

CITY OF MT. PLEASANT (ISABELLA COUNTY, MICHIGAN)

RESOLUTION TO AUTHORIZE ISSUANCE OF WATER RESOURCE RECOVERY SYSTEM REVENUE BONDS

Minutes of a regular meeting of the City Commission of the City of Mt. Pleasant, Isabella County, Michigan, held in the City Hall on July 10, 2023, at 7:00 p.m., local time.

PRESENT: Commissioners Alsager, Assmann, Busch, Chapman, Perschbacher & Wingard
NAYS: None
ABSENT: Commissioner Eke

The following Resolution was offered by Commissioner Chapman and supported by Commissioner Busch:

WHEREAS, pursuant to Act 94, Public Acts of Michigan, 1933, as amended (the "Act"), the City Commission of the City of Mt. Pleasant (the "City") has determined to make improvements to the City's Water Resource Recovery System; and

WHEREAS, the improvements will enable the City to provide more efficient and better quality public services to the users of the Water Resource Recovery System; and

WHEREAS, the improvements shall be financed in part by the issuance of revenue bonds or other evidences of indebtedness in accordance with the Act; and

WHEREAS, the Act permits the City to authorize, within limitations that shall be contained in the authorizing resolution, an officer to sell, deliver, and receive payment for obligations, and to approve interest rates or methods for fixing interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, optional or mandatory redemption rights, place of delivery and payment, and other matters and procedures necessary to complete an authorized transaction.

NOW, THEREFORE, BE IT RESOLVED as follows:

- 1. DEFINITIONS. Whenever used in this Resolution except when otherwise indicated by context, the following definitions shall apply:
(a) "Act" means Act 94, Public Acts of Michigan, 1933, as amended.
(b) "Additional First Lien Bonds" means any additional First Lien bonds issued in the future.
(c) "Additional Junior Lien Bonds" means any additional Junior Lien Bonds issued in the future.
(d) "Adjusted Net Revenues" means for any operating year the Net Revenues to which may be made the following adjustments:
(i) Revenues may be augmented by the amount of any rate increase adopted prior to the issuance of additional Bonds or to be placed into effect before the time principal or interest on the additional Bonds becomes payable from Revenues as applied to quantities of service furnished during the operating year or portion thereof that the increased rates were not in effect.
(ii) Revenues may be augmented by amounts that may be derived from rates and charges to be paid by new customers of the System.
(e) "Authority" means the Michigan Finance Authority created by Executive Order 2010-2, which, among other things, transferred to the Michigan Finance Authority the powers, duties, and functions of the Michigan Municipal Bond Authority created and established pursuant to Act 227, Public Acts of Michigan, 1985, as amended.
(f) "Authorized Officer" means the Mayor, the City Manager, the Clerk, and the Finance Director of the City, or any one of them acting alone or any number of them acting together.
(g) "Bondholder" or "Bondholders" means the holder or holders of the Bonds.
(h) "Bond Reserve Account" means a subaccount established within the Redemption Account pursuant to Section 15(b)(ii)(B).
(i) "Bonds" means the Series 2023 Bonds and any Additional Junior Lien Bonds and any Additional First Lien Bonds authorized pursuant to this Resolution or any resolution supplemental to this resolution.
(j) "City" means the City of Mt. Pleasant, Isabella County, Michigan.
(k) "Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.
(l) "Commission" means the City Commission of the City, the legislative and governing body thereof.
(m) "Construction Fund" shall mean the 2023 Water Resource Recovery System Junior Lien Revenue Bonds Construction Fund created pursuant to Section 15(a).
(n) "Contract Documents" means the Purchase Contract between the City and the Authority, the Supplemental Agreement by and among the City, the Authority, and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, and the Issuer's Certificate for the Series 2023 Bonds and such other closing documents required by the Authority for the issuance of the Series 2023 Bonds.
(o) "First Lien Bonds" shall mean any bonds or other obligations that may be issued or incurred by the City in the future payable from the Revenues of the System secured by a lien that is a first lien on the Net Revenues of the System, senior in standing and priority of lien with respect to the Net Revenues to the claim of the Junior Lien Bonds.
(p) "First Lien Redemption Account" means the First Lien Bond and Interest Redemption Account created as a subaccount of the Redemption Account pursuant to Section 15(b)(ii)(A).
(q) "G. O. Fund" means the General Obligation Debt Fund created pursuant to Section 15(b)(iii).
(r) "Improvements" means the design, purchase, acquisition and construction certain improvements to the System, and the wastewater treatment facility, including without limitation, equalization improvements, septage screen unit and building improvements, grit vortex tank improvements, grit handling building improvements, digester improvements, site grading and restoration work, upgrade and replace primary, biological, and final filtration treatment processes, encompassing the existing primary tanks, tertiary towers, rotating biological contactors, and final tanks with new treatment technology, design and implement new processes to better handle loading demands more efficiently, as well as all work, equipment, and appurtenances necessary or incidental to these improvements and such other improvements to the Water Resource Recovery System as the City may determine to make.
(s) "Junior Lien Bonds" shall mean any bonds or other obligations that may be issued or incurred by the City payable from the Revenues of the System secured by a lien on the Net Revenues of the System that is subordinate to a first lien on the Net Revenues of the System created for the benefit of any First Lien Bonds and shall include the Series 2023 Bonds.
(t) "Junior Lien Redemption Account" shall mean the Junior Lien Bond and Interest Redemption Account created as a subaccount of the Redemption Account pursuant to Section 15(b)(ii)(C).
(u) "Net Revenues" shall have the same meaning as defined in Section 3 of the Act.
(v) "Operation and Maintenance Fund" means the Operation and Maintenance Fund created pursuant to Section 15(b)(i).
(w) "Paying Agent" shall mean the paying agent as provided in Section 8.
(x) "Receiving Fund" shall mean the Water Resource Recovery System Receiving Fund created pursuant to Section 15(b).
(y) "Redemption Account" shall mean the Bond and Interest Redemption Account created pursuant to Section 15(b)(ii).
(z) "Resolution" means this Resolution and all amendments hereto.
(aa) "Revenues" shall have the same meaning as defined in Section 3 of the Act and shall include all earnings on investment of funds of the System and all other revenues derived from or pledged to operation of the System.
(bb) "Series 2023 Bonds" means the City's the Water Resource Recovery System Junior Lien Revenue Bonds, Series 2023 issued pursuant to this resolution.
(cc) "System" means the City's complete Water Resource Recovery System, both inside and outside the City, including all collection and treatment facilities for sanitary sewage disposal and all appurtenances thereto now owned by the City and those acquired pursuant to this Resolution and all extensions and improvements thereto hereafter made.

