

ORDINANCE NO. 45

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION AND CONSTRUCTION OF A WATER SUPPLY SYSTEM FOR THE VILLAGE OF MARTIN; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY PART 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 THE BONDS; TO PROVIDE AN ADEQUATE RESERVE FUND FOR THE BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM.

THE VILLAGE OF MARTIN ORDAINS:

Section 1. Definitions. Whenever used in this Ordinance, except when otherwise indicated by the context, the following terms shall have the following meanings:

(a) "Act 94" means Act 94, Public Acts of Michigan, 1933, as amended.

(b) "Adjusted Net Revenues" means for any operating year the excess of revenues over expenses for the System determined in accordance with generally accepted accounting principles, to which shall be added depreciation, amortization, interest expense on Bonds and payments to the Issuer in lieu of taxes, to which may be made the following adjustments.

(i) Revenues may be augmented by the amount of any rate increases adopted prior to the issuance of additional Bonds or to be placed into effect before the time principal or interest on the additional Bonds becomes payable from Revenues

as applied to quantities of service furnished during the operating year or portion thereof that the increased rates were not in effect.

(ii) Revenues may be augmented by amounts which may be derived from rates and charges to be paid by new customers of the System.

The adjustment of revenues and expenses by the factors set forth in (i) and (ii) above shall be reported upon by professional engineers or certified public accountants or other experts not in the regular employment of the Issuer.

(c) "Bonds" mean the Series 1990 Bonds, together with any additional Bonds of equal standing hereafter issued.

(d) "Issuer" means the Village of Martin, County of Allegan, State of Michigan.

(e) "Project" means the acquisition and construction of a Water Supply System consisting of two production wells, including pipes, pumps, motors, valves, fittings and appurtenances, a maintenance building including a hydropneumatic storage tank, chemical addition stations, piping, valves, fittings and the site therefor, approximately 6,300 lineal feet of transmission and distribution mains, including valves, fittings and finishing assemblies, together with all appurtenances and attachments thereto.

(f) "Revenues" and "Net Revenues" mean the revenues and net revenues 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.

(g) "Series 1990 Bonds" means the Water Supply System Revenue Bonds, Series 1990, of the Issuer in the principal amount of \$60,000 authorized by this Ordinance.

(h) "Sufficient Government Obligations" means direct obligations of the United States of America or obligations the principal 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 the Bonds for redemption shall be given to the paying agent.

(i) "System" means the entire Water Supply System of the Village, including such facilities thereof as shall be acquired and constructed as the

Project, and all enlargements, extensions, repairs and improvements thereto hereafter made.

Section 2. Necessity; Approval of Plans and Specifications. 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 Moore & Bruggink, the City's consulting engineers, which plans and specifications are hereby approved.

Section 3. Costs; Useful Life. The total cost of the Project is estimated to be Eight Hundred Fifty Thousand Dollars (\$850,000) including the payment of incidental expenses as specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the Project is estimated to be not less than forty (40) years.

Section 4. Payment of Cost; Bonds Authorized. To pay part of the cost of acquiring and constructing the Project, including legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series 1990 Bonds, the Issuer shall borrow the sum of Sixty Thousand Dollars (\$60,000) and issue the Series 1990 Bonds therefor pursuant to the provisions of Act 94, with the remaining costs of the Project to be defrayed from grant funds to be received by the Village and from Village funds on hand and legally available for such use.

Section 5. Bond Details, Issuance in Series, Registration and Execution. The Series 1990 Bonds hereby

authorized shall be designated WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1990, shall be payable out of the Net Revenues, as set forth more fully in Section 7 hereof, shall consist of bonds of the denomination of \$1,000, or integral multiples of \$1,000 not exceeding in any one year the amount maturing in that year, dated as of December 1, 1990, numbered in order of registration, and shall mature on October 1 in the years and amounts as follows:

\$2,000	1992 and 1993;
3,000	1994, 1995 and 1996;
4,000	1997, 1998 and 1999;
5,000	2000 and 2001;
6,000	2002, 2003 and 2004;
7,000	2005.

