

ORDINANCE NO. 150

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SEWAGE DISPOSAL SYSTEM REVENUE BONDS BY THE VILLAGE OF AUGUSTA, COUNTY OF KALAMAZOO, MICHIGAN, FOR THE PURPOSE OF CONSTRUCTING A SEWAGE DISPOSAL SYSTEM FOR SAID VILLAGE, PRESCRIBING THE FORM OF BONDS; PROVIDING FOR THE COLLECTION OF REVENUE FROM SAID SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE THEREOF, PROVIDING AN ADEQUATE RESERVE FUND THEREFOR, AND PROVIDING FOR THE PAYMENT OF SAID BONDS AND FURTHER PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES: AND, PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS IN ENFORCEMENT THEREOF AND PROVIDING FOR OTHER MATTERS RELATIVE TO SAID BONDS AND SAID SYSTEM.

THE VILLAGE OF AUGUSTA ORDAINS:

Section 1. Necessity; Description of Project. It is hereby determined to be necessary for the public health and welfare of the Village of Augusta (the "Issuer") to proceed to acquire and construct, in accordance with detailed maps, plans and specifications therefor prepared by Gove Associates, Inc. consulting engineers of Kalamazoo, Michigan, (the "Engineer"), a sewage disposal system consisting generally of sanitary sewers, force mains and pump stations, together with the necessary appurtenances and attachments thereto (the "Project").

Section 2. Cost; Useful Life. The cost of said public improvements has been estimated by said Engineer to be Three Million Three Hundred Six Thousand Nine Hundred Thirty Dollars (\$3,306,930) including the payment of incidental expenses as specified in Section 3 of this Ordinance which estimate of cost is hereby approved and confirmed, and the period of usefulness of said public improvements is estimated to be not less than forty (40) years.

Section 3. Payment of Cost. To pay part of the cost of acquiring and constructing the Project including the payment of legal, engineering and financial expenses, six months capitalized interest, and other expenses incident thereto and incident to the issuance and sale of the bonds, it is hereby determined that the Issuer borrow the sum of Two Hundred Ninety Thousand Dollars (\$290,000) and that revenue bonds be issued therefor pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended. The balance of the cost of the Project will be paid from bonds, grants payable to the Issuer and other funds legally available therefor.

Section 4. Definitions. Whenever the words "the System" are referred to in this Ordinance, they shall be understood to mean the Issuer's Sewage Disposal System and all extensions and improvements thereto hereafter made.

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

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

"Bonds" shall mean the \$290,000 principal amount Village of Augusta Sewage Disposal System Revenue Bonds, authorized to be issued under Section 3 of this Ordinance and any additional bonds authorized to be issued pursuant to Section 3 hereof.

Whenever the initials "FmHA" are used in this Ordinance they shall mean the Farmers Home Administration, an agency of the United States Department of Agriculture.

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

Whenever the words "Issuer" or "Village" and "Village of Augusta" are used in this Ordinance they shall be understood to mean the Village of Augusta, Michigan.

Whenever the words "public improvements" are used in this Ordinance, they shall be understood to mean the improvements authorized to be acquired and constructed under the provisions of this Ordinance.

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

Section 5. Bond Data. The bonds shall be designated SEWAGE DISPOSAL SYSTEM REVENUE BONDS, shall be dated as of the date of delivery, shall consist of fiftyeight (58) bonds in the denomination of \$5,000 each and shall be numbered from 1 upwards.

The bonds will bear interest not exceeding five percent (5%) per annum, or such higher rate not exceeding the maximum rate permitted by law as may be offered by the FmHA at time of closing, from the date of registration, all interest to be payable on May 1st or November 1st following the date of delivery of the bonds, and semi-annually thereafter on May 1 and November 1 of each year until payment of the principal amount of such bond. The bonds shall be numbered indirect order of maturity from 1 upwards, and shall mature serially on May 1st of each year in the following manner:

§ 5,000 1982 through 2001, inclusive;
10,000 2002 through 2020, inclusive;

The bonds shall be signed by the Village President and countersigned by the Village Clerk and shall have the corporate seal of the Issuer impressed thereon, and in the event attached interest coupons are required, said interest coupons shall bear the facsimile signatures of the Village President and Village Clerk. After execution, the bonds shall be held by the Treasurer for delivery to the FmHA.