2. NECESSITY: PUBLIC PURPOSE. It is hereby determined to be necessary for the public health, safety, and welfare of the City to acquire and construct the Improvements to the System in accordance with the maps, plans, and specifications therefor prepared by the City's engineers, which are hereby approved.

3. ESTIMATED COST; PERIOD OF USEFULNESS. The cost of the Improvements has been estimated by the engineers not to exceed \$27,000,000, including the payment of legal, engineering, financial, and other expenses, which estimate of cost is approved and confirmed, and the period of usefulness of the Improvements is estimated to be greater than forty (40) years.

4. ISSUANCE OF BONDS. To pay a portion of the cost of designing, acquiring, and constructing the Improvements and to pay the legal and financial expenses and all other expenses incidental to the issuance of the Series 2023 Bonds, the City shall issue its revenue bonds pursuant to the provisions of the Act. The Series 2023 Bonds shall be issued in the aggregate principal sum of not to exceed \$18,000,000, as finally determined by the Authorized Officer at the time of sale, or such lesser amount thereof as shall have been advanced to the City pursuant to the Contract Documents.

During the time funds are being drawn down by the City under the Series 2023 Bonds, 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, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of the Series 2023 Bonds.

5. SERIES 2023 BOND TERMS. The Series 2023 Bonds shall be issued as one fully registered manuscript bond, shall be sold and delivered to the Authority in any denomination. The Series 2023 Bonds shall be dated the date of delivery to the Authority, or such other date approved by the Authorized Officer, and shall be payable on the dates and in the amounts determined by the Authorized Officer at the time of sale provided the final maturity shall be no later than forty (40) years after the date of issuance. The Series 2023 Bonds shall bear interest at a rate as provided in the Contract Documents, payable semiannually on the dates determined by the Authorized Officer at the time of sale. Within the limitations provided above, the final amount of any maturity and the terms of the Series 2023 Bonds shall be as provided in the Contract Documents and will be finally determined by the Authorized Officer.

