

THE CHARTER TOWNSHIP OF HAMPTON, BAY COUNTY, MICHIGAN
ORDINANCE NO. 70

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE SEWAGE DISPOSAL SYSTEM OF THE CHARTER TOWNSHIP OF HAMPTON; TO PROVIDE FOR THE ISSUANCE AND SALE OF A SERIES OF JUNIOR LIEN REVENUE BONDS TO PAY A PORTION OF THE COST THEREOF; TO PRESCRIBE THE FORM OF THE BONDS; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM.

THE CHARTER TOWNSHIP OF HAMPTON ORDAINS:

Section 1. Definitions. Capitalized terms used in this Ordinance and not otherwise defined herein shall have the meanings set forth in the Master Ordinance (as hereinafter defined). In addition to the terms defined in the Master Ordinance or elsewhere in this Ordinance, the following terms as used in this Ordinance shall have the following meanings:

“Act 94” shall mean Act 94, Public Acts of Michigan, 1933, as amended.

“Additional Junior Lien Bonds” shall mean additional Junior Lien Bonds issued pursuant to Section 18 of this Ordinance subsequent to the issuance of the Series 2024 Bond.

“Depository Bank” shall mean Independent Bank, in Ionia, Michigan, a member of the Federal Deposit Insurance Corporation, or such other financial institution qualified to serve as depository bank as designated by the Issuer.

“Engineer” shall mean Fleis & VandenBrink.

“Fiscal Year” shall mean the fiscal year of the Issuer and the operating year of the System, commencing January 1 and ending December 31, as such year may be changed from time to time.

“Government” shall mean the government of the United States of America or any agency thereof.

“Issuer” shall mean the Charter Township of Hampton, County of Bay, State of Michigan.

“Junior Lien Bond and Interest Redemption Account” shall mean the Sewage Disposal System Junior Lien Bond and Interest Redemption Account established in accordance with Section 14(a) of this Ordinance.

“Junior Lien Bond Reserve Account” shall mean the subaccount in the Junior Lien Bond and Interest Redemption Account established in accordance with Section 14(a) of this Ordinance.

“Junior Lien Bond Reserve Amount” shall mean the amount required to be on deposit in the Junior Lien Bond Reserve Account with respect to a series of Junior Lien Bonds as provided in the ordinance of the Issuer authorizing the issuance of such series of Junior Lien Bonds, which amount may not exceed the least of: (1) the maximum annual debt requirements during any Fiscal Year on such Junior Lien Bonds; (2) 125% of the average annual debt service requirements during any Fiscal Year on such Junior Lien Bonds; and (3) 10% of the initial principal amount of such Junior Lien Bonds.

“Master Ordinance” shall mean Ordinance No. 69 adopted by the Issuer on May 10, 2021, authorizing the issuance of Senior Lien Bonds and Junior Lien Bonds.

“Ordinance” shall mean this Ordinance and any ordinance or resolution of the Issuer amendatory or supplemental to this Ordinance.

“Outstanding Senior Lien Bonds” shall mean the Issuer’s Sewage Disposal System Revenue Refunding Bonds (Limited Tax General Obligation), Series 2021, dated June 29, 2021, issued pursuant to the Master Ordinance.

“Project” shall mean the acquisition, construction and equipping of improvements to the System, consisting generally of the installation of slip lining in various sections of the wastewater collection system to improve structural integrity and reduce inflow and infiltration, and the rehabilitation of manholes, together with related improvements, structures, equipment and appurtenances, all as described in the plans and specifications prepared by the Engineer.

“Revenues” and “Net Revenues” shall mean the revenues and net revenues of the Issuer 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 Master Ordinance and this Ordinance.

“Series 2024 Bond” shall mean the Issuer’s Sewage Disposal System Junior Lien Revenue Bond, Series 2024 (Taxable), in the original principal amount of not to exceed \$2,768,000, authorized to be issued pursuant to this Ordinance.

“System” shall mean the Issuer’s sewage disposal system, including such facilities thereof as are now existing, are acquired and constructed as the Project, and all enlargements, extensions, repairs and improvements thereto hereafter made.

“Transfer Agent” shall mean the transfer agent and bond registrar for the Series 2024 Bond as appointed from time to time by the Issuer as provided in Section 6 of this Ordinance and who or which shall carry out the duties and responsibilities as set forth in Sections 6 and 7 of this Ordinance.

Section 2. Necessity; Approval of Plans and Specifications. It is hereby determined to be a necessary public purpose of the Issuer to acquire and construct the Project in accordance with the plans and specifications prepared by the Engineer and on file with the Issuer, which plans and specifications are hereby approved.

Section 3. Costs; Useful Life. The total cost of the Project, including the payment of incidental expenses as specified in Section 4 of this Ordinance, is estimated to be not more than \$4,993,000, which estimate of cost is hereby approved and confirmed, and the estimated period of usefulness of the Project is determined to be not less than forty (40) years.