The Series 1990 Bonds shall bear interest at a rate or rates to be determined on public sale thereof, but in any event not exceeding 10% per annum, payable on April 1 and October 1 of each year, commencing October 1, 1991, by check or draft mailed by the transfer agent selected by the Issuer to the person or entity which is, as of the 15th day of the month preceding the interest payment date, the registered owner at the registered address as shown on the registration books of the Issuer maintained by the transfer agent. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Issuer to conform to market practice in the future. The principal of the Series 1990 Bonds shall be payable at Old Kent Bank and Trust Company, which is hereby selected to act as registrar and transfer agent for this

issue. The Series 1990 Bonds shall be sold at not less than 98% of their par value.

The Series 1990 Bonds or portions thereof maturing on or after October 1, 2000, may be subject to redemption prior to maturity at the times and prices and in the manner and with notice as set forth in the form of the Series 1990 Bonds in Section 18 of this Ordinance.

In case less than the full amount of an outstanding Bond is called for redemption, the transfer agent upon presentation of the Bond called in part for redemption shall register, authenticate and deliver to the registered owner a new bond in the principal amount of the portion of the original bond not called for redemption. Notice of redemption shall be given in the manner specified in the form of the Series 1990 Bonds contained in Section 18 of this Ordinance.

The Series 1990 Bonds shall be executed in the name of the Issuer with the facsimile signatures of the President and the Village Clerk and shall have a facsimile of the Issuer's seal printed on them. No Bond shall be valid until authenticated by an authorized signer of the transfer agent. The Bonds shall be delivered to the transfer agent for authentication and be delivered by the transfer agent to the purchaser in accordance with instructions from the Village Clerk of the Issuer upon payment of the purchase price for the Bonds in accordance with the bid therefor when accepted. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time

thereafter as necessary, be delivered to the transfer agent for safekeeping.

Section 6. Registration and Transfer. Any 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 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the transfer agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the transfer agent shall authenticate and deliver a new Bond or Bonds, 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 any Bond during a period beginning at the opening of business 15 days before the day of the giving of a notice of redemption of Bonds selected for redemption as described in the form of Series 1990 Bonds contained in Section 18 of this Ordinance and ending at the close of business on the day of that giving of notice, or (ii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds 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 Bonds, 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, Bonds as hereinbefore provided.

If any Bond shall become mutilated, the Issuer, at the expense of the holder of the Bond, shall execute, and the transfer agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the transfer agent of the mutilated Bond. If any 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 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 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 Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to



mature, instead of issuing a substitute Bond the transfer agent may pay the same without surrender thereof.

Section 7. Payment of Bonds. The Series 1990 Bonds 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 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 Bonds of a series then outstanding, principal and interest on such Bonds to maturity, or, if called for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. Upon deposit of cash or Sufficient Government Obligations, as provided in the previous sentence, the statutory lien shall be terminated with respect to that series of Bonds, the holders of that series shall have no further rights under this Ordinance except for payment from the deposited funds, and the Bonds of that series shall no longer be considered to be outstanding under this Ordinance.

Section 8. 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 the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Issuer and under the direction of the court, and by and with the approval of the court to perform all of 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 9. Management; Fiscal Year. The operation, repair and management of the System and the acquiring of the Project shall be under the supervision and control of the Village Council. The Village 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 Village may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System.

Section 10. Rates and Charges. The rates and charges for service furnished by and the use of the System and the methods of collection and enforcement of the collection of the rates shall be those set forth in the Rate Ordinance adopted by the Village Council on date even herewith.

Section 11. No Free Service or Use. No free service or use of the System, or service or use of the System at less than the reasonable cost and value thereof, 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 12. Fixing and Revising Rates. Together with the moneys pledged by the Village Council for operation and administration of the System which shall initially be in an amount of \$3,000 annually, the rates set forth in the Rate Ordinance 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 Bonds as the same become due and payable, and the maintenance of the reserve therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. The rates shall be reviewed not less than once a year in March 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.

Section 13. Funds and Accounts; Flow of Funds.

Commencing as of December 1, 1990, all funds belonging to the System shall be transferred as herein indicated and all Revenues of the System shall be set aside as collected and credited to a fund to be designated WATER SUPPLY SYSTEM RECEIVING FUND (the "Receiving Fund"). In addition, on December 1, 1990 all Revenues in any accounts of the System shall be transferred to the Receiving Fund and credited to the funds and accounts as provided in this section. The Revenues credited to the Receiving Fund are pledged for the purpose of the following funds and shall be transferred or debited from the Receiving Fund periodically in the manner and at the times and in the order of priority hereinafter specified:

A. OPERATION AND MAINTENANCE FUND:

Out of the Revenues credited to the Receiving Fund there shall be first set aside in, or credited to, a fund designated OPERATION AND MAINTENANCE FUND (the "Operation and Maintenance Fund"), monthly a sum sufficient to provide for the payment of the next month's expenses of administration and operation of the System and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order.

