

VILLAGE COUNCIL  
VILLAGE OF BRECKENRIDGE  
GRATIOT COUNTY, MICHIGAN

Minutes of a special meeting of the Village Council of the Village of Breckenridge, Gratiot County, Michigan, held in the Village Hall on July 10, 2024, at 8 a.m., local time.

PRESENT: Clapp, Matthews, Baldwin, Wenzel, Seeley.

ABSENT: Burt, Wingle.

The following Ordinance was offered by Councilperson Wenzel and supported by Councilperson Baldwin:

ORDINANCE NO. 181

**AN ORDINANCE TO AUTHORIZE THE ISSUANCE OF TWO OR MORE SERIES OF JUNIOR LIEN WATER SUPPLY SYSTEM REVENUE BONDS, BY THE VILLAGE OF BRECKENRIDGE PURSUANT TO THE PROVISIONS OF ACT 94 OF THE PUBLIC ACTS OF MICHIGAN OF 1933, AS AMENDED, FOR THE PURPOSE OF UNDERTAKING IMPROVEMENTS TO THE VILLAGE'S WATER SUPPLY SYSTEM; TO PRESCRIBE THE FORM OF BONDS; TO PROVIDE FOR THE PAYMENT AND SECURITY OF SAID BONDS AND ANY FIRST LIEN BONDS; TO PROVIDE FOR THE RIGHTS OF THE HOLDER OF SAID BONDS, ANY FIRST LIEN BONDS, AND ENFORCEMENT THEREOF; AND OTHER MATTERS RELATING TO SAID BONDS.**

WHEREAS, pursuant to Act 94, Public Acts of Michigan, 1933, as amended (the "Act"), the Village Council of the Village of Breckenridge (the "Village") has determined to make improvements to the Village's water supply system; and WHEREAS, the improvements will enable the Village to provide more efficient and better quality public services to the users of the water supply system; and WHEREAS, the improvements shall be financed in part by the issuance of multiple series of revenue bonds in accordance with the Act; and WHEREAS, the Village intends to issue one series of bonds which will be sold to the Michigan Finance Authority pursuant to the Drinking Water State Revolving Fund program; and WHEREAS, the Village intends to issue one or more series of bonds which will be sold to the United States of America; and WHEREAS, the Village has, pursuant to Act 94, previously issued its Series 2010 Bonds and Series 2015 Bonds (each as defined herein) which represent all of the outstanding debt of the Village secured by the Net Revenues of the System; and WHEREAS, the Act permits the Village to authorize, within limitations that shall be contained in the authorizing ordinance, 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.

THE VILLAGE OF BRECKENRIDGE ORDAINS, as follows:

