

CHAPTER 43

AN ORDINANCE TO AMEND CHAPTER 42 ENTITLED

? AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER SUPPLY SYSTEM REVENUE BONDS OF THE CITY OF LAPEER FOR THE PURPOSE OF CONSTRUCTING IMPROVEMENTS, REPAIRS, AND REPLACEMENTS TO THE CITY'S WATER SUPPLY SYSTEM; TO PRESCRIBE THE FORM OF BONDS; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM SAID SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE OF SAID SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS; TO PROVIDE AN ADEQUATE RESERVE FUND FOR SAID BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS IN ENFORCEMENT THEREOF; TO PROVIDE FOR OTHER MATTERS RELATING TO SAID BONDS AND SAID SYSTEM.?

THE CITY OF LAPEER ORDAINS:

SECTION 1

Sections 5, 7 and 19 of Ordinance No. 42 be and the same are amended as follows:

SECTION 5. BOND DETAILS, ISSUANCE IN SERIES, REGISTRATION AND EXECUTION

The Series 1986 Bonds hereby authorized shall be designated WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1986, shall be payable out of the Net Revenues, as set forth more fully in Section 6 hereof, shall consist of bonds of the denomination of \$5,000, or multiples of \$5,000 not exceeding the amount of a single maturity, dated as of September 25, 1986, numbered in order of registration from 1 upwards, and shall mature on May 1st in the years and amounts as follows:

YEAR	AMOUNT	YEAR	AMOUNT
1987	\$10,000	1997	\$20,000
1988	10,000	1998	20,000
1989	10,000	1999	20,000
1990	10,000	2000	25,000
1991	10,000	2001	25,000
1992	15,000	2002	25,000
1993	15,000	2003	30,000
1994	15,000	2004	30,000
1995	15,000	2005	35,000
1996	20,000	2006	35,000

The Series 1986 Bonds shall bear interest at a rate or rates to be determined on sale thereof, but in any event not exceeding 7% per annum, payable on May 1st and November 1st of each year, commencing may 1, 1987, by check drawn on the transfer agent mailed to the registered owner at the registered address, as shown on the registration books of the City maintained by the transfer agent. Comerica Bank-Detroit, Detroit, Michigan is hereby designated as the initial transfer agent. Interest shall be payable to the registered owner of record as of the 15th day of the month preceding the interest payment date. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the City to conform to market practice in the future. The principal of the bonds shall be payable at a bank or trust company to be designated by the City as registrar and transfer agent for this issue or, if such Bonds are purchased by the bond Bank, at the office of the Bond bank. The Series 1986 Bonds shall be sold at not less than 98% of their par value.

The Series 1986 Bonds or portions thereof maturing on or after May 1, 1997, 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 1986 Bonds in Section 19 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 1986 Bonds contained in Section 19 of this Ordinance.

The Bonds shall be executed in the name of the City with the facsimile signatures of the Mayor and the Clerk and shall have the City'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 him or her to the purchaser in accordance with instructions from the Treasurer of the City 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.

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 his 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 City 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 City 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 1986 Bonds contained in Section 19 of this Ordinance and ending at the close of business on the day of that giving of notice.
- (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 City shall give the transfer agent notice of a call for redemption at least 35 days prior to the date such 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 City; 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 City, 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 City, 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 1986 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. The City Treasurer is hereby directed to deposit with the Transfer Agent payments of the principal of, premium, if any, and interest on the bond in immediately in immediately available funds at least two business days prior to the date or which any such payment is due.