Section 4. Payment of Costs; Series 2024 Bond Authorized; Applicability of Master Ordinance. To pay part of the cost of acquiring and constructing the Project, including legal, engineering, financial and other expenses incident to said acquisition and construction, and incident to the issuance and sale of the Series 2024 Bond, it is hereby determined that the Issuer borrow the aggregate principal sum of not to exceed Two Million Seven Hundred Sixty-Eight Thousand Dollars (\$2,768,000) and issue the Series 2024 Bond therefor pursuant to the provisions of Act 94. The remaining costs of the Project will be paid from grant funds awarded to the Issuer for the Project.

Except as supplemented or amended by, or expressly provided to the contrary in this Ordinance, all of the provisions of the Master Ordinance shall apply to the Series 2024 Bond issued pursuant to this Ordinance, 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 the Series 2024 Bond as Junior Lien Bonds in accordance with, and as

contemplated by, the Master Ordinance. The issuance of the Series 2024 Bond for the purposes described in this Ordinance is authorized by the provisions of Section 15 of the Master Ordinance, upon the conditions therein stated, which conditions have been fully met.

Section 5. Series 2024 Bond Details. The Series 2024 Bond of the Issuer, to be designated “SEWAGE DISPOSAL SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 2024 (TAXABLE),” is authorized to be issued in the aggregate principal amount of not to exceed Two Million Seven Hundred Sixty-Eight Thousand Dollars (\$2,768,000) for the purpose of paying part of the cost of the Project and the incidental costs set forth in Section 4 of this Ordinance. The Series 2024 Bond shall be Junior Lien Bonds, payable solely out of the Net Revenues, as set forth more fully in Section 10 of this Ordinance, provided that the Series 2024 Bond shall be junior and subordinate to the statutory first lien created by the Master Ordinance to secure the Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds hereafter issued.

The Series 2024 Bond shall be dated as of the date of delivery of the first delivery installment (hereinafter defined), shall consist of one fully-registered nonconvertible bond in the denomination of the principal sum issued, and shall be payable in principal installments serially on March 1 of each year, as follows:

<u>March 1</u>	<u>Amount</u>	<u>March 1</u>	<u>Amount</u>
2025	\$52,000	2045	\$69,000
2026	53,000	2046	70,000
2027	54,000	2047	71,000
2028	55,000	2048	72,000
2029	55,000	2049	73,000
2030	56,000	2050	74,000
2031	57,000	2051	75,000
2032	58,000	2052	76,000
2033	58,000	2053	77,000
2034	59,000	2054	78,000
2035	60,000	2055	79,000
2036	61,000	2056	80,000
2037	62,000	2057	81,000
2038	63,000	2058	82,000
2039	63,000	2059	83,000
2040	64,000	2060	84,000
2041	65,000	2061	86,000
2042	66,000	2062	87,000
2043	67,000	2063	87,000
2044	68,000	2064	88,000

The Supervisor of the Issuer is authorized to decrease the aggregate principal amount of the Series 2024 Bond and/or change the payment dates and the amounts of any of the foregoing installments if determined by the Supervisor to be in the best interests of the Issuer; provided, however, that the final principal payment of the Series 2024 Bond shall be due and payable within forty (40) years of the date of issuance of the Series 2024 Bond.

The Series 2024 Bond is expected to be delivered to the Government as initial purchaser thereof in installments (the “delivery installments”) and each delivery installment shall be noted on the registration grid set forth on the Series 2024 Bond. The delivery installments shall be deemed to correspond to the serial principal installments of the Series 2024 Bond in direct chronological order of said serial principal installments.

The serial principal installments of the Series 2024 Bond will each bear interest from the date of delivery of the corresponding delivery installment to the registered holder thereof as shown on the registration grid set forth on the Series 2024 Bond at the rate of not to exceed 1.375% per annum, or such lower rate as the Government agrees to provide to the Issuer, payable on the first March 1 or September 1 following the date of delivery of said delivery installment, and semiannually thereafter on March 1 and September 1 each year until maturity or earlier prepayment of said installment, or such other dates as may be determined by the Supervisor of the Issuer at the time the first delivery installment of the Series 2024 Bond is delivered to the Government. Acceptance of the interest rate on the Series 2024 Bond shall be made by execution of the Series 2024 Bond which so designates the rate specified by the Government and accepted in writing by the Issuer. The Series 2024 Bond shall be issued in fully-registered form and shall not be convertible or exchangeable into more than one fully-registered bond.

The Series 2024 Bond or installments thereof will be subject to prepayment prior to maturity on any date on or after the date that the first principal installment of the Series 2024 Bond is due, in the manner specified in the form of the Series 2024 Bond set forth in Section 9 of this Ordinance.

Section 6. Bond Registration and Transfer. The Transfer Agent shall keep or cause to be kept at its principal office sufficient books for the registration and transfer of the Series 2024 Bond, which shall at all times be open to inspection by the Issuer. The Transfer Agent shall transfer or cause to be transferred on said books the Series 2024 Bond if presented for transfer, as hereinafter provided and subject to such reasonable regulations as it may prescribe.