- DEFINITIONS.** Whenever used in this Ordinance except when otherwise indicated by context, the following definitions shall apply:
  - "Act" means Act 94, Public Acts of Michigan, 1933, as amended.
  - "Additional First Lien Bonds" means any additional First Lien bonds issued in the future.
  - "Additional Junior Lien Bonds" means any additional Junior Lien Bonds issued in the future.
  - "Adjusted Net Revenues" means for any operating year the Net Revenues to which may be made the following adjustments:
    - 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.
    - Revenues may be augmented by amounts that may be derived from rates and charges to be paid by new customers of the System.
  - "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.
  - "Authorized Officer" means the President, the Vice President, the Clerk, and the Treasurer of the Village or any one of them acting alone or any number of them acting together.
  - "Bondholder" or "Bondholders" means the holder or holders of the Bonds.
  - "Bonds" means the Series 2024 Bonds and any Additional Junior Lien Bonds and any Additional First Lien Bonds authorized pursuant to this Ordinance or any Ordinance supplemental to this Ordinance.
  - "Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.
  - "Construction Fund" shall mean the construction fund created pursuant to Section 15(a).
  - "Contract Documents" means the Purchase Contract between the Village and the Authority, the Supplemental Agreement by and among the Village, the Authority and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, the Issuer's Certificate for the Series 2024 Bonds, the Revenue Sharing Pledge Agreement presented by the Authority or such other closing documents required by the Authority for the issuance of the Series 2024 Bonds.
  - "Council" means the Village Council of the Village, the legislative and governing body thereof.
  - "DWSRF Bonds" means such of the Series 2024 Bonds sold to the Authority.
  - "First Lien Bonds" shall mean any bonds or other obligations that may be issued or incurred by the Village 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.
  - "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).
  - "G. O. Fund" means the General Obligation Debt Fund created pursuant to Section 15(b)(iii).
  - "Improvements" means the design, purchase, acquisition, and construction of improvements to the System including without limitation, the acquisition and construction of a new water supply well, improvements to the Village's water treatment plant facilities, components, and site, replacement and installation of watermain and related appurtenances to provide System redundancy, replacement and installation of water meters, replacement and installation of water service lines, as well as the restoration of property, streets, rights-of-way and easements affected thereby, and all other work and equipment necessary and incidental to these improvements.
  - "Junior Lien Bonds" shall mean any bonds or other obligations that may be issued or incurred by the Village 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 all series of the Series 2024 Bonds.
  - "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)(B).
  - "Net Revenues" shall have the same meaning as defined in Section 3 of the Act.
  - "Operation and Maintenance Fund" means the Operation and Maintenance Fund created pursuant to Section 15(b)(i).
  - "Ordinance No. 153" means Ordinance No. 153 adopted by the Village Council on March 31, 2010, authorizing the issuance of the Series 2010 Bonds.
  - "Ordinance No. 167" means Ordinance No. 167 adopted by the Village Council of the Issuer on May 18, 2015, authorizing the issuance of the Series 2015 Bonds
  - "Paying Agent" shall mean the paying agent as provided in Section 8.
  - "Receiving Fund" shall mean the Water Supply System Receiving Fund created pursuant to Section 15(b).
  - "Redemption Account" shall mean the Bond and Interest Redemption Account created pursuant to Section 15(b)(ii).
  - "Ordinance" means this Ordinance and all amendments hereto.
  - "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.
  - "Series 2010 Bonds" means the Village's Junior Lien Water Supply System Revenue Bonds, Series 2010 in the principal amount of \$2,756,000 issued pursuant to Ordinance No. 153.
  - "Series 2015 Bonds" means the Village's Junior Lien Water Supply System Revenue Bonds, Series 2015 in the principal amount of \$1,200,000 issued pursuant to Ordinance No. 167.
  - "Series 2024 Bonds" means the Village's Water Supply System Junior Lien Revenue Bonds, Series 2024 issued in multiple series each with an appropriate series designation, pursuant to this Ordinance, including the DWSRF Bonds and the USA Bonds.
  - "System" means the Village's complete water supply system, both inside and outside the Village, including all plants, works, equipment, instrumentalities and properties used or useful in connection with the generation, transmission and distribution of water, as the same now exist, together with all additions, extensions, repairs and improvements thereto hereafter acquired.
  - "United States" means the United States of America.
  - "USA Bonds" means such of the Series 2024 Bonds Sold to the United States.
  - "Village" means the Village of Breckenridge, Gratiot County, Michigan.
  - "2024 USA Bonds Reserve Account" means a subaccount established within the Redemption Account pursuant to Section 15(b)(ii)(C).

- NECESSITY; PUBLIC PURPOSE.** It is hereby determined to be necessary for the public health, safety and welfare of the Village to acquire and construct the Improvements to the System in accordance with the maps, plans and specifications therefor prepared by the Village's consulting engineers, which are hereby approved.
- ESTIMATED COST; PERIOD OF USEFULNESS.** The cost of the Improvements has been estimated by the engineers not to exceed \$3,026,000, 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.
- 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 2024 Bonds, the Village shall issue its revenue bonds pursuant to the provisions of the Act in the aggregate principal sum of not to exceed \$1,725,000. The Series 2024 Bonds shall be issued in two or more series, including the DWSRF Bonds and the USA Bonds. The balance of the costs of the Improvements shall be paid by grants and other funds appropriated by the Village.
  - The DWSRF Bonds shall be issued in the aggregate principal sum provided in the Contract Documents, or such lesser amount thereof as shall have been advanced to the Village pursuant to the Contract Documents.

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 Village 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 DWSRF Bonds.

- The USA Bonds shall be issued in one or more series in the aggregate principal sum determined by the Authorized Officer at the time of sale.
- The Series 2024 Bonds shall be of equal standing with outstanding Series 2010 Bonds and Series 2015 Bonds. Except as changed by this Ordinance or provided by this Ordinance specifically with respect to the Series 2015 Bonds, all of the provisions of Ordinance No. 153 so long as any Series 2010 Bonds are outstanding and all of the provisions of Ordinance No. 167 so long as any Series 2015 Bonds are outstanding, shall apply to the Series 2024 Bonds the same as though each of said provisions were repeated in this Ordinance in detail; the purpose of this Ordinance being to authorize the issuance of additional junior lien revenue bonds to finance the cost of the Project; and provided further that this Ordinance is to be read together with such prior ordinances so as to maintain parity between the Series 2010 Bonds, Series 2015 Bonds, and Series 2024 Bonds.

