CHARTER TOWNSHIP OF WEST BLOOMFIELD  
COUNTY OF OAKLAND  
STATE OF MICHIGAN  

ORDINANCE NO. 706


WHEREAS, it has been determined by the Township Board of the Charter Township of West Bloomfield, Oakland County, Michigan (the "Township" or the "Issuer"), that it is necessary for the public health and welfare of the Township to make certain improvements to the Township's public water supply and sewage disposal system (the "System"), including, but not limited to, the construction of two new internal pressure reducing valves and vault facilities located at Long Lake Road and Middlebelt Road and Walnut Lake Road and Middlebelt Road, the rehabilitation and abandonment of improvements to certain water system pressure vaults and combination meter and pressure reducing valve vault locations, along with the installation of a new supervisory control and data acquisition system (SCADA) to alarm, monitor and control flows and pressures throughout the System, and the construction of approximately 30,000 linear feet of additional ductile iron water mains within the System to provide looping, reliability and pipe capacity, as well as all other necessary and related improvements, and engineering and financing costs (the "Project"); and

WHEREAS, the total cost of the Project, including incidental expenses, and legal, financing, engineering and other related issuance costs, has been estimated by the Township's engineers, Johnson & Anderson, Inc., Waterford, Michigan (the "Township Engineer"), to be Sixteen Million Eight Hundred Thousand Dollars ($16,800,000); and

WHEREAS, the Township Board has determined that it is in the best interests of the Township to finance all or a portion of the cost of the Project through the issuance of bonds; and

WHEREAS, in order to maintain reasonable rates and charges and continue to provide sufficient funds for the operation and maintenance of the System, and to provide for the acquisition and construction of the Project, the Township is authorized and does determine it to be in the best interests of the Township to issue revenue bonds, secured primarily by a statutory lien against the System's revenues as provided by the Revenue Bond Act, Act 94, Public Acts of Michigan, 1933, as amended (MCL 141.1, et seq.) (the "Act"), and to be further secured by the pledge of the Township's full faith and credit; and
WHEREAS, the Township Board determines that all or a portion of the cost of the Project is to be defrayed by the issuance of not to exceed Sixteen Million Eight Hundred Thousand Dollars ($16,800,000) Water System Improvement Revenue Bonds (the "Bonds"), to be issued in one or more series; and

WHEREAS, the Township Board determines that it is in the best interests of the Township to finance all or a portion of the cost of the Project through the issuance of the Bonds pursuant to the Drinking Water Revolving Fund Program (the "DWRF Program") administered by the Michigan Department of Environmental Quality (the "MDEQ"); and

WHEREAS, with the exception of obtaining approval from the Michigan Department of Treasury (the "Department") to issue the Bonds, all things necessary for the authorization and issuance of revenue bonds under the Constitution and laws of the State of Michigan, ordinances and resolutions of the Township, and particularly the Act, have been done, and the Township is now empowered and desires to authorize the issuance of the Bonds; and

WHEREAS, the Township Board desires to negotiate the sale of the Bonds to the Michigan Municipal Bond Authority (the "MMBA" or the "Authority") and to authorize the execution and delivery of any and all documents necessary to effectuate the sale and delivery of the Bonds to the Authority; and

WHEREAS, prior to the issuance of the Bonds, the Township must obtain prior approval for the Bonds from the Department pursuant to Act 34, Public Acts of Michigan, 2001, as amended.

NOW, THEREFORE, THE TOWNSHIP BOARD FOR THE CHARTER TOWNSHIP OF WEST BLOOMFIELD ORDAINS:

1. **Necessity; Cost Estimate; Useful Life.** It is hereby determined and declared to be necessary for the public health and welfare of the residents of the Township to improve and extend the System by constructing and acquiring the Project, and the Township Board determines that the estimated cost of the Project, including incidental expenses, is approximately Sixteen Million Eight Hundred Thousand Dollars ($16,800,000), and the period of usefulness of said improvements to be not less than thirty (30) years.

2. **Payment of Costs.** To pay all or a portion of the cost of acquiring and constructing the Project, including the payment of any bond discount and other costs of issuance, it is hereby determined that there be borrowed upon the credit of the income and revenues of the System the sum of not to exceed Sixteen Million Eight Hundred Thousand Dollars ($16,800,000), and that revenue bonds be issued therefor under the provisions of the Act.