The Series 2024 Bond may be transferred upon the books required to be kept by the Transfer Agent pursuant to this Section, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Series 2024 Bond for transfer, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever the Series 2024 Bond shall be surrendered for transfer, the Transfer Agent shall record such transfer on the registration books and shall register such transfer on the registration grid attached to the Series 2024 Bond. At the time of such transfer the Transfer Agent shall note on the Series 2024 Bond the outstanding principal amount thereof at the time of such transfer. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Issuer shall not be required (i) to issue, register the transfer of, or exchange the Series 2024 Bond during a period beginning at the opening of business fifteen days before the day of the mailing of a notice of prepayment of the Series 2024 Bond or installments thereof selected for redemption and ending at the close of business on the day of that mailing, or (ii) to register the transfer of or exchange the Series 2024 Bond or portion thereof so selected for prepayment. In the event that the Series 2024 Bond is called for prepayment in part, the Transfer Agent, upon surrender of the Series 2024 Bond called for prepayment in part, shall note on the Series 2024 Bond the principal amount prepaid and shall return the Series 2024 Bond to the registered owner thereof together with the prepayment amount on the prepayment date.

The Treasurer of the Issuer is hereby appointed to act as Transfer Agent with respect to the Series 2024 Bond. If and at such time as the Series 2024 Bond is transferred to or held by any registered owner other than the Government, the Issuer by

resolution may appoint a bank or trust company qualified under Michigan law to act as transfer agent and bond registrar with respect to the Series 2024 Bond, and the Issuer may thereafter appoint a successor Transfer Agent upon sixty (60) days’ notice to the registered owner of the Series 2024 Bond.

Section 7. Payment of the Series 2024 Bond. Principal of and interest on the Series 2024 Bond shall be payable in lawful money of the United States of America by check or draft mailed by the Transfer Agent to the registered owner at the address of the registered owner as shown on the registration books of the Issuer kept by the Transfer Agent. If the Government shall no longer be the registered owner of the Series 2024 Bond, then the principal of and interest on the Series 2024 Bond shall be payable to the registered owner of record as of the fifteenth day of the month preceding the payment date by check or draft mailed to the registered owner at the registered address. Such date of determination of the registered owner for purposes of payment of principal or interest may be changed by the Issuer to conform to future market practice. The Treasurer of the Issuer is hereby authorized to execute an agreement with any successor Transfer Agent.

The Transfer Agent shall record on the registration books the payment by the Issuer of each installment of principal or interest or both on the Series 2024 Bond when made and the canceled checks or drafts representing such payments shall be returned to and retained by the Treasurer of the Issuer, which canceled checks or drafts shall be conclusive evidence of such payments and the obligation of the Issuer with respect to such payments shall be discharged to the extent of such payments.

Upon payment by the Issuer of all outstanding principal of and interest on the Series 2024 Bond, the registered owner thereof shall deliver the Series 2024 Bond to the Issuer for cancellation.

Section 8. Execution and Delivery of the Series 2024 Bond. The Series 2024 Bond shall be manually signed by the Supervisor and countersigned by the Clerk of the Issuer and shall have the corporate seal of the Issuer impressed or imprinted thereon. After execution, the Series 2024 Bond shall be held by the Treasurer of the Issuer for delivery to the Government. Neither the Series 2024 Bond nor any installment thereof shall be valid until registered by the Treasurer of the Issuer or by another person designated in writing by the Treasurer to act as bond registrar, or upon transfer by the Government and thereafter, by an authorized representative of the Transfer Agent.

Section 9. Series 2024 Bond Form. The Series 2024 Bond shall be in substantially the following form, with such completions or other changes as are necessary to conform the Series 2024 Bond to the terms established at the time of sale of the Series 2024 Bond to the Government, as determined by the Supervisor of the Issuer:

REGISTERED

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF BAY

CHARTER TOWNSHIP OF HAMPTON
SEWAGE DISPOSAL SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 2024
(TAXABLE)

No. R-1 \$2,768,000

The Charter Township of Hampton, County of Bay, State of Michigan (the “Issuer”), for value received, hereby promises to pay to the registered owner hereof, but only out of the hereinafter described Net Revenues of the Issuer’s sewage disposal system, including all appurtenances, additions, extensions and improvements thereto (the “System”), the sum of

Two Million Seven Hundred Sixty-Eight Thousand Dollars

on the dates and in the principal installment amounts set forth in Exhibit A attached hereto and made a part hereof, with interest on said installments from the date each installment is delivered to the Issuer and as set forth on the registration grid hereon until paid at the rate of 1.375% per annum, first payable on September 1, 2024, and semiannually thereafter; provided that the principal repayments required herein to the registered owner shall not exceed the total of the principal installments set forth on the registration grid attached hereto from time to time hereafter to acknowledge receipt of payment of the purchase price of this bond up to a total of \$2,768,000. Both principal of and interest on this bond are payable in lawful money of the United States of America to the registered owner at the address shown on the Issuer’s registration books by check or draft mailed to the registered owner at the address shown on the registration books of the Issuer.

