

CITY OF EASTPOINTE  
COUNTY OF MACOMB  
STATE OF MICHIGAN  
ORDINANCE NO. 24-1239

UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF MACOMB  
CITY OF EASTPOINTE  
WATER AND SEWER SYSTEM JUNIOR LIEN REVENUE BOND,  
SERIES 2024

REGISTERED OWNER: Michigan Finance Authority  
PRINCIPAL AMOUNT: \_\_\_\_\_ Dollars  
(\$ \_\_\_\_\_)

DATE OF ORIGINAL ISSUE: August 28, 2024

The CITY OF EASTPOINTE, County of Macomb, State of Michigan (the "City"), for value received, hereby promises to pay, primarily out of the hereinafter described Net Revenues of the City's Water and Sewer System (hereinafter defined), to the Michigan Finance Authority (the "Authority"), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the City pursuant to a Purchase Contract between the City and the Authority and a Supplemental Agreement by and among the City, the Authority and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, in lawful money of the United States of America, unless prepaid or reduced prior thereto as hereinafter provided.

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

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth on Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$ \_\_\_\_\_ is disbursed to the City or if a portion of the Principal Amount is prepaid as provided below, with interest on the principal installments from the date each installment is delivered to the holder hereof until paid at the rate of two percent (2.00%) per annum. Interest is first payable April 1, 2025 and semiannually thereafter and principal is payable on the first day of April commencing April 1, 2026 (as identified in the Purchase Contract) and annually thereafter.

Principal installments of this bond are subject to prepayment by the City prior to maturity only with the prior written consent of the Authority and on such terms as may be required by the Authority.

Notwithstanding any other provision of this Bond, so long as the Authority is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association or at such other place as shall be designated in writing to the City by the Authority (the "Authority's Depository"); (b) the City 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 on at least five business days prior to the date on which any payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the City's deposit by 12:00 noon on the scheduled day, the City 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 City and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

**Additional Interest**

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the City'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 City shall and hereby agrees to pay on demand only the City's pro rata share (as determined by the Authority) of such deficiency as additional interest on this bond.

For prompt payment of principal and interest on this bond, the City has irrevocably pledged the revenues of the Water and Sewer System of the City, including all appurtenances, extensions and improvements thereto (the "System"), after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the "Net Revenues"), and a statutory second lien thereon is hereby recognized and created which is of equal standing and priority of lien as to the prior lien of the City's Water and Sewer System Junior Lien Revenue Bond, Series 2012 and the City's Water and Sewer System Junior Lien Revenue Bond, Series 2022 (together, the "Outstanding Junior Lien Bonds") and any additional bonds hereafter issued by the City of equal standing and priority with the Outstanding Junior Lien Bonds. The City has reserved the right to issue such additional bonds which shall be superior and senior in all respects to the bonds of this issue as to the Net Revenues, or of equal standing and priority of lien as to the Net Revenues.

Purchasers of the bonds of this issue, by their acceptance of the bonds of this issue or a beneficial ownership interest therein, shall be deemed to have consented to the subordination of their interest in and lien upon the Net Revenues upon the issuance of senior lien bonds subsequent to the delivery of the bonds of this issue.

This bond is a single, fully registered, nonconvertible bond in the principal sum indicated above issued pursuant to Ordinance No. \_\_\_\_\_, duly adopted by the City Council of the City (the "Ordinance") and the Prior Ordinances authorizing issuance of the Outstanding Junior Lien Bonds (together, the "Ordinances"), 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 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 superior and 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 Ordinances.

This bond is a self-liquidating bond, payable, both as to principal and interest, primarily from the Net Revenues of the System. The principal of and interest on this bond are secured by the statutory second lien hereinbefore mentioned. As additional security, the Issuer has pledged certain taxes collected by the State of Michigan and returned to the Issuer pursuant to a revenue sharing pledge agreement as further described in the Ordinances.

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, any additional Bonds, and any additional Junior Lien Bonds, as and when the same shall become due and payable, and to maintain a bond redemption fund (including, except for bonds of this issue, 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 Ordinances.