3. **The Michigan Municipal Bond Authority.** The Township Board, based upon consultations with and recommendations from its financial consultant and bond counsel, hereby determines that it is in the best interests of the Township to issue the Bonds through a negotiated sale to the MMBA, rather than sell the Bonds at a public sale, based upon the favorable terms [including the interest rate(s)] and reduced costs of issuance that are available through the MMBA pursuant to the MDEQ's DWRF Program. In the event that the Bonds are sold to the MMBA, the following subprovisions shall apply:
(a) **Bond Purchase Contract.** The Bonds are hereby authorized to be sold to the MMBA pursuant to the Act, Act 227 of 1985, Act 34 of 2001, and other applicable statutory provisions, and to bear an original issue date, and bear interest at the rates as shall be determined by the Supervisor, Clerk or Treasurer (each an "Authorized Officer"). In the event that the Bonds are sold to the MMBA, the Issuer hereby approves, and an Authorized Officer is hereby authorized and directed to execute and deliver, the Bond Purchase Contract, the Supplemental Agreement, the Revenue Sharing Pledge Agreement, if necessary, and the Issuer's Certificate as provided by the MMBA for the sale to the MMBA of the Bonds, if, in the judgment of the Authorized Officer, the interest rate or rates on the Bonds and other terms and conditions of the Bond Purchase Contract and other agreements and certificates are in the best interests of the Township to accept.

(b) **Discount.** The Township hereby authorizes the sale of the Bonds to the MMBA at a discount of not to exceed five percent (5%), and an Authorized Officer is hereby authorized and directed to approve the specific discount offered by the MMBA and the interest rates for the principal amount of the Bonds, if, in the Authorized Officer's judgment, the discount, interest rates and principal amount of the Bonds are in the best interests of the Township to accept.

(c) **MMBA's Depository.** Notwithstanding any other provision of this Ordinance, so long as the MMBA is the owner of the Bonds, (a) the Bonds are payable as to principal, premium, if any, and interest at the designated corporate trust office of the MMBA's Depository, or at such other place as shall be designated in writing to the Issuer by the MMBA; (b) the Issuer agrees that it will deposit with the MMBA's Depository payments of the principal of, premium, if any, and interest on the Bonds in immediately available funds at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; and (c) written notice of any redemption of the Bonds shall be given by the Issuer and received by the MMBA's Depository at least 40 days prior to the date on which such redemption is to be made.

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

(d) **Prior Redemption.** The Bonds may be subject to redemption prior to maturity by the Township only with the prior written consent of the MMBA and on such terms as may be required by the MMBA.
Notice of redemption of any bond shall be given at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner(s) at the registered address shown on the registration books kept by the Bond Registrar. Bonds shall be called for redemption in multiples of $5,000, and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000, and such bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that, upon surrender of the bond to be redeemed, a new bond or bonds in an aggregate principal amount equal to the unredeemed portion of the bond surrendered shall be issued to the registered owner thereof. No further interest payment on the bonds or portions of the bonds called for redemption shall accrue after the date fixed for redemption, provided funds are on hand with the Bond Registrar to redeem same.

(e) The Issuer hereby agrees to and approves the inclusion of the following terms and conditions in the Bonds and other related closing documents and certificates in substantially the form as provided below:

1. The Issuer promises to pay to the Authority the principal amount of the Bond or so much thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the MDEQ.

2. Interest is first payable April 1, 2008 and semiannually thereafter and principal is payable on the first day of April commencing April 1, 2008 (as identified in the Purchase Contract) and annually thereafter, or as otherwise approved by the Supervisor.

3. Bonds may be subject to redemption prior to maturity by the Issuer only with the prior written consent of the Authority and on such terms as may be required by the Authority.

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

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

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

(7) Such other standard terms and provisions as may be reasonably required by the MMBA for Bonds issued pursuant to the DWRF Program.

4. The Bonds. The Bonds of the Issuer aggregating the principal sum of not to exceed Sixteen Million Eight Hundred Thousand Dollars ($16,800,000) shall be issued for the purpose of paying the cost of the Project. The Bonds may be issued in one or more series, with the aggregate principal amount(s) not to exceed Sixteen Million Eight Hundred Thousand Dollars ($16,800,000).