For prompt payment of principal and interest on this bond, the Issuer has irrevocably pledged the revenues of the System, after provision has been made for reasonable and necessary expenses of operation, administration and maintenance thereof (the “Net Revenues”), and a statutory second lien thereon is hereby recognized and created, subject to the statutory first lien on the Net Revenues created to secure the Issuer’s outstanding Sewage Disposal System Revenue Refunding Bonds (Limited Tax General Obligation), Series 2021, dated June 29, 2021 (the “Outstanding Senior Lien Bond”), and any Additional Senior Lien Bonds hereafter issued in accordance with the Ordinances (as hereinafter defined).

The Issuer has reserved the right to issue Additional Senior Lien Bonds, which shall be secured a statutory first lien on the Net Revenues of equal standing and priority of lien as to the Net Revenues with the Outstanding Senior Lien Bond, and which shall be superior and senior in all respects to the statutory second lien on the Net Revenues securing this bond, and to issue Additional Junior Lien Bonds, which shall be of equal standing and priority of lien as to the Net Revenues with this bond, all on conditions stated in the Ordinances.

This bond is a single, fully-registered, non-convertible bond in the principal sum of \$2,768,000, issued pursuant to Ordinance No. 69 of the Issuer adopted on May 10, 2021 and Ordinance No. **70** of the Issuer adopted on March 4, 2024 (collectively, 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 acquiring and constructing 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 senior standing or of equal standing as to the Net Revenues may hereafter be issued, and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Ordinances.

This bond is a self-liquidating bond and is not a general obligation of the Issuer and does not constitute an indebtedness of the Issuer within any constitutional or statutory debt 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 is secured by the statutory second lien hereinbefore mentioned.

The Issuer 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 Outstanding Senior Lien Bond and any Additional Senior Lien Bonds hereafter issued, as and when the same shall become due and payable, and to maintain a Senior Lien Bond

and Interest Redemption Account therefor, to provide for the payment of the interest upon and the principal of this bond and any Additional Junior Lien Bonds hereafter issued, as and when the same shall become due, and to maintain a Junior Lien Bond and Interest Redemption Account (including a Junior Lien 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.

Principal installments of this bond are subject to prepayment prior to maturity, in inverse chronological order, at the Issuer’s option, on any date on or after March 1, 2025, at par and accrued interest to the date fixed for prepayment.

Thirty days’ notice of the call of any principal installments for prepayment shall be given by mail to the registered owner at the registered address. The principal installments so called for prepayment shall not bear interest after the date fixed for prepayment, provided funds are on hand to prepay said installments.

This bond shall be registered as to principal and interest on the books of the Issuer kept by the Treasurer of the Issuer or successor or written designee as bond registrar and transfer agent (the “Transfer Agent”) and noted hereon, after which it shall be transferable only upon presentation to the Transfer Agent with a written transfer by the registered owner or his attorney in fact. Such transfer shall be noted hereon and upon the books of the Issuer kept for that purpose by the Transfer Agent.

Capitalized terms used in this bond and not defined herein have the meaning set forth in the Ordinance.

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 Charter Township of Hampton, County of Bay, State of Michigan, by its Township Board, has caused this bond to be signed in its name by its Supervisor and to be countersigned by its Township Clerk, and its corporate seal to be hereunto affixed, all as of [DATE OF DELIVERY], 2024.

CHARTER TOWNSHIP OF HAMPTON

By _____

Its: Supervisor

(Seal)

Countersigned:

By _____

Its: Township Clerk

REGISTRATION
NOTHING TO BE WRITTEN HEREON EXCEPT
BY THE BOND REGISTRAR/TRANSFER AGENT

Date of Delivery	Registration of	Name of Registered Owner	Principal Installment Delivered	Signature of Bond Registrar/ Transfer Agent
		United States of America		
		United States of America		
		United States of America		
		United States of America		
		United States of America		
		United States of America		
		United States of America		
		United States of America		
		United States of America		
		United States of America		
		United States of America		
		United States of America		

EXHIBIT A

March 1	Amount	March 1	Amount
2025	\$52,000	2045	\$69,000
2026	53,000	2046	70,000
2027	54,000	2047	71,000
2028	55,000	2048	72,000

2029	55,000	2049	73,000
2030	56,000	2050	74,000
2031	57,000	2051	75,000
2032	58,000	2052	76,000
2033	58,000	2053	77,000
2034	59,000	2054	78,000
2035	60,000	2055	79,000
2036	61,000	2056	80,000
2037	62,000	2057	81,000
2038	63,000	2058	82,000
2039	63,000	2059	83,000
2040	64,000	2060	84,000
2041	65,000	2061	86,000
2042	66,000	2062	87,000
2043	67,000	2063	87,000
2044	68,000	2064	88,000