SECTION 19. BOND FORM

The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF MICHIGAN

COUNTY OF LAPEER

CITY OF LAPEER

WATER SUPPLY SYSTEM REVENUE BOND,

SERIES 1986

Interest Rate

Maturity Date

Date of Original Issue

September 25, 1986

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The CITY OF LAPEER, County of Lapeer, State of Michigan (the "City"), for value received, hereby promises to pay the Principal Amount shown above in lawful money of the United States of America to the registered owner specified above on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Original Issue or such later date to which interest has been paid, until paid at the Interest Rate per annum specified above, payable on May 1, 1987, and semiannually thereafter. Principal of this bond is payable at the principal corporate trust office of Comerica Bank-Detroit, Detroit, Michigan or such other transfer agent as the City may hereinafter designate by notice mailed to the registered owner not less than 60 days prior to any interest payment date or at such other place as shall be designated in writing to the City by the Michigan Municipal Bond Authority (the "Authority"). Interest on this bond is payable to the registered owner of record as of the 15th day of the month preceding the payment date as shown on the registration books kept by the transfer agent by check or draft mailed to the registered owner at the registered address, and for the prompt payment thereof, the revenues of the Water Supply System of the City (collectively 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"), are irrevocably pledged and a statutory first lien thereon is hereby recognized and created.

The City has agreed that it will deposit with the Paying Agent payments of the principal of, premium, if any, and interest on the bond in immediately available funds at least two business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise.

This bond is one of a series of bonds of even original issue date aggregating the principal sum of \$395,000 issued pursuant to Ordinance No. 42, as amended, duly adopted by the City Commission of the City, 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 repairs, replacements, additions, extensions and 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 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 or portions of bonds in multiples of \$5,000, of this issue maturing in the year 1997 and thereafter may be redeemed at the option of the City, in inverse order of maturity and within any maturity by lot, on any interest payment date on or after May 1, 1996 at par and accrued interest to the date fixed for redemption plus a premium expressed as a percentage of par value as follows:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
May 1, 1996 to April 30, 1997, inclusive	102%
May 1, 1997 to April 30, 1998, inclusive	101? %
May 1, 1998 to April 30, 1999, inclusive	101%
May 1, 1999 to April 30, 2000, inclusive	100? %
May 1, 2000 and thereafter	100%

Written notice of such redemption must be given to the Transfer Agent by the City at least 35 days prior to the date on which such redemption is to be made.

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 to the registered owners of the bonds to be redeemed by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered owner at the address of the registered owner as shown on the registration books of the City. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the transfer agent to redeem the bond called for redemption.

In the event of a default in the payment of principal or interest hereon when due, whether by acceleration or otherwise, the amount of such default shall, until paid, bear inters (the? additional interest?) at a rate equal to

the rate of interest which is one 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. Such additional interest shall be payable on the 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, fail to provide sufficient available funds (together with any other funds which may be made

available for such purpose) to pay the interest on outstanding bond of the Authority issued to fund such account, the City 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.

This bond is a self-liquidating bond and is not a general obligation of the City and does not constitute an indebtedness of the City 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 City 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 the bonds of this issue and any additional bonds of equal standing as and when the same shall become due and payable, and to 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 City kept for that purpose at the office of the transfer agent by the registered owner hereof in person, or by his 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 his 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 City of Lapeer, County of Lapeer, State of Michigan, by its City Commission, has caused this bond to be executed with the facsimile signatures of its Mayor and its Clerk and its corporate seal to be printed on this bond, all as of the twenty-fifth day of September, A.D. 1986.

CITY OF LAPEER

By _____
Mayor

(Seal)

Countersigned:

Clerk

SECTION 2. REPEAL, SAVINGS CLAUSE

All ordinances, resolutions or orders, or parts thereof, in conflict with the provision of this Ordinance are, to the extent of such conflict, repealed.

SECTION 3. 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 4. PUBLICATION AND RECORDATION

This Ordinance shall be published in full in The Lapeer County Press, a newspaper of general circulation in the City qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the ordinance Book of the City and such recording authenticated by the signatures of the Mayor and City Clerk.

SECTION 5. EFFECTIVE DATE

This Ordinance shall be effective on adoption.

Adopted and signed this 15th day of September, 1986

Signed _____
Mayor

Signed _____
Clerk