that Fiscal Year (but not in effect for the whole Fiscal Year), placed in effect subsequent to such Fiscal Year, or scheduled, at the time the Additional Senior Lien Bonds are issued, to be placed

in effect before principal of and interest on the Additional Senior Lien Bonds become payable from Net Revenues of the System, and augmented by any increase in Revenues or decrease in expenses estimated to accrue from any improvements to be acquired and constructed with the proceeds of the Additional Senior Lien Bonds. Augmented Net Revenues shall be established by a certificate of an independent consultant filed with the Clerk of the Issuer.

Determination by the Issuer as to the existence of conditions permitting the issuance of Additional Senior Lien Bonds shall be conclusive.

Section 15. Additional Junior Lien Bonds. The right is reserved, in accordance with the provisions of Act 94, to issue Additional Junior Lien Bonds payable from the Net Revenues of the System and secured by a statutory second lien on the Net Revenues, which shall be of equal standing and priority of lien as to the Net Revenues with the Series 2022 Bond and any Additional Junior Lien Bonds then outstanding, but junior and subordinate in all respects to the statutory first lien on the Net Revenues securing any outstanding Senior Lien Bonds, but only for the following purposes and on the following conditions

(a) To complete construction of the Project according to the plans referred to in Section 2 of this Ordinance, Additional Junior Lien Bonds may be issued in the amount necessary therefor; or

(b) For making repairs, extensions, enlargements and improvements to the System and/or for the purpose of refunding all or part of any Senior Lien Bonds or Junior Lien Bonds then outstanding and paying costs of issuing such Additional Junior Lien Bonds, including deposits, if any, that may be required to be made to the Junior Lien Bond Reserve Account, if:

(i) the actual Net Revenues or the Augmented Net Revenues (as hereinafter defined) of the System for the then last preceding Fiscal Year shall be equal to at least (i) one hundred percent (100%) of the average annual debt service requirements on all Senior Lien Bonds then outstanding, plus (ii) one hundred percent (100%) of the average annual debt service requirements on all Junior Lien Bonds then outstanding and on the Additional Junior Lien Bonds then being issued. If the Additional Junior Lien Bonds are to be issued in whole or in part for refunding outstanding Senior Lien Bonds or Junior Lien Bonds, the annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each Fiscal Year the annual principal and interest requirements of any Senior Lien Bonds or Junior Lien Bonds to be refunded from the proceeds of the Additional Junior Lien Bonds. For purposes of this paragraph (b)(i), the Issuer may elect to use as the last preceding Fiscal Year any Fiscal Year ending not more than eighteen (18) months prior to the date of delivery of the Additional Junior Lien Bonds for which an audit has been completed; or

(ii) The holders representing not less than seventy-five percent (75%) of the aggregate principal amount of the Series 2022 Bond and the Junior Lien Bonds then outstanding consent to such issue in writing.

For purposes of this Section 15, the term “Augmented Net Revenues” shall mean the Net Revenues of the System for a Fiscal Year, adjusted to reflect the effect of any rate increase placed in effect during that Fiscal Year (but not in effect for the whole Fiscal Year), placed in effect subsequent to such Fiscal Year, or scheduled, at the time the Additional Junior Lien Bonds are issued, to be placed in effect before principal of and interest on the Additional Junior Lien Bonds become payable from Net Revenues of the System, and augmented by any increase in Revenues or decrease in expenses estimated to accrue from any improvements to be acquired and constructed with the proceeds of the

Junior Lien Bonds. Augmented Net Revenues shall be established by a certificate of an independent consultant filed with the Clerk of the Issuer.

Determination by the Issuer as to the existence of conditions permitting the issuance of Additional Junior Lien Bonds shall be conclusive.

Section 16. Series 2022 Bond Proceeds. The proceeds of the sale of the Series 2022 Bond as received by the Issuer shall be deposited in a separate account in a bank qualified to act as depository of the proceeds of sale under the provisions of Section 15 of Act 94, in an account designated 2022 DWSRF PROJECT CONSTRUCTION ACCOUNT (the "Construction Account"). Moneys in the Construction Account shall be applied solely in payment of the costs of the Project and any engineering, legal and other expenses incident thereto and to the financing thereof.

Section 17. Additional Covenants. The Issuer covenants and agrees that so long as any Bonds remain outstanding under this Ordinance or any ordinance supplemental or amendatory hereto:

(a) It will maintain the System in good repair and working order and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Michigan and this Ordinance.