Section 10. 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, and to secure such payment, there is hereby recognized the statutory lien upon the whole of the Net Revenues created by the Master Ordinance, which shall be a second lien, subject only to the statutory first lien created by the Master Ordinance to secure the Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds hereafter issued, to continue until payment in full of all principal of and interest on the outstanding Series 2024 Bond. The statutory second lien on the Net Revenues referred to herein shall at all times be and remain junior and subordinate to the statutory first lien created by the Master Ordinance to secure the Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds hereafter issued. The statutory second lien on the Net Revenues referred to herein shall be of equal standing and priority with the statutory second lien created by the Master Ordinance to secure any Additional Junior Lien Bonds hereafter issued.

Section 11. Budget. Immediately upon the effective date of this Ordinance for the remainder of the current Fiscal Year, and thereafter prior to the beginning of each Fiscal Year, the Issuer shall prepare an annual budget for the System for the ensuing Fiscal Year itemized on the basis of monthly requirements. A copy of such budget shall be mailed to the Government without request from the Government for review prior to adoption (as long as the Government is the registered owner of the Series 2024 Bond).

Section 12. Custodian of Funds; Funds. The Treasurer of the Issuer shall be the custodian of all funds belonging to or associated with the System and such funds shall be deposited in the Depository Bank. The Treasurer of the Issuer shall execute a fidelity bond with a surety company in an amount at least equal to the minimum amount required by the Government.

Section 13. Construction Account. The proceeds of the Series 2024 Bond, and no other funds, shall be deposited with the Depository Bank in a separate deposit account to be designated the 2024 SEWAGE DISPOSAL SYSTEM CONSTRUCTION ACCOUNT (the “Construction Account”). Moneys in the Construction Account shall be transferred, expended and used only for the following purposes:

(a) To pay all legal, engineering, financial and other expenses incident to the acquisition and construction of the Project, and incident to the issuance, sale and delivery of the Series 2024 Bond.

(b) To pay the costs of the acquisition, construction, furnishing and equipping of the Project, or to reimburse the Issuer for funds expended in connection with the foregoing.

Any unexpended balance of the proceeds of sale of the Series 2024 Bond remaining after completion of the Project herein authorized may in the discretion of the Issuer be used for further improvements, enlargements or extensions to the System, provided that at the time of such expenditure such use be approved by the Department of Treasury (if such approval is then required by law). Any remaining balance after such expenditures shall be paid into the Junior Lien Bond and Interest Redemption Account and used as soon as is practical for the prepayment of installments of the Series 2024 Bond.

After completion of the Project and disposition of remaining proceeds, if any, of the Series 2024 Bond pursuant to the provisions of this Section, the Construction Account shall be closed.

Section 14. Funds and Accounts; Flow of Funds; Sewage Disposal System Junior Lien Bond and Interest Redemption Account. The funds and accounts and the flow of funds established by the Master Ordinance are hereby continued, and the applicable sections of the Master Ordinance setting forth the funds and accounts and flow of funds for Revenues of the System are incorporated herein by reference in this Ordinance as if fully set forth herein.

(a) Junior Lien Bond and Interest Redemption Account. Pursuant to Section 12(c) of the Master Ordinance, there is hereby established and there shall be maintained a separate deposit account to be held by the Depository Bank to be designated as the SEWAGE DISPOSAL SYSTEM JUNIOR LIEN BOND AND INTEREST REDEMPTION ACCOUNT (the “Junior Lien Bond and Interest Redemption Account”), the moneys on deposit therein from time to time to be used solely for the purpose of paying the principal of, redemption premiums (if any) and interest on the Junior Lien Bonds.

Out of the Revenues remaining in the Receiving Account, after provision for the Operation and Maintenance Account and the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account), there shall be set aside on the first day of each quarter of the Fiscal Year, in the Junior Lien Bond and Interest Redemption Account, a sum proportionately sufficient to provide for the payment of the principal of and interest due on the Junior Lien Bonds on the next succeeding principal and interest payment date, less any amounts in the Junior Lien Bond and Interest Redemption Account representing investment income on amounts on deposit in the Junior Lien Bond and Interest Redemption Account. The amount to be set aside each quarter for interest, after taking into account moneys in the Junior Lien Bond and Interest Redemption Account as provided above, shall be one-half (½) of the total amount of interest on the Junior Lien Bonds next coming due, or such greater or lesser amount in approximately equal quarterly installments necessary to accumulate the amount of interest next coming due by the date such interest is to be paid. The amount set aside each quarter for principal shall be one-quarter (¼) of the principal of the Junior Lien Bonds next coming due, or such greater or lesser amount in approximately equal quarterly installments necessary to accumulate the principal amount next coming due by the date such principal is to be paid. If there is any deficiency in the amounts previously set aside, that deficiency shall be added to the next succeeding quarterly requirements.