The bonds shall be issued initially as fully-registered bonds. The fully-registered bonds shall be payable in lawful money of the United States of America at the registered holder's address to the registered holder as shown on the registration books of the Issuer kept by the Village Treasurer who shall act as bond registrar. Once registered, the fully-registered bonds may, at the expense of the holder, be converted to bearer form of coupon bonds by the exchange of the bonds for bonds which may be registered as to principal with appropriate interest coupons attached thereto. In such case the Issuer shall name a bank or trust company qualified under Michigan law and situated in Kalamazoo County, Michigan, to act as paying agent.

The sale of the bonds to the FmHA at an interest rate of five percent (5%) per annum or such higher rate within the legal maximum as may be offered at closing and at the par value thereof is hereby approved. The Village Treasurer is hereby authorized to deliver the bonds after approval thereof by the Municipal Finance Commission, in accordance with the delivery instructions of the FmHA.

Bonds will be subject to redemption prior to maturity in the manner and at the times provided in Section 6 hereof.

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

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF KALAMAZOO
VILLAGE OF AUGUSTA

SEWAGE DISPOSAL SYSTEM REVENUE BOND

No. _____

\$5,000

KNOW ALL MEN BY THESE PRESENTS that the Village of Augusta, County of Kalamazoo, State of Michigan (the "Issuer"), for value received, hereby promises to pay to the registered holder hereof, but only out of the herein-after described net revenues of the Issuer's Sewage Disposal System, including all apportionments, additions, extensions and improvements thereto (the "System") the sum of

FIVE THOUSAND DOLLARS

on the first day of May, A.D., _____, with interest thereon from the date this bond first registered until paid at the rate of five percent (5%) per annum, payable on _____, and semiannually thereafter on the first day of May and November of each year. Both principal of and interest on this bond are payable in lawful money of the United States of America to the registered holder at the address shown on the Issuer's registration books and for the prompt payment thereof, the gross revenues of the System, after provision has been made for reasonable and necessary expenses of operation, administration and maintenance are hereby irrevocably pledged and a statutory first lien thereon is hereby created.

This bond is one of a series of fiftyeight (58) bonds of even date and like tenor, except as to date of maturity, aggregating the principal sum of \$290,000, numbered consecutively in direct order of maturity from one upwards, issued pursuant to Ordinance No. _____, duly adopted by the Issuer on _____, 1981, and under and in substantial compliance with the Constitution and statutes of the State of Michigan, of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of defraying part of the cost of acquiring and constructing a Sewage Disposal 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 the additional bonds of equal standing may hereafter be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the above-described Ordinance.

Bonds maturing in the years 1982 to 1985, inclusive, will not be subject to redemption prior to maturity.

Bonds maturing in the years 1986 to 2020, inclusive, will be subject to redemption prior to maturity, in inverse numerical order, at the Issuer's option on any interest payment date on or after May 1, 1985, at par and accrued interest to the date fixed for redemption.

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

This bond shall be registered as to principal and interest on the books kept by the Issuer's Treasurer as registrar, after which it shall be transferable only upon presentation to such registrar with a written transfer by the registered holder or his attorney in fact. Such transfer shall be noted hereon and upon the books of the Issuer kept

for that purpose. This bond once registered is exchangeable at the request of the registered owner hereof and at his sole expense for a negotiable coupon bond payable to bearer, upon surrender of this bond at the office of the Issuer's Treasurer.

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, statutory or charter limitation, but is payable, both as to principal and interest, solely from the above-described net revenues of the System.