(b) It will maintain and keep proper books of record and account of the System in accordance with Act 2, Public Acts of Michigan, 1968, as amended, and will cause an annual audit of the books of record and account of the System for the preceding operating year each year by an independent certified public accountant. The audit shall be completed and so made available in accordance with Act 2, Public Acts of Michigan 1968, as amended.

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

(d) It will not sell or dispose of the System, or any substantial part thereof, until all of the Bonds have been paid in full, both as to principal and interest, or provision for such payment shall be made as herein provided.

(e) It will make all repairs and replacements necessary to keep the System in good repair and working order, and will not do or suffer to be done any act which would affect the System in such a way as to have a material adverse effect on the security for the Bonds.

(f) It will not grant any franchise or other rights to any person, firm or corporation to operate a system that will compete with the System and the Issuer will not operate a system that will compete with the System.

Section 18. Amendments to this Ordinance.

(a) The Issuer, from time to time and at any time, subject to the conditions and restrictions contained in this Ordinance, may adopt one or more supplemental or amendatory ordinances to this Ordinance, which thereafter shall form a part hereof, for any one or more or all of the following purposes:

- (i) to issue Senior Lien Bonds or Additional Junior Lien Bonds;

(ii) to add to the covenants and agreements of the Issuer contained in this Ordinance other covenants and agreements thereafter to be observed, or to surrender, restrict or limit any right or power herein reserved to or conferred upon the Issuer;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provisions of this Ordinance, or in regard to matters or questions arising under this Ordinance, as the Issuer may deem necessary or advisable and not inconsistent with this Ordinance;

(iv) to modify, amend or supplement this Ordinance in a manner so as to maintain the exclusion of interest from gross income for federal income tax purposes on any series of tax-exempt Bonds issued under this Ordinance or any ordinance amendatory or supplemental hereto; and

(v) to make any other changes or modifications to the provisions hereof as may be deemed necessary by the Issuer, but only if such changes or modifications, in the written opinion of nationally recognized bond counsel filed with the Issuer, are not to the material prejudice of the holders of any Bonds at the time outstanding.

Any amendment or supplemental ordinance authorized by the provisions of this Section 18(a) may be adopted by the Issuer without the consent of or notice to the holders of any of the Bonds at the time outstanding, notwithstanding any of the provisions of Section 18(b) below.

(b) With the consent of the holders of not less than 51% in principal amount of the Bonds then outstanding, the Issuer may from time to time and at any time, adopt an ordinance or ordinances supplemental or amendatory hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Ordinance or of any supplemental ordinance; *provided, however,* that no such modification or amendment shall (i) extend the maturity date of any Bond or reduce the principal amount thereof, change the mandatory redemption requirements for any Bonds, reduce the rate of interest thereon or extend the time for payment of interest, or reduce or extend the time for payment of any premium payable on the redemption thereof, without the consent of the holder of each Bond so affected, or (ii) deprive the holders of the Bonds (except as aforesaid) of the right to payment of the Bonds from the Net Revenues or deprive the holders of the Bonds of the statutory lien on the Net Revenues created by this Ordinance (except as expressly provided in this Ordinance), without the consent of the holders of all Bonds then outstanding, or (iii) reduce the aforesaid percentage of holders of the Bonds required to approve any such supplemental ordinance.

It shall not be necessary for the consent of the holders of the Bonds under this Section 18(b) to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

Section 19. Negotiated Sale; Application to EGLE and Authority; Execution of Documents. The Township Board has considered the option of selling the Series 2022 Bond through a competitive sale and a negotiated sale and determines that it is in the best interest of the Issuer to negotiate the sale of the Series 2022 Bond to the Authority because the Drinking Water State Revolving Fund financing program provides significant savings to the Issuer compared to a competitive sale in the municipal bond market. Each Authorized Officer is hereby authorized to make application to the Authority and to the EGLE for placement of the Series 2022 Bond with the Authority. The actions taken by any Authorized Officer with respect to the Series 2022 Bond prior to the adoption of this Ordinance are hereby ratified and confirmed. Each Authorized Officer is hereby individually authorized to execute and deliver such contracts, documents and certificates as may be required by the Authority or the EGLE or as may be otherwise necessary to effectuate the sale and delivery of the Series 2022 Bond to the Authority, including the Purchase Contract, the Supplemental Agreement and an Issuer's Certificate as required by the Authority.

Section 20. Approval of Bond Details. Each Authorized Officer is hereby authorized to adjust the final details of the Series 2022 Bond set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing 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 necessary to effectuate the issuance and sale to the Authority of the Series 2022 Bond authorized hereby, all within the parameters established by this Ordinance.