The amount to be set aside for the payment of principal and interest on any date shall not exceed the amount which, when added to the money on deposit in the Junior Lien Bond and Interest Redemption Account, including investment income thereon, is necessary to pay principal and interest due on the Junior Lien Bonds on the next succeeding principal payment date.

There is hereby established a subaccount in the Junior Lien Bond and Interest Redemption Account to be known as the JUNIOR LIEN BOND RESERVE ACCOUNT (the “Junior Lien Bond Reserve Account”). Commencing with the Fiscal Year quarter beginning on April 1, 2024, there shall be withdrawn from the Receiving Account each Fiscal Year quarter and set aside in and transferred to the Junior Lien Bond Reserve Account, after provision has been made for the Operation and Maintenance Account and the current requirements of the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account) and the current requirements of the Junior Lien Bond and Interest Redemption Account, the sum of at least \$2,262.50 per quarter (\$9,050 annually) until there is accumulated in such account the lesser of the sum of \$90,500 or the Junior Lien Bond Reserve Amount for the Series 2024 Bond. Except as hereinafter provided, no further deposits shall be made into the Junior Lien Bond Reserve Account pursuant to the requirements of this Ordinance once the lesser of the sum of \$90,500 or the Junior Lien Bond Reserve Amount for the Series 2024 Bond has been deposited therein.

Any ordinance authorizing the issuance of a series of Additional Junior Lien Bonds may provide for additional deposits to be made to the Junior Lien Bond Reserve Account, from the proceeds of such series of Additional Junior Lien Bonds or from System funds or other Issuer funds on hand and legally available for such use, provided that the sum of such additional deposits to the Junior Lien Bond Reserve Account with respect to such Additional Junior Lien Bonds shall not cause the amount of funds on deposit in the Junior Lien Bond Reserve Account to exceed the Junior Lien Bond Reserve Amount with respect to such Additional Junior Lien Bonds.

Except as otherwise provided herein, the moneys credited to the Junior Lien Bond Reserve Account shall be used solely for the payment of the principal of, redemption premiums (if any) and interest on the Junior Lien Bonds as to which there would otherwise be a default. If at any time it shall be necessary to use moneys credited to the Junior Lien Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required by the Master Ordinance or this Ordinance to be deposited to the Operation and Maintenance Account, to the Senior Lien Bond and Interest Redemption Account for current principal and interest requirements on all Senior Lien Bonds then outstanding, to the Senior Lien Bond Reserve Account, or to the Junior Lien Bond and Interest Redemption Account for current principal and interest requirements on all Junior Lien Bonds then outstanding.

No further payments need be made into the Junior Lien Bond and Interest Redemption Account after enough of the Junior Lien Bonds have been retired so that the amount then held in the Junior Lien Bond and Interest Redemption Account (including the Junior Lien Bond Reserve Account), is equal to the entire amount of principal and interest which will be payable at the time of maturity of all of the Junior Lien Bonds then remaining outstanding.

The moneys in the Junior Lien Bond and Interest Redemption Account shall be invested in accordance with Section 13 of the Master Ordinance, and profit realized or income earned on such investment shall be used or transferred as provided in Section 13 of the Master Ordinance.

(b) Repair, Replacement and Improvement Account. The REPAIR, REPLACEMENT AND IMPROVEMENT ACCOUNT (the “RRI Account”) established by Section 12(d) of the Master Ordinance shall continue to be maintained by the Issuer. After provision has been made for the Operation and Maintenance Account and the current requirements of the Senior Lien Bond and Interest Redemption Account (including the Senior Lien Bond Reserve Account) and the current requirements of the Junior Lien Bond and Interest Redemption Account (including the Junior Lien Bond Reserve Account) as established by the Master Ordinance and this Ordinance, and so long as any principal installments of the Series 2024 Bond remain outstanding, commencing with the Fiscal Year quarter beginning on April 1, 2024, there shall be withdrawn from the Receiving Account each Fiscal Year quarter and deposited in the RRI Account, the sum of not less than \$19,866.75 per quarter (\$79,467 annually). Moneys in the RRI Account shall be used and disbursed only for the purpose of paying the cost of (i) repairing any damage to and emergency maintenance of the System, (ii) repairing or replacing obsolete, deteriorating, deteriorated or worn out portions of the System, (iii) acquiring and constructing extensions and improvements to the System and (d) when necessary, for the purpose of making the transfers required by Section 12(f) of the Master Ordinance. Moneys in the RRI Account may be invested in accordance with Section 13 of the Master Ordinance.