This bond is transferable only upon the books of the City by the registered owner in person or the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the transfer agent, duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new 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 Ordinances, and upon payment of the charges, if any, therein prescribed.

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

IN WITNESS WHEREOF, the City of Eastpointe, County of Macomb, State of Michigan, by its City Council has caused this bond to be executed with the manual or facsimile signatures of its Mayor and its City Clerk and the corporate seal of the City to be impressed or imprinted hereon, all as of the Date of Original Issue.

CITY OF EASTPOINTE

By \_\_\_\_\_  
Mayor

(Seal)

Countersigned:

By \_\_\_\_\_  
City Clerk

EGLE Project Number: 7732-01  
EGLE Approved Amt: \$ \_\_\_\_\_

**SCHEDULE A**

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

Maturity Date	Principal Amount
April 1, 2026	\$40,000
April 1, 2027	40,000
April 1, 2028	40,000
April 1, 2029	45,000
April 1, 2030	45,000
April 1, 2031	45,000
April 1, 2032	45,000
April 1, 2033	45,000
April 1, 2034	45,000
April 1, 2035	50,000
April 1, 2036	50,000
April 1, 2037	50,000
April 1, 2038	50,000
April 1, 2039	55,000
April 1, 2040	55,000
April 1, 2041	55,000
April 1, 2042	55,000
April 1, 2043	55,000
April 1, 2044	55,000
April 1, 2045	60,000

Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the City which has not been forgiven pursuant to the Order from the date such portion is disbursed, until paid, at the rate of 2.00% per annum, payable April 1, 2025, and semi-annually thereafter.

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

Section 16. **Negotiated Sale; Application to EGLE and Authority; Execution of Documents.** The City determines that it is in the best interest of the City to negotiate the sale of the Series 2024 Bond to the Authority because the Drinking Water State Revolving Fund financing programs provide significant interest savings to the City compared to competitive sale in the municipal bond market. The Authorized Officers are hereby authorized to make application to the Authority and to EGLE for placement of the Series 2024 Bond with the Authority. The actions taken by the Authorized Officers with respect to the Series 2024 Bond prior to the adoption of this Ordinance are ratified and confirmed. The Authorized Officers are authorized to execute and deliver the Purchase Contract, the Supplemental Agreement, the Revenue Sharing Pledge Agreement and the Issuer's Certificate. Any Authorized Officer is further authorized to execute and deliver such contracts, documents and certificates as are necessary or advisable to qualify the Series 2024 Bond for the Drinking Water State Revolving Fund. Prior to the delivery of the Series 2024 Bond to the Authority, any Authorized Officer is hereby authorized to make such changes to the form of the Series 2024 Bond contained in Section 15 of this Ordinance as may be necessary to conform to the requirements of Act 227, Public Acts of Michigan 1985, as amended ("Act 227"), including, but not limited to changes in the principal maturity and interest payment dates and references to additional security required by Act 227.

Section 17. **Covenant Regarding Tax Exempt Status of the Bonds.** The City shall, to the extent permitted by law, take all actions within its control necessary to maintain the exemption of the interest on the Series 2024 Bond from general federal income taxation (as opposed to any alternative minimum or other indirect taxation) under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Series 2024 Bond proceeds and moneys deemed to be Bond proceeds.

Section 18. **Approval of Bond Counsel.** The representation of the City by Miller, Canfield, Paddock and Stone, P.L.L.C. ("Miller Canfield"), as bond counsel is hereby approved, notwithstanding the representation by Miller Canfield of the Authority in connection with its financing programs and borrowings.

Section 19. **Approval of Bond Details.** The Authorized Officers are each hereby authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing are authorized to exercise the authority and make the determinations authorized pursuant to Section 7a(1)(c) of Act 94, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, and other matters, provided that the principal amount of Series 2024 Bond issued shall not exceed the principal amount authorized in this Ordinance, the interest rate per annum on the Series 2024 Bond shall not exceed two percent (2.00%) per annum, and the Series 2024 Bond shall mature in no more than twenty (20) annual installments.

Section 20. **Savings Clause.** All ordinances, resolutions or orders, or part thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, repealed.

Section 21. **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 22. **Publication and Recordation.** This Ordinance shall be published in full in the *Macomb Daily*, 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 the City Clerk.