6. PAYMENT OF BONDS; PLEDGE OF NET REVENUES. Principal of and interest on the Bonds shall be payable in lawful money of the United States of America to the person appearing on the Bond registration books as the registered owner thereof. Payment of principal on the Bonds shall be made at the principal office of the Paying Agent, upon surrender of the Bonds. Payment of interest on the Bonds shall be paid to the registered owner at the address as it appears on the registration books. The principal of and interest on the Bonds shall be payable from the Net Revenues derived from the operation of the System, including future improvements, enlargements and extensions thereof, after provision has been made for the payment of expenses of administration, operation and maintenance thereof. The Net Revenues of the System, including future enlargements, improvements, and extensions thereto, are hereby pledged to the payment of the principal of and interest on the Bonds. To secure the payment of the principal of and interest on the Bonds, including the Series 2023 Bonds, there is hereby created a lien, which shall be a statutory lien pursuant to the Act, to and in favor of the Bondholders of the Bonds upon the Net Revenues of the System, including future enlargements, improvements, and extensions thereof. The statutory lien on the Net Revenues securing any First Lien Bonds shall be a first lien as provided in the Act and shall at all times and in all respects be and remain superior to the lien on the Net Revenues securing any Junior Lien Bonds, including the Series 2023 Bonds. The Net Revenues so pledged shall be and remain subject to such lien until the payment in full of the principal of and interest on the Bonds or until Bonds are defeased as provided in Section 23.

The Series 2023 Bonds, including both principal and interest thereon, shall not be a general obligation of the City and shall not constitute an indebtedness of the City for the purpose of any debt limitations imposed by any constitutional, statutory, or charter provisions.

7. PRIOR REDEMPTION. The Series 2023 Bonds issued and sold to the Authority shall be subject to redemption prior to maturity by the City only with the prior written consent of the Authority and on such terms as may be required by the Authority.

8. PAYING AGENT AND REGISTRATION.

(a) Appointment of Paying Agent. From time to time the Authorized Officer shall designate and appoint a Paying Agent, which shall also act as transfer agent and bond registrar. The initial Paying Agent shall be the City Treasurer. The Authorized Officer shall also have the authority to remove the Paying Agent and appoint a successor Paying Agent. In the event of a change in the Paying Agent, notice shall be given in writing, by certified mail, to each Registered Owner not less than sixty (60) days prior to the next interest payment date. The Paying Agent shall keep the official books for the recordation of the Registered Owners of the Bonds.

(b) Registration of Bonds. Registration of the Bonds shall be recorded in the registration books of the City to be kept by a Paying Agent. Bonds may be transferred only by submitting the same, together with a satisfactory instrument of transfer signed by the Registered Owner or the Registered Owner's legal representative duly authorized in writing, to the Paying Agent, after which a new Bond or Bonds shall be issued by the Paying Agent to the transferee (new registered owner) in any denomination, in the same aggregate principal amount as the Bond submitted for transfer. No transfer of Bonds shall be valid unless and until recorded on the bond registration books in accordance with the foregoing. The person in whose name any Bond is registered may for all purposes, notwithstanding any notice to the contrary, be deemed and treated by the City and the Paying Agent as the absolute owner thereof, and any payment of principal and interest on any Bond to the Registered Owner thereof shall constitute a valid discharge of the City's liability upon such Bond to the extent of such payment. No Bond shall be transferred less than fifteen (15) days prior to an interest payment date nor after the Bond has been called for redemption.

(c) Authority's Depository. Notwithstanding any other provision of this Resolution, so long as the Authority is the owner of the Series 2023 Bonds, (a) the Series 2023 Bonds are payable as to principal, premium, if any, and interest in lawful money of the United States of America 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 the Series 2023 Bonds 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 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 the Series 2023 Bonds shall be given by the City and received by the Authority's Depository at least forty (40) days prior to the date on which such redemption is to be made.

9. SALE OF BONDS. The Series 2023 Bonds shall be sold to the Authority. The City determines that a negotiated sale to the Authority is in the best interest of the City because the terms offered by the Authority are more favorable than those available from other sources of funding.