Section 15. Fixing and Revising Rates; Rate Covenant. The rates presently in effect in the Issuer are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Outstanding Senior Lien Bonds and the Series 2024 Bond as the same become due and payable, and to provide for all other obligations, expenditures and funds for the System required by law, the Master Ordinance and this Ordinance. In addition, it is covenanted and agreed that the rates shall be set from time to time so that there shall be produced in each Fiscal Year, Net Revenues in an amount not less than (i) 100% of the principal of and interest on all outstanding Senior Lien Bonds coming due in such Fiscal Year, plus (ii) 100% of the principal of and interest on all outstanding Junior Lien Bonds coming due in such Fiscal Year. The rates shall be reviewed not less than once a year and shall be fixed and revised from time to time as may be necessary to produce these amounts, and it is hereby covenanted and agreed to fix and maintain rates for services furnished by the System at all times sufficient to provide for the foregoing.

Section 16. No Free Service. No free service shall be furnished by the System to any individual, firm or corporation, public or private or to any public agency or instrumentality.

Section 17. Covenants. The Issuer covenants and agrees, so long as the Series 2024 Bond herein authorized remains unpaid, as follows:

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

(b) (i) It will maintain complete books and records relating to the operation and financial affairs of the System. If the Government is the holder of the Series 2024 Bond, the Government shall have the right to inspect the System and the records, accounts, and data relating thereto at all reasonable times.

(ii) It will cause an annual audit of such books of record and account for the preceding Fiscal Year to be made each year by a recognized independent certified public accountant, and will cause such accountant to mail a copy of such audit to the Government, without request of the Government. Such audit shall be completed and so made available not later than one hundred eighty (180) days after the close of each Fiscal Year.

(c) It will maintain and carry insurance on all physical properties of the System, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar systems. The amount of said insurance shall be acceptable to the

Government. All moneys received for losses under any such insurance policies shall be applied solely to the replacement and restoration of the property damaged or destroyed, and to the extent not so used, shall be used for the purpose of redeeming Senior Lien Bonds and/or Junior Lien Bonds.

(d) It will not voluntarily dispose of or transfer its title to the System or any part thereof, including lands and interest in land, sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of the Government.

(e) Any extensions to or improvements of the System shall be made according to sound engineering principles, and plans and specifications shall be submitted to the Government for prior review.

Section 18. Issuance of Additional Junior Lien Bonds. The right is reserved, in accordance with the provisions of Act 94, to issue Additional Junior Lien Bonds payable from the Net Revenues of the System and secured by a statutory second lien on the Net Revenues, which shall be of equal standing and priority of lien as to the Net Revenues with any Junior Lien Bonds then outstanding, but junior and subordinate in all respects to the statutory first lien on the Net Revenues securing any outstanding Senior Lien Bonds, but only for the following purposes and on the following conditions:

(a) For making repairs, extensions, enlargements and improvements to the System and/or for the purpose of refunding all or part of any Senior Lien Bonds or Junior Lien Bonds then outstanding and paying costs of issuing such Additional Junior Lien Bonds, including deposits, if any, that may be required to be made to the Junior Lien Bond Reserve Account. Additional Junior Lien Bonds shall not be issued pursuant to this Section 18(a) unless the actual Net Revenues or the Augmented Net Revenues (as hereinafter defined) of the System for the then last preceding Fiscal Year shall be equal to at least (i) one hundred percent (100%) of the average annual debt service requirements on all Senior Lien Bonds then outstanding, plus (ii) one hundred percent (100%) of the average annual debt service requirements on all Junior Lien Bonds then outstanding and on the Additional Junior Lien Bonds then being issued. If the Additional Junior Lien Bonds are to be issued in whole or in part for refunding outstanding Senior Lien Bonds or Junior Lien Bonds, the annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each Fiscal Year the annual principal and interest requirements of any Senior Lien Bonds or Junior Lien Bonds to be refunded from the proceeds of the Additional Junior Lien Bonds. For purposes of this paragraph (a), the Issuer may elect to use as the last preceding Fiscal Year any Fiscal Year ending not more than eighteen (18) months prior to the date of delivery of the Additional Junior Lien Bonds for which an audit has been completed; or

(b) For refunding all or part of any outstanding Junior Lien Bonds and paying costs of issuing such Additional Junior Lien Bonds, including deposits, if any, that may be required to be made to the Junior Lien Bond Reserve Account. No Additional Junior Lien Bonds shall be issued pursuant to this Section 18(b) unless the maximum amount of principal and interest maturing in any Fiscal Year on all Junior Lien Bonds then outstanding after giving effect to the refunding, and on the Additional Junior Lien Bonds then being issued, shall be not greater than the maximum amount of principal and interest maturing in any Fiscal Year prior to giving effect to the refunding.

For purposes of this Section 18, the term “Augmented Net Revenues” shall mean the Net Revenues of the System for a Fiscal Year, adjusted to reflect the effect of any rate increase placed in effect during that Fiscal Year (but not in effect for the whole Fiscal Year), placed in effect subsequent to such Fiscal Year, or scheduled, at the time the Additional Junior Lien Bonds are issued, to be placed in effect before principal of and interest on the Additional Junior Lien Bonds become payable from Net Revenues of the System, and augmented by any increase in Revenues or decrease in expenses estimated to accrue from any improvements to be acquired and constructed with the proceeds of the Additional Junior Lien Bonds. Augmented Net Revenues shall be established by a certificate of an independent consultant filed with the Clerk of the Issuer.