(a) The first series of the Bonds shall be issued in the principal amount not to exceed One Million Two Hundred Twenty-Five Thousand Dollars ($1,225,000); shall be designated "2007 Water System Improvement Revenue Bonds"; shall be dated the date of delivery; shall be fully registered Bonds as to principal and interest; shall be issued in denominations of $5,000 or integral multiples thereof, shall bear interest at a rate or rates to be hereafter determined not exceeding 2.125% per annum, payable on April 1, 2008, and semiannually thereafter on the first day of October and April in each year; and shall mature semiannually on April 1 in each year as follows:
<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$35,000</td>
<td>2018</td>
<td>$65,000</td>
</tr>
<tr>
<td>2009</td>
<td>50,000</td>
<td>2019</td>
<td>65,000</td>
</tr>
<tr>
<td>2010</td>
<td>50,000</td>
<td>2020</td>
<td>65,000</td>
</tr>
<tr>
<td>2011</td>
<td>50,000</td>
<td>2021</td>
<td>65,000</td>
</tr>
<tr>
<td>2012</td>
<td>55,000</td>
<td>2022</td>
<td>70,000</td>
</tr>
<tr>
<td>2013</td>
<td>55,000</td>
<td>2023</td>
<td>70,000</td>
</tr>
<tr>
<td>2014</td>
<td>55,000</td>
<td>2024</td>
<td>70,000</td>
</tr>
<tr>
<td>2015</td>
<td>60,000</td>
<td>2025</td>
<td>75,000</td>
</tr>
<tr>
<td>2016</td>
<td>60,000</td>
<td>2026</td>
<td>75,000</td>
</tr>
<tr>
<td>2017</td>
<td>60,000</td>
<td>2027</td>
<td>75,000</td>
</tr>
</tbody>
</table>

The Township Supervisor is hereby authorized to adjust the maturity schedule, the interest payment dates, determine (after consultation with the Township's bond counsel and financial consultant) the priority of the statutory lien on the Net Revenues of the System associated with the Bonds, and/or reduce the principal amount of the borrowing as deemed necessary and reasonable to the Project.

(b) Any subsequent series of the Bonds shall be issued by the Township in a principal amount not to exceed Sixteen Million Eight Hundred Thousand Dollars ($16,800,000), less the original principal amounts of series of Bonds issued prior thereto pursuant to the authority granted by this Ordinance. Such subsequent series of the Bonds shall bear the designation determined by the Supervisor, be dated the date of delivery, have (after consultation with the Township's bond counsel and financial consultant) the priority of the statutory lien on the Net Revenues of the System associated with the Bonds as determined by the Supervisor (after consultation with the Township's bond counsel and financial consultant), bear interest at a rate or rates to be hereafter determined not exceeding 6.00% per annum, as determined and approved by the Supervisor, have maturity dates and amounts as determined by the Supervisor. The Supervisor is hereby authorized to adjust the maturity schedule, the interest payment dates, and/or reduce the principal amount of such borrowing(s) as deemed necessary and reasonable to the Project.

5. Bond Execution. The Supervisor and Clerk be, and they are hereby authorized to manually sign, or cause their facsimile signatures to be affixed to, the Bonds in conformity with the above specifications and the Treasurer is hereby authorized and directed to deliver the Bonds and to the purchaser thereof upon receipt of the purchase price and accrued interest, if any.

6. Lost, Destroyed, Mutilated Bonds. If any Bond shall become mutilated, the Issuer, at the expense of the bondholder, shall execute, and the paying agent, if any, shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond upon surrender to the paying 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 and indemnity may be submitted to the paying agent and, if this evidence is satisfactory to both the paying agent and the Issuer, an indemnity satisfactory to the paying agent and the Issuer shall be given by and the Issuer, at the expense of the owner, shall execute, and the paying agent shall thereupon authenticate and deliver a new Bond of like tenor and bearing the statement required by Act 354, Public Acts of Michigan, 1972, as amended, being §§ 129.131 to 129.134, inclusive, of the Michigan Compiled Laws, 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 paying agent may pay the same without surrender thereof.

7. **Bond Form.** The Bonds shall be in substantially the form as attached hereto as Exhibit A. The Supervisor and Clerk are authorized to execute the Bonds manually or by facsimile signature if authorized by law.

8. **Township Supervisor’s Authority.** The Supervisor, if permitted by law, is hereby authorized to:

   a. file with the Department within fifteen (15) business days after issuance of the Bonds, any and all documentation required subsequent to the issuance of the Bonds, together with any statutorily required fee.

   b. execute and file any necessary applications for approvals or waivers from the Department, the MMBA, and/or the MDEQ.