A budget, showing in detail the estimated costs of administration, operation and maintenance of the System

for the next ensuing operating year, shall be prepared by the Village Council at least 30 days prior to the commencement of each ensuing operating year. No payments shall be made to the Issuer from moneys credited to the Operation and Maintenance Fund except for services directly rendered to the System by the Issuer. In addition, pursuant to Section 23 of Act 94, the Village Council hereby agrees to appropriate the sum of \$250 per month, commencing December 1, 1990, which sum shall be put into the Operation and Maintenance Fund monthly and used solely for the purposes of that Fund. In addition, the Village Council covenants to put in such sums on a monthly basis until the number of users of the System has increased so that the rates and charges derived from such users will be sufficient to pay the costs of operating, maintaining and administering the System and making all of the debt service payments required herein.

B. BOND AND INTEREST REDEMPTION FUND:

There shall be established and maintained a separate depository fund designated BOND AND INTEREST REDEMPTION FUND (the "Redemption Fund"), the moneys on deposit therein from time to time to be used solely for the purpose of paying the principal of, redemption premiums (if any) and interest on the Bonds. The moneys in the Redemption Fund (including the Bond Reserve Account) shall be kept on deposit with the bank

or trust company where the principal of and interest on the Bonds, or any series thereof, are payable.

Out of the Revenues remaining in the Receiving Fund, after provision for the Operation and Maintenance Fund, there shall be set aside each month commencing December 1, 1990 in the Redemption Fund a sum proportionately sufficient to provide for the payment when due of the current principal of and interest on the Bonds, less any amount in the Redemption Fund representing accrued interest on the Bonds or investment income on amounts on deposit in the Redemption Fund, (including investment income on amounts held as part of the Bond Reserve Account). Commencing December 1, 1990, the amount set aside each month for interest on the Bonds shall be  $1/10$  of the total amount of interest on the Bonds next coming due. Commencing October 1, 1991, the amount set aside each month for interest on the Bonds shall be  $1/6$  of the total amount of interest on the Bonds next coming due. The amount set aside each month for principal, commencing October 1, 1991, shall be  $1/12$  of the amount of principal next coming due by maturity on October 1, 1992, and the amount set aside each month for principal payment commencing October 1, 1992, shall be  $1/12$  of the amount of principal next coming due by maturity. If there is any deficiency in the amount previously set aside, that deficiency shall be added to the next succeeding monthly requirements. The amount to be set

aside 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 Redemption Fund, including investment income thereon and on the Bond Reserve Account, is necessary to pay principal and interest due on the Bonds on the next succeeding principal payment date.

There is established a separate account in the Redemption Fund to be known as the BOND RESERVE ACCOUNT (the "Bond Reserve Account"). Prior to delivery of the Series 1990 Bonds, there shall be deposited in the Bond Reserve Account from funds on hand of the Issuer legally available therefor a sum equal to the lesser of (a) 10% of the principal amount of the Series 1990 Bonds or (b) an amount equal to the highest annual principal and interest requirements on the Series 1990 Bonds.

Except as otherwise provided in this Section, the moneys credited to the Bond Reserve Account shall be used solely for the payment of the principal of, redemption premiums (if any) and interest on the Bonds as to which there would otherwise be a default. If at any time it shall be necessary to use moneys credited to 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 for current principal and interest requirements until the amount on deposit equals the Reserve Amount. If

additional Bonds are issued, each Ordinance authorizing the additional Bonds shall provide for additional deposits to the Bond Reserve Account to be made from the proceeds of the additional Bonds or Issuer funds on hand and legally available for such use in an amount that will result in the Bond Reserve Account being equal to either (a) the maximum annual principal and interest requirements on the Bonds outstanding after issuance of the additional Bonds, or (b) an amount equal to 10% of the principal amount of the Bonds if the sum set forth in (a) above is not permitted by applicable federal law. If on any July 1st the amount in the Bond Reserve Account exceeds the Reserve Amount, the excess may be transferred to the Redemption Fund for payment of principal and interest on the Bonds due on that date.