10. BOND FORM. The Series 2023 Bonds shall be in substantially the following form with such completions, changes, and additions as may be required by the Authority or as recommended by the City's Bond Counsel and approved by the officers of the City signing the Series 2023 Bonds:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
ISABELLA COUNTY

CITY OF MT. PLEASANT

WATER RESOURCE RECOVERY SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2023

Table with 3 columns: Interest Rate, Maturity Date, Date of Original Issue. Interest Rate: [Insert Rate], Maturity Date: See Schedule I, Date of Original Issue: [Insert Date]

Registered Owner: Michigan Finance Authority
Principal Amount: [Insert Principal Amount]

The City of Mt. Pleasant, Isabella County, Michigan (the "Issuer"), acknowledges itself indebted and, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, out of the net revenues of the Water Resource Recovery System of the Issuer (the "System"), including all appurtenances, additions, extensions, and improvements thereto after provision has been made for reasonable and necessary expenses of operation, maintenance, and administration of the System (the "Net Revenues") the amounts and on the Dates of Maturity set forth on Schedule I hereto, together with interest thereon from the dates of receipt of such funds, or such later date to which interest has been paid, at the Interest Rate per annum specified above, payable on the first day of April and October of each year, beginning April 1, 2024, except as the provisions hereinafter set forth with respect to redemption of this Bond prior to maturity may become applicable hereto.

The Issuer promises to pay to the Michigan Finance Authority (the "Authority") the principal amount of this 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 Department of Environment, Great Lakes, and Energy.

During the time funds are being drawn down by the Issuer under this Bond, the Authority 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 the Authority 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.

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 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 forty (40) days prior to the date on which such redemption is to be made.

This Bond, being one fully registered manuscript bond, is issued in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended and a resolution adopted by the City Commission of the Issuer on July 10, 2023 (the "Resolution"), for the purpose of paying the cost of acquiring and constructing improvements to the System. This Bond is a self-liquidating Bond, and is not a general obligation of the Issuer within any constitutional, statutory or charter 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 a statutory lien on the Net Revenues.

The Issuer hereby covenants and agrees to fix, and maintain at all times while any of the Bonds shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the principal of and interest upon all such Bonds as and when the same become due and payable, to maintain a bond and interest redemption account, and 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 Resolution. The statutory liens securing any First Lien Bonds (as defined in the Resolution) issued by the Issuer will be first liens that shall be and shall remain superior to the lien on the Net Revenues securing this Bond and any Additional Junior Lien Bonds (as defined in the Resolution), that may be issued pursuant to the Resolution. The Bonds of this series shall have equal sanding with any Additional Junior Lien Bonds that may be issued pursuant to the Resolution, and Additional First Lien Bonds of superior standing to the bonds of this series may be issued pursuant to the Resolution. 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 or superior standing may hereafter be issued, and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Resolution.

Bonds of this series 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.

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 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.

It is hereby certified and recited that all acts, conditions, and things required by law, precedent to and in the issuance of this Bond, exist and have been done and performed in regular and due time and form as required by law and that the total indebtedness of the Issuer including this Bond, does not exceed any constitutional, statutory, or charter limitation.

IN WITNESS WHEREOF, the City of Mt. Pleasant, Isabella County, Michigan, by its City Commission, has caused this Bond to be signed, by the manual or facsimile signatures of its Mayor and its Clerk, all as of the Date of Original Issue specified above.

Amy Perschbacher, Mayor

Heather Bouck, Clerk

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

(please print or type social security number or taxpayer identification number and name and address of transferee)

the within bond and all rights thereunder, and does hereby irrevocably constitute and appoint attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: Signed:

In the presence of:

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his/her capacity to act must accompany the bond.

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program.

Signature Guaranteed:

Name of Issuer CITY OF MT. PLEASANT

EGLE Project No:

EGLE Approved Amount: \$

SCHEDULE I

Based on the schedule provided below, unless revised as provided in this paragraph, repayment of principal of the Bond shall be made until the full amount advanced to the Issuer 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 Issuer 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 Issuer by the Authority, the Authority shall prepare a new payment schedule, which shall be effective upon receipt by the Issuer.