9. **Application for Approval to Issue Bonds.** The Supervisor or a designee thereof is hereby authorized to cause an application to be filed with the Local Audit and Finance Division of the Department for approval to issue and sell the Bonds, and the Treasurer is authorized to provide the necessary sum to accompany said application, and to take such other steps as are necessary to sell said Bonds.

10. **Delegation of Authority.** The Authorized Officers, and all other officers, agents and representatives of the Issuer and each of them shall appoint a paying agent/bond registrar, and execute, issue and deliver any certificates, statements, warranties, representations, or documents necessary to effect the purposes of this Ordinance or the Bonds. The officers, agents and employees of the Issuer are authorized to take all other actions necessary and convenient to facilitate the sale and delivery of the Bonds.

11. **Bond Counsel.** Thrun Law Firm, P.C., is hereby appointed as bond counsel for the Township and the Authority with reference to the issuance of the Refunding Bonds. Further, Thrun Law Firm, P.C., has informed the Township Board that it represents no other party in the issuance of the Refunding Bonds.

12. **Advance Payment of Project Costs.** The advance payment for the Project is hereby approved, and the monies are authorized to be advanced from monies on hand in the Issuer’s general or water and sewer fund, which monies will be repaid to the general or water and sewer fund with a like amount, plus interest from the date of withdrawal, from the proceeds of the Bonds when received. The Issuer shall reimburse the general or water and sewer fund not earlier than the date on which the costs and expenses are paid and not later than the later of:

   a. the date that is eighteen (18) months after the costs and expenses are paid; or

   b. the date the Project placed in service or abandoned, but in no event more than three (3) years after the costs and expenses are paid.
13. **Security for Bonds.** The Bonds hereby authorized, together with interest thereon, are payable primarily from the net income and revenues to be derived from the operation of the System. To pay such principal and interest as and when same shall become due, there is hereby created a statutory lien upon the whole of the net revenues of the System, the priority of which lien shall be determined by the Supervisor, to continue until the payment in full of the principal and interest on said Bonds and said revenues shall be set aside for that purpose and identified as the "Water Supply and Sewage Disposal System Revenue Bond and Interest Redemption Fund Account" as hereinafter specified. If required by the MMBA, the full faith and credit of the Township, pursuant to the applicable provisions of the Act, shall be pledged as additional security for the payment of the Bonds when due, subject to existing constitutional, statutory and charter tax rate limitations. In the event the revenues received from the operation of the System are insufficient to pay principal and interest on the Bonds when due, the Township will advance funds therefor from general funds of the Township and will, if necessary, levy taxes within applicable tax rate limitations for the prompt payment of principal and interest on the Bonds. Should the Township advance funds at any time for payment of the Bonds, it is entitled to be reimbursed from the first funds thereafter available for such purpose.

14. **Custodian of Funds.** The Treasurer shall be custodian of all funds belonging to and/or associated with the System and such funds shall be deposited at a bank to be determined by the Township Treasurer, which bank shall be insured by the Federal Deposit Insurance Corporation. The 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, which 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 a bank to be determined by the Township Treasurer, which bank shall be insured by the Federal Deposit Insurance Corporation. 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 Township Board, to the extent of fifteen percent (15%) of the amount of the Bonds authorized by this Ordinance, be used for further improvements, enlargements and extensions to the System, provided that at the time of such expenditure or such use be approved by the Local Audit and Finance Division, of the Department or successor agency. Any remaining balance after such expenditure shall be paid into the Bond and Interest Redemption Account and shall be used for such purposes as allowed by law.

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) **System Receiving Fund Account.** The gross income and revenues of the System shall be set aside into a separate account to be designated the Receiving Fund Account, and monies so deposited therein shall be expended and used only in the manner and order as follows:

(1) **Operation and Maintenance Account.** Prior to the beginning of each fiscal year, the Township will prepare an annual budget of the System for the ensuing fiscal year, itemized on the basis of monthly requirements. 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 Account to pay the reasonable and necessary current expenses of administering, operating and maintaining the System for the ensuing quarter.

(2) **Bond and Interest Redemption Account.** After the transfer required in (1) above, there shall be transferred each quarter from the System's Receiving Fund Account, before any other expenditures or transfer therefrom, and deposited in the System's Bond and Interest Redemption Fund Account (hereinafter called "Bond and Interest Redemption Account"), for payment of principal and interest on the Bonds a sum equal to at least one-half ($\frac{1}{2}$) of the amount equal to the interest due on the next ensuing interest due date and not less than one-fourth ($1/4$) of the principal maturing on April 1 of each year thereafter. 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 Account 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.