Determination by the Issuer as to the existence of conditions permitting the issuance of Additional Junior Lien Bonds shall be conclusive.

Section 19. Ordinance Shall Constitute Contract. The provisions of this Ordinance shall constitute a contract between the Issuer and the holder of the Series 2024 Bond and after the issuance of the Series 2024 Bond this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holder of the Series 2024 Bond without the consent of such holder, nor, except as specifically provided herein, shall the Issuer adopt any law, ordinance or resolution in any way adversely affecting the rights of the holders so long the Series 2024 Bond or interest thereon remains unpaid.

Section 20. Refunding of Series 2024 Bond. If at any time it shall appear to the Government that the Issuer is able to refund upon call for redemption or with consent of the Government the then outstanding Series 2024 Bond by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Issuer will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government, and will take all such actions as may be required in connection with such loans.

Section 21. Ordinance Subject to Michigan Law and Government Regulations. The provisions of this Ordinance are subject to the laws of the State of Michigan and to the present and future regulations of the Government not inconsistent with the express provisions hereof and Michigan law.

Section 22. Fiscal Year of System. The fiscal year for operating the System shall be the Fiscal Year.

Section 23. Issuer Subject to Loan Resolution. So long as the Government is holder of the Series 2024 Bond, the Issuer shall be subject to the loan resolution (RUS Bulletin 1780-27) and shall comply with all provisions thereof.

Section 24. Covenant Not to Defease. So long as the Government is the holder of the Series 2024 Bond, the Issuer covenants that it will not defease the Series 2024 Bond or any portion thereof.

Section 25. Certain Determinations. The Supervisor and the Clerk of the Issuer are each hereby individually authorized to adjust the final details of the Series 2024 Bond set forth herein to the extent necessary or convenient to complete the

transactions authorized herein, and in pursuance of the foregoing each is 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 necessary to effectuate the sale and issuance of the Series 2024 Bond authorized hereby, all within the parameters established by this Ordinance. The Supervisor and the Clerk are each hereby authorized to confirm the final terms and details of the Series 2024 Bond by execution of the Series 2024 Bond.

Section 26. Negotiated Sale to the Government. The Issuer has considered the option of selling the Series 2024 Bond through a competitive sale and a negotiated sale and determines to sell the Series 2024 Bond to the Government in a negotiated sale in order to obtain interest rates and other terms not generally available from conventional municipal bond market sources and for the opportunities provided by a negotiated sale to the Government to select and adjust the terms of the Series 2024 Bond, including the prepayment of the principal of the Series 2024 Bond at any time without premium. The Supervisor and the Clerk of the Issuer are each hereby authorized and directed to negotiate the sale of the Series 2024 Bond to the Government at an interest rate not to exceed 1.375% per annum at a purchase price equal to the par value thereof. The Treasurer of the Issuer is hereby authorized to deliver the Series 2024 Bond in accordance with the delivery instructions of the Government.

Section 27. Authorization of Other Actions. The Supervisor, Clerk and Treasurer of the Issuer are each authorized and directed to execute and deliver all other agreements, documents and certificates and to take all other actions necessary to complete the issuance and delivery of the Series 2024 Bond in accordance with this Ordinance.

Section 28. Bond Counsel. The appointment of the law firm of Miller, Canfield, Paddock and Stone, P.L.C. to serve as bond counsel to the Issuer in connection with the issuance of the Series 2024 Bond is hereby approved and confirmed.

Section 29. Conflict and Severability. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed, and each section of this Ordinance and each subdivision of any section hereof is hereby declared to be independent, and the finding or holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivision of this Ordinance.

Section 30. Paragraph Headings. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be a part of this Ordinance.

Section 31. Publication and Recordation. This Ordinance shall be published in full in a newspaper of general circulation in the Issuer qualified under State law to publish legal notices promptly after its adoption, and the same shall be recorded in the Ordinance Book of the Issuer and such recording authenticated by the signatures of the Supervisor and the Clerk.

Section 32. Effective Date. This Ordinance is hereby determined by the Township Board to be immediately necessary for the preservation of the peace, health and safety of the Issuer and shall be in full force and effect from and after its passage and publication as required by law.

Passed and adopted by the Township Board of the Charter Township of Hampton, County of Bay, State of Michigan, on March 4, 2024.

Supervisor

(Seal)

Attest:

Township Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the Township Board of the Charter Township of Hampton, County of Bay, State of Michigan, at a regular meeting held on the 4th day of March, 2024, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following Members were present at said meeting:_____, and that the following Members were absent:_____.

I further certify that Member _____ moved adoption of said Ordinance, and that said motion was supported by Member _____.

I further certify that the following Members voted for adoption of said Ordinance:_____, and that the following Members voted against adoption of said Ordinance:_____.

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

Township Clerk

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