The Issuer hereby covenants and agrees to fix and maintain at all times while any of such bonds shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest upon and the principal of all such bonds payable from the net revenues of the System as and when the same become due and payable, and to create a bond and interest redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the above-described Ordinance.

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

IN WITNESS WHEREOF, the Village of Augusta, County of Kalamazoo, State of Michigan, by its legislative body, has caused this bond to be signed in its name by its Village President and to be countersigned by its Village Clerk, and its corporate seal to be hereunto affixed, all as of _____, 1981.

VILLAGE OF AUGUSTA
COUNTY OF KALAMAZOO
STATE OF MICHIGAN

By _____
Village President

(SEAL)

Countersigned:

By _____
Village Clerk

[FORM OF COUPON IF REQUESTED]

No. 0

\$ _____

On the first day of _____, A.D., _____, the Village of Augusta, County of Kalamazoo, State of Michigan, will pay to the bearer hereof the sum of _____ Dollars, in the amner and out of the net revenues described in the bond to which this coupon pertains at _____, being the semi-annual interest due that date on its Sewage Disposal System Revenue Bonds, dated _____, No. _____.

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

Village President

Village Clerk

REGISTRATION
NOTHING TO BE WRITTEN HEREON
EXCEPT BY THE VILLAGE TREASURER AS REGISTRAR

Date of Registration	Name of Registered Owner	Registrar
	: United States of	:
	: America Farmers	:
	: Home Administration	:
	: :	:
	: :	:
	: :	:
	: :	:
	: :	:

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

Section 8. Custodian of Funds; Funds. The Issuer's Treasurer shall be custodian of all funds belonging to and/or associated with the System and such funds shall be deposited in Industrial State Bank, Augusta, Michigan, which bank is a member of the Federal Deposit Insurance Corporation (the "Depository Bank"). The Issuer's Treasurer shall execute a fidelity bond in an amount not less than \$50,000 with a surety company approved by the FmHA, and the FmHA and the Issuer shall be named as co-obligees in such bond and the amount thereof shall not be reduced without the prior written consent of the FmHA. The Issuer's Treasurer is hereby directed to create the following funds and accounts into which the bond proceeds and the revenues and income from the System shall be deposited in the manner and at the times provided in this Ordinance, which funds and accounts shall be established and maintained except as otherwise provided, so long as any of the bonds hereby authorized remain unpaid.

A. CONSTRUCTION ACCOUNT. The proceeds of the bonds hereby authorized shall be deposited in the Construction Account in the Depository Bank. In the event that the Government is a holder of any of the bonds herein authorized and at the direction of the FmHA said account shall be established as a supervised bank account and such proceeds shall be withdrawn on the orders of the Issuer only on checks signed by its Treasurer and the District Director of the FmHA. Said moneys shall be used solely for the purposes for which the bonds were issued.

Any unexpended balance of the proceeds of sale remaining after completion of the Project herein authorized may in the discretion of the

Issuer be used for further improvements, enlargements and extensions to the System, provided that at the time of such expenditure such use be approved by the Municipal Finance Commission. Any remaining balance after such expenditure shall be paid into the Bond and Interest Redemption Fund and shall be used for such purposes as allowed by law.

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

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

B. SEWAGE DISPOSAL SYSTEM RECEIVING FUND. Upon the effective date of this Ordinance, the gross income and revenue shall be set aside into a separate account to be designated the Village of Augusta Sewage Disposal System Receiving Fund (the "Receiving Fund"), and moneys so deposited therein shall be expended and used only in the manner and order as follows:

1) Operation and Maintenance Fund. Prior to the beginning of each fiscal year the Issuer will prepare an annual budget of the System for the ensuing fiscal year itemized on the basis of monthly requirements, a copy of such budget shall be mailed without request to the FmHA as long as the Government is holder of any of said bonds prior to adoption for review and upon written request to any other bondholders. Upon the effective date of this Ordinance, there shall be set aside and deposited each quarter pursuant to the budget a sufficient portion of the income and revenue in the Operation and Maintenance Fund to pay the reasonable and necessary current expenses of administration, operating and maintaining the System for the ensuing quarter.