**SERIES 2024 BOND TERMS.**

- The DWSRF Bonds shall be issued as one fully registered manuscript bond, shall be sold and delivered to the Authority in any denomination. The DWSRF 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 years after the date of issuance. The DWSRF 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 terms of the DWSRF Bonds shall be as provided in the Contract Documents and will be finally determined by the Authorized Officer.
  - The USA Bonds shall be issued in one or more series with each series issued as one fully registered manuscript bond, and shall be sold and delivered to the United States in denominations of \$1,000 or any whole multiple thereof. Each series of the USA Bonds shall be dated the date of delivery to the United States, 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 of each series of the USA Bonds shall be no later than forty (40) years after the date of issuance. The USA Bonds shall bear interest at a rate or rates offered by the United States and approved by the Authorized Officer, payable semiannually on the dates determined by the Authorized Officer at the time of sale. The Authorized Officer may alter or determine the USA Bond terms within the parameters of this Ordinance as hereafter provided.
- 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. 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, 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 2024 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.

As additional security for the for the principal of and interest on the DWSRF Bonds, the Village pledges, pursuant to the Revenue Sharing Pledge Agreement hereinafter executed, any state revenue sharing payments that the Village is eligible to receive from the State of Michigan under Act 140, Public Acts of Michigan, 1971, as amended.

The Series 2024 Bonds, including both principal and interest thereon, shall not be a general obligation of the Village and shall not constitute an indebtedness of the Village for the purpose of any debt limitations imposed by any constitutional or statutory provisions.

**PRIOR REDEMPTION.**

- DWSRF Bonds issued and sold to the Authority shall be subject to redemption prior to maturity by the Village only with the prior written consent of the Authority and on such terms as may be required by the Authority.
- USA Bonds issued and sold to the United States shall be subject to redemption prior to maturity at the option of the Village, in whole or in part, in such order as the Village may designate on any date, at the par value thereof and accrued interest to the date fixed for redemption, without a premium. USA Bonds of a denomination greater than \$1,000 may be partially redeemed in the amount of \$1,000 or any whole multiple thereof.

**PAYING AGENT AND REGISTRATION.**

- 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 Village 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.
- Registration of Bonds.** Registration of the Bonds shall be recorded in the registration books of the Village 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 Village 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 Village'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.
- Authority's Depository.** Notwithstanding any other provision of this Ordinance, so long as the Authority is the owner of the DWSRF Bonds, (a) this DWSRF 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 Village by the Authority (the "Authority's Depository"); (b) the Village agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on the DWSRF 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 Village's deposit by 12:00 noon on the scheduled day, the Village 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 DWSRF Bonds shall be given by the Village and received by the Authority's Depository at least forty (40) days prior to the date on which such redemption is to be made.
- USA Bonds.** While any USA Bonds are held by the United States, principal of and interest on those USA Bonds shall be paid in lawful money of the United States to the United States or its assignee by draft, check or pre-authorized debit at the office specified in writing or by such other method of payment as instructed by the United States or its assignee.

**SALE OF BONDS.**

- The DWSRF Bonds shall be sold by a negotiated sale to the Authority.
- The USA Bonds shall be sold by a negotiated sale to the United States.
- The Village determines that a negotiated sale is in the best interest of the Village because the terms offered by the Authority and the United States are more favorable than those available from other sources of funding.

**BOND FORMS.**

- The DWSRF Bonds shall be in substantially the following form, with an appropriate series designation and with such completions, changes and additions as may be required by the Authority or as recommended by the Village's Bond Counsel and approved by the officers of the Village signing the Series 2024 Bonds:

UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
GRATIOT COUNTY  
VILLAGE OF BRECKENRIDGE

WATER SUPPLY SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2024[A]

Interest Rate	Maturity Date	Date of Original Issue
[Insert Rate]	See Schedule I	[Insert Date]

Registered Owner: Michigan Finance Authority

Principal Amount: [Insert Principal Amount]

The Village of Breckenridge, Gratiot 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 Supply 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 \_\_\_\_\_, 202\_\_\_, 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 (5) 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 an ordinance adopted by the Village Council of the Issuer, on July 10, 2024 (the "Ordinance"), 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 or statutory limitation, but is payable (both as to principal and interest, solely from the Net Revenues of the System. The principal of and interest on this Bond are secured by 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 Ordinance. The statutory liens securing any First Lien Bonds (as defined in the Ordinance) 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 Ordinance), that may be issued pursuant to the Ordinance. The Bonds of this series shall have equal standing with any Additional Junior Lien Bonds that may be issued pursuant to the Ordinance, and Additional First Lien Bonds of superior standing to the bonds of this series may be issued pursuant to the Ordinance. 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 Ordinance.

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 or statutory limitation.

IN WITNESS WHEREOF, the Village of Breckenridge, Gratiot County, Michigan, by its Village Council, has caused this Bond to be signed, by the manual or facsimile signatures of its President and its Clerk, all as of the Date of Original issue specified above.