No further payments need be made into the Bond and Interest Redemption Account after enough of the Bonds have been retired so that the amount then held in said 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 or replacing any damage to the System, which may be caused by an 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 Redemption Fund Account is not sufficient to meet such payments, then these funds shall be transferred to the Redemption Account. The funds in the General Purpose Account may be invested in obligations of the United States or such other obligations as are permitted by law. Any such investment will be a part of the General Purpose Account.

(4) **Surplus Monies.** Whenever there shall accumulate in the Redemption Fund Account amounts in excess of the requirements during the next eighteen (18) months for paying the principal of Bonds falling due and interest on outstanding Bonds and in the excess of the requirements of the Operation and Maintenance Account hereinbefore established, such excess may be used by the Township for redemption of Bonds in the manner set out below or for any lawful purpose of the Issuer provided that the General Purpose Account is also fully funded and the Township Board determines that such funds will not be required for extraordinary maintenance expenses.

All monies remaining in the System's Receiving Account at the end of any operating year after satisfying the above requirements may be transferred to the Bond and Interest Redemption Account and used to call Bonds for redemption, or at the option
of the Township, transferred to the General Purpose Account and used for the purposes for which said Account was established: Provided, however, that if there should be a deficit in the Operation and Maintenance Account, Bond and Interest Redemption Account or the General Purpose Account, on account of defaults in setting aside therein the amount hereinbefore required, then transfers shall be made from such funds remaining in the System’s Receiving Account to such funds in the priority and order named, to the extent of such deficits.

15. **Rates and Charges.** Prior to the issuance of the Bonds, rates and charges for the services of said System will be fixed in an amount sufficient to pay the costs of operating and maintaining the System, and to provide sufficient revenue for principal and interest, debt service, replacement and improvement 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 said 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 the Bonds and such amounts as may be necessary to meet the requirements of the preceding section.

16. **Investment of Funds.** 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 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 Account being accumulated for payment of 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 interest payment on the Bonds. 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 funds in the Receiving Account, Operation and Maintenance Account and Improvement Account shall be deposited in or credited to the Receiving Account at the end of each fiscal year. Interest earned on the Bond and Interest Redemption Account shall be used to pay debt service on the Bonds and the next required transfer from the Receiving Account shall be reduced accordingly.

17. **No Free Service.** No free service shall be furnished by the System to any individual, firm or corporation, public or private, or to any public agency or instrumentality.

18. **Covenants.** The Issuer covenants and agrees that so long as any of the Bonds hereby authorized remain unpaid as follows:

(a) It will comply with applicable State laws and regulations and continually operate and maintain the System in good condition.

(b) It will cause to be maintained and kept proper books of record and account, separate from all other records and accounts, in which shall be made full and correct entries of all transactions relating to the System. Not later than sixty (60) days after the close of each operating year, the Township Board will cause to be prepared, on forms furnished by the Local Audit and Finance Division, if such forms are available, a statement in reasonable detail, sworn to by its Treasurer, showing the cash income and disbursements of the System during each operating year,
the assets and liabilities of the System at the beginning and close of the fiscal year, and such other information as is necessary to enable any taxpayer of the Issuer, user of the service furnished, or any holder or owner of the Bonds, or anyone acting in their interest, to be fully informed as to all matters pertaining to the financial operation of the System during such year. Such statement and books of record and account shall at all reasonable times be open to inspection by any taxpayer of the Township, user of the service, or holder or holders of any Bonds, or anyone acting in their interest. The Township Board of the Issuer will also cause an annual audit of such books and records and account for the preceding operating year to be made by a recognized independent certified public accountant, and will mail such audit to the Supervisor of the account or syndicate purchasing the Bonds. Such audit shall be completed and so made available not later than six (6) months after the close of each operating year.

(c) The Issuer will maintain and carry, for the benefit of the holders of the Bonds, insurance on all physical properties of the System of the kind and in the amounts normally carried by municipalities engaged in the operation of municipal water supply and sewage disposal systems. All monies received from losses under 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 purposes of calling Bonds.

(d) The Issuer will not voluntarily dispose of or transfer its title to the System or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of at least 51% of the Bond holders of the then outstanding Bonds.

(e) Any extensions to or improvements of the System shall be made according to sound engineering principles and plans.