2) Sewage Disposal System Revenue Bond-Bond and Interest Redemption Fund. After the transfer required in (1) above, there shall

be transferred each quarter from the Receiving Fund, before any other expenditures or transfer therefrom, and deposited in the Sewage Disposal System Revenue Bond - Bond and Interest Redemption Fund (the "Bond and Interest Redemption Fund") for payment of principal and interest on the bonds a sum equal to at least 1/2 of the amount equal to the interest (not capitalized) due on the next ensuing interest due date and not less than 1/4 of the principal maturing on the next ensuing principal payment date. If for any reason there is a failure to make such quarterly deposit, then an amount equal to the deficiency shall be set aside and deposited in the Bond and Interest Redemption Fund of the net revenues in the ensuing quarter or quarters, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters. Bond proceeds representing capitalized interest shall immediately be deposited into the Bond and Interest Redemption Fund.

There is hereby established in the Bond and Interest Redemption Fund a separate account to be known as the Bond Reserve Account (the "Bond Reserve Account"), into which there shall be paid in equal quarterly installments from the revenues of the System after provision has been made for the Operation and Maintenance Fund and the current requirements of the Bond and Interest Redemption Fund, the sum of at least \$500 per quarter until there is accumulated in such fund the sum of \$19,500. Except as hereinafter provided, no further deposits need be made into the Bond and Interest Redemption Fund for the purposes of the Bond Reserve Account once the sum of \$19,500 has been deposited therein. The moneys in the said Bond Reserve Account shall be used solely for the payment of the principal and interest on said bonds as to which there would otherwise be default.

If at any time it shall be necessary to use moneys in the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the net revenues first received thereafter which are not required by this Ordinance to be used for operation and maintenance or for current principal and interest requirements.

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

payable at the time of maturity of all the bonds then remaining outstanding.

3) General Purpose Account. The balance of income and revenue after the transfers required in (1) and (2) above have been made, shall be deposited to a General Purpose Account which Account shall be used and disbursed only for the purpose of paying the cost of repairing and replacing any damage to the System which may be caused by any unforeseen catastrophe, for making extensions or improvements to the System, and when necessary for the purpose of making payments of principal and interest on the bonds hereby authorized, if the amount in the Bond and Interest Redemption Fund and Bond Reserve Account is not sufficient to meet such payments, then these funds shall be transferred to the Bond and Interest Redemption Fund. The total of such deposits to the General Purpose Account and balance of said account need not exceed the sum of \$15,000. The funds in the General Purpose Account may be invested in accordance with State law. Any profit realized or interest income earned on such investment will be a part of the General Purpose Account until the balance of said account equals \$15,000; thereafter such profit or interest income shall be deposited in or credited to the Receiving Fund.

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

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

extent of such deficits. Surplus moneys may be used for any lawful purpose of the Issuer.

Section 9. Investments. Moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Bonds, may be invested by the Board on behalf of the Village in United States Government obligations or obligations the principal and interest on which is fully guaranteed by the United States of America, or certificates of deposit of a bank insured by the Federal Deposit Insurance Corporation. Investment of moneys in the Bond and Interest Redemption Fund being accumulated for payment on the next maturing principal or interest payment on the Bonds shall be limited to obligations bearing maturity dates prior to the date of the next maturing principal or bearing maturity dates prior to the date of the next maturing principal or interest payment on the Bonds. Investment of moneys in the Bond Reserve Account shall be limited to United States obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than 5 years from the date of the investment. In the event investments are made, any securities representing the same shall be kept on deposit with the Depository Bank. Profit realized or interest income earned on investment of funds in the Receiving Fund, Operation and Maintenance Fund, Bond and Interest Redemption Fund and, at any time after they are fully funded, the Bond Reserve Account and General Purpose Account, shall be deposited in or credited to the Receiving Fund.