Section 23. **Effective Date.** This Ordinance shall be effective upon its adoption and publication.

**CERTIFICATION**

We, Michael Klinefelt, Mayor, and Mariah Walton, City Manager/City Clerk, for the City of Eastpointe, Macomb County, Michigan, do hereby certify that the foregoing Ordinance No. 23-1239 was duly adopted by the City Council at a regular meeting of said Council held on Tuesday, July 16, 2023, in the City Hall.

Michael Klinefelt, Mayor

Mariah Walton, City Manager/City Clerk

**AN ORDINANCE TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION, FURNISHING AND EQUIPPING OF IMPROVEMENTS TO THE WATER AND SEWER SYSTEM OF THE CITY; TO PROVIDE FOR THE ISSUANCE AND SALE OF JUNIOR LIEN REVENUE BONDS TO PAY THE COST THEREOF; 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 AND CERTAIN OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF SYSTEM REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF; TO PRESCRIBE THE FORM OF THE BONDS; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM.**

THE CITY OF EASTPOINTE ORDAINS:

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

- "Act 94" means Act 94, Public Acts of Michigan, 1933, as amended.
- "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 City in lieu of taxes, to which may be made the following adjustments:
  - 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.
  - Revenues may be augmented by amounts which may be derived from rates and charges to be paid by new customers of the System.
- "Authority" means the Michigan Finance Authority or its successor.
- "Authorized Officers" means the Mayor, the City Manager, the City Clerk and the Finance Director of the City.
- "Bonds" means the Series 2024 Bond, and any additional bonds of equal standing hereafter issued.
- "City" or "Issuer" means the City of Eastpointe, County of Macomb, State of Michigan.
- "EGLE" means the Michigan Department of Environment, Great Lakes, and Energy, or its successor.
- "Engineers" means Anderson, Eckstein & Westrick, Inc., registered engineers.
- "Junior Lien Bonds" means the Series 2024 Bond, the Outstanding Junior Lien Bonds any additional bonds of equal standing with the Series 2024 Bond and the Outstanding Junior Lien Bonds which are secured by a statutory second lien on the Net Revenues and are junior and subordinate to the Senior Lien Bonds.
- "Outstanding Junior Lien Bonds" means the Series 2012 Bond and Series 2022 Bond.
- "Prior Ordinances" means Ordinance Nos. 1075 and 22-1224 of the City.
- "Project" means the acquisition, construction, furnishing and equipping of improvements to the Water and Sewer System of the City, including water main improvements and replacements and service line replacements, together with all related appurtenances and attachments.
- "Purchase Contract" means the Purchase Contract to be entered into between the Authority and the City relating to the purchase by the Authority of the Series 2024 Bond.
- "Revenues" and "Net Revenues" means the revenues and net revenues of the City derived from the operation of the System and shall be construed as defined in Section 3 of Act 94, including with respect to "Revenues," the earnings derived from the investment of moneys in the various funds and accounts established by the Prior Ordinances and this Ordinance.
- "Senior Lien Bonds" means any bonds hereafter issued that are of superior standing and priority of lien with respect to the Bonds and the Outstanding Junior Lien Bonds.
- "Series 2012 Bond" means the Water and Sewer System Junior Lien Revenue Bond, Series 2012, dated September 18, 2012, in the outstanding principal amount of Two Million Fifty-Five Thousand Dollars (\$2,055,000).
- "Series 2022 Bond" means the Water and Sewer System Junior Lien Revenue Bond, Series 2022, dated August 29, 2022, in the outstanding principal amount of Five Million Seven Hundred Twenty-Five Thousand Dollars (\$5,725,000).
- "Series 2024 Bond" means the Water and Sewer System Junior Lien Revenue Bond, Series 2024, of the City in the principal amount of not to exceed Nine Hundred Seventy-Five Thousand Dollars (\$975,000) authorized by this Ordinance.
- "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.
- "Supplemental Agreement" means the supplemental agreement among the City, the Authority and EGLE relating to the Series 2024 Bond.
- "System" means the Water and Sewer System of the City, including the Project and all additions, extensions and improvements hereafter acquired.