Section 21. Authorization of Other Actions. Each Authorized Officer is individually authorized to execute and deliver all other agreements, documents and certificates and to take all other actions necessary or advisable in order to effectuate the sale and delivery of the Series 2022 Bond to the Authority as contemplated by this Ordinance.

Section 22. Approval of Bond Counsel. The representation of the Issuer by Miller, Canfield, Paddock and Stone, P.L.C. ("Miller Canfield") as bond counsel is hereby approved, notwithstanding the representation by Miller Canfield of the Authority in connection with its financing programs and borrowings.

Section 23. Repeal; Savings Clause. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, repealed.

Section 24. Severability; Paragraph Headings; and Conflict. 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. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be part of this Ordinance.

Section 25. Publication and Recordation. This Ordinance shall be published in full in a newspaper of general circulation in the Issuer qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the Ordinance Book of the Issuer and such recording authenticated by the signatures of the Supervisor and the Clerk.

Section 26. Effective Date. Pursuant to the provisions of Act 94, this Ordinance shall be effective upon its adoption.

AYES: Kenniston, Benchley, Wright, Wisniewski, DeWyse, Samyn, Close

NAYS: None

ABSENT: None

Motion carried.

Motion by DeWyse, supported by Wisniewski, to adopt the following resolution:

WHEREAS: The Charter Township of Hampton believes itself to be qualified, and is willing and able to carry out all activities described in the U.S. Department of Agriculture (USDA) Rural Development grant application under the application submission and program requirements for the USDA's Federal Assistance Program; and

WHEREAS: in this action the Charter Township of Hampton Board of Trustees has declared its intent to purchase a 2022 Ford F150 Police Responder Vehicle described in the application; and

WHEREAS: in this action the Charter Township of Hampton Board of Trustees will, upon an award and acceptance of the grant, agree to terms of the grant;

THEREFORE BE IT RESOLVED: The Charter Township of Hampton Board of Trustees requests the funds and assistance available from the U.S. Department of Agriculture (USDA) under the application submission and program requirements for USDA's Community Facility Loans and Grants programs and will comply with the state rules for the program, and,

HEREBY AUTHORIZES the authorized representative, Supervisor, to act on behalf of The Charter Township of Hampton to submit and sign an application to the U.S. Department of Agriculture (USDA) for financial assistance for the purchase of a 2022 Ford F150 Police Responder Vehicle and sign related documents, and

HEREBY AUTHORIZES the authorized representative, Supervisor, to act on behalf of The Charter Township of Hampton to sign the grant agreement if the grant funds are awarded.

AYES: DeWyse, Wisniewski, Kenniston, Wright, Benchley, Samyn, Close
NAYS: None
ABSENT: None
Motion carried.

STANDING COMMITTEE REPORTS:

Motion by Benchley, seconded by Wisniewski, to receive the July 21, 2022 Zoning Board of Appeals minutes and the reading waived.
Motion carried.

OFFICER/TRUSTEE/DEPT. HEAD/COMMISSIONER REPORTS:

CLERK: Motion by Wisniewski, supported by Benchley, to receive the July 2022 Revenue & Expense report and the reading waived.
Motion carried.
Reported a new part-time employee will be starting September 1, 2022.

TREASURER: Nothing.

TRUSTEES: Wisniewski inquired about the sampling of the Nature Trail from the hydraulic oil spill.

SUPERVISOR: Nothing.

PUBLIC WORKS SUPERINTENDENT WORDEN:

Phillip Campau filled in for Rob Worden. Manholes on the end of Nolet Road are completed, the boat launch area has been cut and sprayed, completed lawn restorations from water taps, painted file cabinets for the office, flushed hydrants on Ridge and Youngs Ditch Roads from Pine Road to Farley to push water out to Quanicassee for their new water main tests, chipping was completed in 3 days, and still marking for Miss Dig requests.

PUBLIC SAFETY DIRECTOR BENCHLEY:

Benchley was not present.

COUNTY COMMISSIONER JOHNSON:

The County has received 181 applications for assistance and 101 have been approved for \$172,000-the majority have been help paying rent and property taxes, Bay Medical Care Facility Millage renewal will be on the November ballot, financial audit has been completed and there is an unassigned balance of 28% of last year's budget, Dispatcher union contract was approved and there are 2 more to wrap up, Board has filled the Board Coordinator position, and they recognized the Bangor John Glen Pom Pom team.

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OPEN TO THE PUBLIC:

No one addressed the Board.

ADJOURNMENT:

Motion by Wisniewski, supported by Samyn, to adjourn the meeting at 7:27 p.m. Motion carried.

Respectfully submitted:

Approved by:

Frances DeWyse, Clerk

Terri Close, Supervisor