Section 10. Rates and Charges. Prior to the issuance of the Bonds, rates and charges for the services of said utility will be fixed in an amount sufficient to pay the costs of operation and maintaining the System and to leave an amount of revenues adequate for the principal and interest, debt services, reserve, replacements and improvements requirements and all other requirements provided herein, and otherwise comply with the covenants herein provided. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the costs and value of the System and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all bonds and accruing interest on all bonds, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this and the preceding section.

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

Section 12. Covenants. The Issuer covenants and agrees, so long as any of the bonds hereby authorized remain unpaid, and as long as the Goernment is the holder of any of the Bonds, as follows:

- (a) It will comply with applicable State laws and regulations and continually operate and maintain the system in good condition.
- (b) (i) It will maintain complete books and records relating to the operation of the System and its financial affairs and will cause such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and will furnish FmHA, without request, a copy of each audit report and will furnish any other holder of any bonds a copy of such report upon written request. The FmHA shall have the right to inspect the System and the records, accounts, and date relating thereto at all reasonable times.
- (ii) It will file with the Municipal Finance Commission and the FmHA each year, as soon as is possible, not later than ninety days after the close of the fiscal year, a report, on forms prepared by the Commission, made in accordance with the accounting method of the Issuer, completely setting forth the financial operation of such fiscal year for its own purposes.

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

- (c) It will maintain and carry, for the benefit of the holders of the bonds, insurance on all physical properties of the System, of the kinds and in the amounts normally carried by municipalities engaged in the operation of 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 calling bonds. Said insurance will be in an amount not less than such amounts as may be specified by LETTER OF INTENT TO MEET CONDITIONS, Form FmHA 442.46 and said insurance shall be approved by the FmHA.

(d) It will not borrow any money from any source or enter into any contract or agreement to incur any other liabilities that may in any way be a lien upon the revenues or otherwise encumber the System so as to impair revenues therefrom, without obtaining the prior written consent of the FmHA, nor shall it transfer or use any portion of the revenues derived in the operation of the System for any purpose not herein specifically authorized.

(e) It will not voluntarily dispose of or transfer its title to the System or any part thereof, including lands and interest in land, by sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of the FmHA.

(f) Any extensions or improvements of the System shall be made according to sound engineer principles and specifications shall be submitted to the FmHA for prior review.

Section 13. Additional Bonds. The Issuer may issue additional bonds of equal standing for the following purposes and on the following conditions:

(a) To complete construction of the Project according to the plans set forth in Section 1, bonds in the amount necessary may be issued.

(b) For the purpose of making reasonable repair, replacement or extension of the System or refunding any outstanding bonds, additional bonds of equal standing may be issued if:

(i) The augmented net revenues of the System for the fiscal year preceding the year in which such additional bonds are to be issued were 120 percent of the average annual debt service requirements on all bonds then outstanding and those proposed to be issued net of any bonds to be refunded by the new issue; or

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

For purposes of this Section the term "augmented net revenues" shall mean the net revenues of the System for a year, adjusted to reflect the affect of any rate increase placed in effect during that year (but not

in effect for the whole year), placed in effect subsequent to the year or scheduled, at the time the new bonds are authorized, to be placed in effect before principal and interest on the new bonds become payable from revenues of the System, and augmented by any increase in revenues or decrease in expenses estimated to accrue from the improvements to be acquired from the new bonds. The adjustments and augmentations provided for in the preceding sentence shall be established by certificate of an independent consulting engineer filed with the clerk of the Issuer. If new bonds are issued within 4 months of the end of a fiscal year, the determination made in sub-section (b) (ii) of this section may be based upon the results of a fiscal year ending within 16 months of the date of issuance of the new bonds.