C. REPLACEMENT FUND:

There shall next be established and maintained a fund, separate depository account, designated REPLACEMENT FUND (the "Replacement Fund"), the money credited thereto to be used solely for the purpose of making repairs and replacements to the System. Out of the Revenues and moneys of the System remaining in the Receiving Fund and the end of each year after provision has been made for the deposit of moneys in the Operation and Maintenance Fund and the Redemption Fund including the Bond Reserve Account, there may be deposited in the Replacement Fund such additional funds



as the Board may deem advisable. If at any time it shall be necessary to use moneys in the Replacement Fund for the purpose for which the Replacement Fund was established, the moneys so used shall be replaced from any moneys in the Receiving Fund which are not required by this Ordinance to be used for the Operation and Maintenance Fund or the Redemption Fund including the Bond Reserve Account.

D. SURPLUS MONEYS:

All moneys remaining in the Receiving Fund after satisfying all the foregoing requirements of this Section 13, may, at the option of the Village Council, be transferred to the Redemption Fund and used for the purchase of Bonds on the open market at not more than the fair market value thereof.

Section 14. Priority of Funds. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Redemption Fund, any moneys or securities in other funds of the System, except the proceeds of sale of the Bonds, shall be credited or transferred, first, to the Operation and Maintenance Fund, and second to the Redemption Fund.

Section 15. Depository and Funds on Hand. Moneys in the several funds and the accounts established pursuant to this Ordinance, except moneys in the Redemption Fund (including the Bond Reserve Account) and moneys derived from the proceeds of sale of the Bonds, may be kept in one or

more bank accounts at a bank or banks designated by resolution of the Village Council, and if kept in one bank account the moneys shall be allocated on the books and records of the Issuer in the manner and at the times provided in this Ordinance.

Section 16. 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 Issuer in United States of America obligations or in obligations the principal of and interest on which is fully guaranteed by the United States of America and any investments hereafter permitted by law, and moneys derived from the proceeds of sale of the Bonds may also be invested in certificates of deposit of any bank whose deposits are insured by the Federal Deposit Insurance Corporation. Investment of moneys in the Redemption Fund being accumulated for payment of the next maturing principal or interest payment of the Bonds shall be limited to obligations 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 obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than five 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 bank or trust company having on deposit the fund or funds or account from which the purchase was made. Profit realized or interest income

earned on investment of funds in the Receiving Fund, Operation and Maintenance Fund and Improvement Fund shall be deposited in or credited to the Receiving Fund at the end of each fiscal year. Profit realized on interest income earned on investment of moneys in the Redemption Fund including income derived from the Bond Reserve Account shall be credited as received to the Redemption Fund.

Section 17. Bond Proceeds. From the proceeds of the sale of the Bonds there shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest and premium, if any, received on the delivery of the Bonds. The balance of the proceeds of the sale of the Bonds shall be deposited in a bank or banks, designated by the Village Council, qualified to act as depository of the proceeds of sale under the provisions of Section 15 of Act 94, in an account designated CONSTRUCTION FUND (the "Fund"). Moneys in the Fund shall be applied solely in payment of the cost of the acquisition and renovation Project, including any engineering, legal and other expenses incident thereto and to the financing thereof. Any payments for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with the Board a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor; that it was done pursuant to and in accordance with the contract therefor (including properly authorized change orders), that such work is satisfactory and that such work has not been previously paid for.

Any unexpended balance of the proceeds of sale of the Bonds remaining after completion of the Project in the Construction Fund may, at the discretion of the Issuer, be used for further improvements, enlargements and extension to the System, if, at the time of such expenditures, such use is approved by the Michigan Department of Treasury, if such permission is then required by law. Any remaining balance after such expenditure shall be paid to the Redemption Fund and may be used for the purpose of purchasing Bonds on the open market at not more than the fair market value thereof, but not more than the price at which the Bonds may next be called for redemption, or used for the purpose of paying principal of the Bonds upon maturity or calling Bonds for redemption.