(f) The Issuer will periodically review the System's rates and charges for services to ensure that same are adequate to pay the costs of operating and maintaining the System and to provide sufficient revenue for the payment of principal and interest on the Bonds, debt service, replacement and improvement requirements, and any other necessary and reasonable expenses and charges. If the System's rates and charges are found to be insufficient to pay the aforementioned expenses and costs, the Issuer shall adjust the System's rates and charges as necessary to comply with this provision. Said review of the System's rates and charges shall be conducted at least annually.

19. Rates, Billing and Enforcement. The rates charged for the services of the System, and the billing, enforcement, and collection of charges for such services, as well as the general management of the System, shall be as currently provided by the ordinances and resolutions of the Township.

20. 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 purposes of making reasonable repair, replacement, improvements or extensions to the System, additional bonds of equal standing may be issued if the Net Revenues of the System for the fiscal year preceding the year in which such additional bonds are to be issued were one hundred twenty percent (120%) of the average annual debt service requirements on all Bonds then outstanding and together with projected net revenues equal or exceed one hundred twenty percent (120%) of proposed new debt service on all bonds including the bonds to be issued.

The accounts and 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 System's Receiving Fund Account mentioned in this Ordinance.

Except as otherwise specifically provided, so long as any of the 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 Township unless the same shall be junior and subordinate in all respects to the Bonds herein authorized.

21. **Ordinance Shall Constitute Contract.** The provisions of this Ordinance shall constitute a contract between the Issuer and the bondholders and after the issuance of such 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.

22. **Default of the Issuer.** If there shall be default in the Redemption Account, 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 (20%) of the holders of the Bonds, any court having jurisdiction of the action may appoint a receiver to administer said 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 Township obligations, all contracts and other rights of the Issuer conditionally, for such time only as such receiver or operator shall operate by authority of the court.

The holders of twenty percent (20%) of the Bonds in the event of default may require by mandatory injunction the raising of rates in a reasonable amount.

23. **Fiscal Year of System.** The fiscal year for the operation the System is from January 1 to December 31 of each year.

24. **Application to Department of Treasury and Other Governmental Agencies.** The Township’s Supervisor, Clerk, Treasurer, members, staff, counsel and Bond Counsel for the Issuer, or any of them, are authorized on behalf of the Issuer to apply for such rulings, order and approvals and file or submit such elections or other documents to any governmental agency and execute all necessary documents on behalf of the Township in order that the Bonds may be validly issued and the interest thereon be exempt from federal income taxation and are further hereby authorized to
execute, date and deliver such other certificates, documents, instruments, and opinions and other papers as may be required by the Purchase Contract or as may be necessary or convenient to effectuate the sale and delivery of the Bonds in accordance with the terms of the Purchase Contract.

25. **Financial Consultant**. The financial consulting firm of Public Financial Management, Inc., Ann Arbor, Michigan, is hereby appointed as financial consultants to the Township with reference to the issuance of the Bonds herein authorized.

26. **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 to affect the validity of any other section or subdivision of this Ordinance.

27. **Section Headings**. The section headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be a part of this Ordinance.

28. **Publication and Recordation**. This Ordinance shall be published once in full in a newspaper of general circulation within the corporate limits of the Township, qualified under Michigan law to publish the legal notice, promptly after its adoption.

29. **Effective Date**. This Ordinance is hereby determined to be immediately necessary for the preservation of the public 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.

**APPROVED AND ENACTED** by the Township Board of the Charter Township of West Bloomfield, County of Oakland, State of Michigan, on ________________, 2007

David Flaxher, Supervisor

(Seal)

Attest:

________________________
Sharon Law, Clerk
Charter Township of West Bloomfield

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly enacted by the Township Board of the Charter Township of West Bloomfield, County of Oakland, State of Michigan, at a regular meeting held on ______________, the ______ day of ______________, 2007, and that the meeting was conducted and public notice of the meeting was given pursuant to
and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of the meeting were kept and will be or have been made available as required by the Act.

I further certify that the following Board Members were present at the meeting:

____________________________________________________________

and that the following Board Members were absent:

____________________________________________________________

I further certify that Board Member __________________ moved enactment of the Ordinance, and that the motion was supported by Board Member __________________.

I further certify that the following Board Members voted for enactment of the Ordinance:

____________________________________________________________

and that the following Board Members voted against enactment of the Ordinance:

____________________________________________________________

I further certify that the Ordinance has been recorded in the Ordinance Book and that the recording has been authenticated by the signatures of the Supervisor and the Clerk.

Sharon Law, Clerk
Charter Township of West Bloomfield