Section 2. **Necessity; Approval of Plans and Specifications.** It is hereby determined to be a necessary public purpose of the City to acquire and construct the Project in accordance with the plans and specifications prepared by the Engineers, which plans and specifications are hereby approved. The Project qualifies for the Drinking Water State Revolving Fund financing program being administered by EGLE and the Authority, whereby bonds of the City are sold to the Authority and bear interest at a fixed rate of two percent (2.00%) per annum.

Section 3. **Costs; Useful Life.** The cost of the Project is estimated to be an amount not to exceed Nine Hundred Seventy-Five Thousand Dollars (\$975,000), including the payment of incidental expenses as specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed. The period of usefulness of the Project is estimated to be not less than twenty-five (25) years.

Section 4. **Payment of Cost; Bond Authorized.** To pay part of the cost of acquiring and constructing the Project, legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2024 Bond, the City shall borrow the sum of not to exceed Nine Hundred Seventy-Five Thousand Dollars (\$975,000) and issue the Series 2024 Bond therefor pursuant to the provisions of Act 94. The remaining cost of the Project, if any, shall be defrayed from grant funds and City funds on hand and legally available for such use.

Except as amended by or expressly provided to the contrary in this Ordinance, all of the provisions of the Prior Ordinances shall apply to the Series 2024 Bond issued pursuant to this Ordinance, the same as though each of the provisions were repeated in this Ordinance in detail; the purpose of this Ordinance being to authorize the issuance of additional revenue bonds of equal standing and priority of lien as to the Net Revenues with the Outstanding Junior Lien Bonds and of subordinate lien with respect to any Senior Lien Bonds to finance the cost of acquiring and constructing additions, extensions and improvements to the System; such purpose being authorized by the provisions of the Prior Ordinances, upon the conditions therein stated, which conditions have been fully met.

Section 5. **Issuance of Series 2024 Bond; Details.** The Series 2024 Bond of the City, to be designated WATER AND SEWER SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 2024 are authorized to be issued in the aggregate principal sum of not to exceed Nine Hundred Seventy-Five Thousand Dollars (\$975,000) or such lesser amount as finally determined by order of EGLE for the purpose of paying part of the cost of the Project, including the costs incidental to the issuance, sale and delivery of the Series 2024 Bond. The Series 2024 Bond shall be payable out of the Net Revenues, as set forth more fully in Section 8 hereof.

The Series 2024 Bond shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, payable in principal installments as finally determined by order of EGLE at the time of sale of the Series 2024 Bond and approved by the Authority and an Authorized Officer. Principal installments of the Series 2024 Bond shall be payable on April 1 of the years 2026 through 2045, inclusive, or such other payment dates as hereinafter provided. Interest on the Series 2024 Bond shall be payable on April 1 and October 1 of each year, commencing April 1, 2025 or on such other interest payment dates as hereinafter provided. Final determination of the principal amount of and interest on the Series 2024 Bond and the payment dates and amounts of principal installments of the Series 2024 Bond shall be evidenced by execution of the Purchase Contract and each of the Authorized Officers is authorized and directed to execute and deliver the Purchase Contract when in final form and to make the determinations set forth above; provided, however, that the first principal installment shall be due no earlier than April 1, 2025 and that the total principal amount shall not exceed \$975,000.

The Series 2024 Bond shall bear interest at a rate of not to exceed two percent (2.00%) per annum on the par value thereof or such other rate as evidenced by execution of the Purchase Contract, but in any event not to exceed the rate permitted by law, and any Authorized Officers as shall be appropriate shall deliver the Series 2024 Bond in accordance with the delivery instructions of the Authority.

The principal amount of the Series 2024 Bond is expected to be drawn down by the City periodically, and interest on principal amount shall accrue from the date such principal amount is drawn down by the City.

The Series 2024 Bond shall not be convertible or exchangeable into more than one fully-registered bond. Principal of and interest on the Series 2024 Bond shall be payable as provided in the Series 2024 Bond form in this Ordinance.

The Series 2024 Bond shall be subject to optional redemption by the City with the prior written approval of the Authority and on such terms as may be required by the Authority.