Section 18.    Bond Form.    The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF ALLEGAN  
VILLAGE OF MARTIN  
WATER SUPPLY SYSTEM REVENUE BOND,  
SERIES 1990

Interest Rate	Maturity Date	Date of Original Issue	<u>CUSIP</u>
	October 1, _____	December 1, 1990	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Village of Martin, County of Allegan, State of Michigan (the "Issuer"), for value received, hereby promises to pay, but only out of the hereinafter described Net Revenues of the Issuer's Water Supply System (hereinafter defined) the Principal Amount shown above in lawful money of the United States of America to the Registered Owner shown above, or registered assigns, on the Maturity Date shown above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Original Issue shown above or such later date to which interest has been paid, until paid, at the Interest Rate per annum shown above, payable on October 1, 1991, and semiannually thereafter. Principal of this bond is payable upon surrender of this bond at the principal corporate trust office of Old Kent Bank and Trust Company, Grand Rapids, Michigan or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to the date of any change in transfer agent. Interest on this bond is payable by check or draft mailed by the transfer agent to the person or entity who is, as of the 15th day of the month preceding the interest payment date, the registered owner of record, at the registered address as shown on the registration books of the Issuer kept by the transfer agent. 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 (the "System"), including all appurtenances, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, maintenance

and administration (the "Net Revenues"), and a statutory first lien thereon is hereby recognized and created.

This bond is one of a series of bonds of even date of original issue aggregating the principal sum of \$60,000, issued pursuant to an Ordinance, duly adopted by the Village Council of the Issuer, 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 part of the cost of acquiring and constructing a Water Supply System for the Issuer.

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal standing 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 above-described Ordinance.

Bonds of this issue maturing in the years 1992 to 1999, inclusive, are not subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$1,000 maturing in the year 2000 and thereafter may be redeemed at the option of the Issuer, in such order as the Issuer shall determine and within any maturity by lot, on any interest payment date on or after October 1, 1999 at par and accrued interest to the date fixed for redemption plus a premium expressed as a percentage of par as follows:

2% of the par value of each bond or portion thereof called for redemption on or after October 1, 1999, but prior to October 1, 2001;

1% of the par value of each bond or portion thereof called for redemption on or after October 1, 2001, but prior to October 1, 2003;

No premium shall be paid on bonds or portions of bonds called for redemption on or after October 1, 2003.

Notice of redemption of any bond or portion thereof shall be given by the transfer agent at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the transfer agent. Bonds shall be called for redemption in multiples of \$1,000 and any bond of a denomination of more than \$1,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$1,000 and such bond may be redeemed in part. Notice of redemption for a bond redeemed in part shall state that upon surrender of the bond to be redeemed a new bond or bonds in aggregate principal amount equal to the unredeemed portion of the bonds surrendered

shall be issued to the registered owner thereof. No further interest on a bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the transfer agent to redeem the bond or portion thereof.

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 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 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 on and the principal of the bonds of this issue and any additional bonds of equal standing as and when the same shall become due and payable, and to create and maintain a bond 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 Ordinance.

This bond is transferable only upon the books of the Issuer kept for that purpose at the office of the transfer agent by the registered owner hereof in person, or by 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 or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance authorizing the bonds, and upon the payment of the charges, if any, therein prescribed.

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.

This bond is not valid or obligatory for any purpose until the transfer agent's Certificate of Authentication on this bond has been executed by the transfer agent.

IN WITNESS WHEREOF, the Village of Martin, County of Allegan, State of Michigan, by its Village Council, has caused this bond to be executed with the facsimile signatures of its President and its Village Clerk and a facsimile of its corporate seal to be printed on this bond, all as of the Date of Original Issue.

VILLAGE OF MARTIN

By \_\_\_\_\_  
President

(Seal)

Countersigned:

\_\_\_\_\_  
Village Clerk



Certificate of Authentication

This bond is one of the bonds described in the within-mentioned Ordinance.

OLD KENT BANK AND TRUST COMPANY  
Transfer Agent

By \_\_\_\_\_  
Authorized Signatory

Date of Registration:

Section 19. Covenants. The Issuer covenants and agrees with the holders of the Bonds that so long as any of the Bonds remain outstanding and unpaid as to either principal or interest -

(a) The Issuer will maintain the System in good repair and working order and will operate the same efficiently 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) The Issuer will keep proper books of record and account separate from all other records and accounts of the Issuer, in which shall be made full and correct entries of all transactions relating to the System. The Issuer shall have an annual audit of the books of record and account of the System for the preceding operating year made each year by an independent certified public accountant, and a copy of the audit shall be mailed to the manager of each syndicate or account originally purchasing any issue of the Bonds. The auditor shall comment on the manner in which the Issuer is complying with the requirements of the Ordinance with respect to setting aside and investing moneys and meeting the requirements for acquiring and maintaining insurance. The audit shall be completed and so made available not later than four (4) months after the close of each operating year.