The funds herein established shall be applied to all additional bonds issued pursuant to this section as if said bonds were part of the original bond issue and all revenue from any such extension or replacement constructed by the proceeds of an additional bond issue shall be paid to the Receiving Fund Account mentioned in this Ordinance.

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

Section 14. Ordinance Shall Constitute Contract. The provisions of the Ordinance shall constitute a contract between the Issuer and the bondholders and after the issuance of the Bonds this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holders nor shall the Issuer adopt any law, ordinance or resolution in any way adversely affecting the rights of the holders so long as said Bonds or interest thereon remains unpaid.

Section 15. Refunding of Bonds. If at any time it shall appear to the FmHA that the Issuer is able to refund, upon call for redemption or with consent of the FmHA the then outstanding Bonds by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Issuer will, upon request of the Government, apply for and accept

such loan in sufficient amount to repay the Government, and will take all such actions as may be required in connection with such loans.

Section 16. Default of Issuer. If there shall be default in the Bond and Interest Redemption Fund, provisions of this Ordinance or in the payment of principal or interest of any of the Bonds, upon the filing of a suit by twenty percent of the holders of the Bonds any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Issuer with power to charge and collect rates sufficient to provide for the payment of the Bonds and for the payment of operation expenses and to apply income and revenues in accordance with this Ordinance and the laws of Michigan.

The Issuer hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the Issuer's obligations, all contracts and other rights of the Issuer conditionally, for such time only as such receiver or operation shall operate by authority of the court.

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

Section 17. Ordinance Subject to Michigan Law and FmHA Regulations.

The provisions of this Ordinance are subject to the laws of the State of Michigan and to the present and future regulations of the FmHA not inconsistent with the express provisions hereof and Michigan law.

Section 18. Fiscal Year of System. The fiscal year for operating the System shall be consistent with that of the Issuer.

Section 19. Issuer Subject to Loan Agreement. So long as the Government is holder of any of the Bonds, the Issuer shall be subject to the loan agreement (from FmHA 442-47) with the FmHA and shall comply with all provisions thereof.

Section 20. Municipal Finance Commission Approval, Sale of Bonds.

The Village Clerk is authorized and directed to make application to the Municipal Finance Commission for authority to issue and sell the Bonds, and after receipt of said approval privately negotiate the sale of the Bonds to

the FmHA at an interest rate not to exceed five percent (5%) per annum or such higher rate not in excess of the maximum rate authorized by law as may be offered by the FmHA at time of closing.

Section 21. Conflict and Severability. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed, and each section of this Ordinance and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivision of this Ordinance.

Section 22. Paragraph Headings. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be a part of this Ordinance.

Section 23. Publication and Recordation. This Ordinance shall be published in full in The Argus, a newspaper of general circulation in the Issuer, qualified under State law to publish legal notices, promptly after its adoption, and the same shall be recorded in the Ordinance Book of the Issuer and such recording authenticated by the signatures of the Village President and Village Clerk.

Section 24. Effective Date. This Ordinance is hereby determined by the Village Council to be immediately necessary for the preservation of the peace, health and safety of the Issuer and shall be in full force and effect from and after its passage and publication as required by law.

Passed and adopted by the Village of Augusta, County of Kalamazoo, Michigan, on Feb. 9,, 1981, and approved by me on Feb. 9, 1981.

/s/ Thomas B. Connor
Village President, Village of Augusta

Attest: Eleanor W. Baxter
/s/ Eleanor W. Baxter
Village Clerk

YEAS Angell, Bauserman, Eldridge
Heath, Tackett

NAYS None

I hereby certify that the foregoing is a true and complete copy of an Ordinance adopted by the Village Council of the Village of Augusta, County of Kalamazoo, Michigan, at a Regular meeting held on Feb. 9, 1981, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

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

Eleanor W. Baxter

/s/ Eleanor W. Baxter
Village Clerk