The Treasurer shall record on the registration books payment by the City of each installment of principal or interest or both when made and the cancelled checks or other records evidencing such payments shall be returned to and retained by the Treasurer.

Upon payment by the City of all outstanding principal of and interest on the Series 2024 Bond, the Authority shall deliver the Series 2024 Bond to the City for cancellation.

Section 6. **Execution of Series 2024 Bond.** The Series 2024 Bond shall be signed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the City Clerk and shall have the corporate seal of the City or a facsimile thereof impressed thereon. The Series 2024 Bond bearing the manual or facsimile signatures of the Mayor and the City Clerk sold to the Authority shall require no further authentication.

Section 7. **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 shall be surrendered for transfer, the City shall execute and the transfer agent shall authenticate and deliver a new Bond, for like aggregate principal amount. The transfer agent shall require payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The 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 2024 Bond contained in Section 15 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 City 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 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 the 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 8. **Payment of Series 2024 Bond; Security; Priority of Lien.** Principal of and interest on the Series 2024 Bond shall be payable solely from the Net Revenues. There is hereby recognized the statutory lien upon the whole of the Net Revenues created by this Ordinance which shall be a lien that is equal in standing with the lien of the Outstanding Junior Lien Bonds created by the Prior Ordinances and junior and subordinate to the lien of any Senior Lien Bonds hereafter issued, to continue until payment in full of the principal of and interest on all Junior Lien Bonds payable from the Net Revenues, or until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all Junior Lien Bonds of a series then outstanding, principal and interest on such Junior Lien 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 sentences, 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 the Prior Ordinances or this Ordinance.

As additional security for repayment of the Series 2024 Bond, the City hereby pledges the taxes collected by the State of Michigan and returned to the Issuer pursuant to Act 140, Public Acts of Michigan, 1971, as amended, to the Authority as purchaser and holder of the Series 2024 Bond, and the City hereby authorizes the Authorized Officers to approve, execute and deliver a Revenue Sharing Pledge Agreement between the City and the Authority, authorizing the State Treasurer to transmit the revenue sharing moneys assigned and pledged therein directly to the Authority or its designee if payments on the Series 2024 Bonds are not made in accordance with this Ordinance. The City shall be reimbursed for any such advance from the Net Revenues of the System subsequently received which are not otherwise pledged or encumbered by this Ordinance.

Section 9. **Bondholders' Rights; Receiver.** The holder or holders of the Bonds, the Outstanding Junior Lien Bonds and Senior Lien Bonds, if any, 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 City, 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 City 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 City 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 10. **Management; Fiscal Year.** The operation, repair and management of the System and the acquisition and construction of the Project shall be under the supervision and control of the City Council. The City Council, in accordance with the relevant provisions of the City Charter, 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 City Council may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System. The fiscal year of the System shall be the fiscal year of the City.

Section 11. **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 in effect on the date of adoption of this Ordinance.

Section 12. **No Free Service or Use.** No free service or use of the System, or service or use of the System at less than cost, shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the City.

Section 13. **Funds and Accounts; Flow of Funds.** The funds and accounts established by the Prior Ordinances are hereby continued, the flow of funds established by the Prior Ordinances, is hereby continued, and the applicable sections of the Prior Ordinances, relating to funds and accounts and flow of funds are incorporated herein by reference as if fully set forth.

Section 14. **Bond Proceeds.** The proceeds of the sale of the Series 2024 Bond shall be deposited in a separate account in a bank or banks qualified to act as depository of the proceeds of sale under the provisions of Section 15 of Act 94 designated 2024 WATER AND SEWER SYSTEM JUNIOR LIEN REVENUE BOND CONSTRUCTION FUND (the "Construction Fund"). Moneys in the Construction Fund shall be applied solely in payment of the cost of the Project, including any engineering, legal and other expenses incident thereto and to the financing thereof.

Section 15. **Bond Form.** The Series 2024 Bond shall be in substantially the following form with such changes or completion as necessary or appropriate to give effect to the intent of this Ordinance and further subject to such modifications which may be required by the Michigan Attorney General and the Authority and approved by bond counsel: