

ORDINANCE NO. 14

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO THE WATER SUPPLY SYSTEM OF THE CITY OF AU GRES; TO PROVIDE FOR THE ISSUANCE OF SELF-LIQUIDATING REVENUE BONDS FOR THE PURPOSE OF DEFRAYING PART OF THE COST THEREOF AND FOR REFUNDING THE OUTSTANDING WATERWORKS REVENUE BONDS OF THE CITY UNDER THE PROVISIONS OF ACT 94, PUBLIC ACTS OF MICHIGAN, 1933, AS AMENDED; TO PROVIDE FOR THE FIXING, COLLECTION, SEGREGATION AND DISPOSITION OF THE REVENUES OF SAID WATER SUPPLY SYSTEM AND PAYMENT OF SAID BONDS OUT OF THE REVENUES THEREOF; AND CREATING A STATUTORY LIEN ON SUCH REVENUES.

THE CITY OF AU GRES ORDAINS:

Section 1. The City Council of the City of Au Gres, Arenac County, Michigan, hereby determines it to be necessary for, and to secure the public health, safety, convenience and welfare of said City of Au Gres to construct various improvements to the waterworks of the City, consisting of some 7,500 feet of water main extensions, together with necessary appurtenances and attachments thereto, in accordance with detailed maps, plans, specifications and estimates heretofore prepared by E. J. Edwards, registered engineer of Bay City, Michigan.

Section 2. It is hereby determined to be necessary in order to issue additional bonds payable from the revenues of the waterworks to retire by refunding all of the outstanding Waterworks Revenue Bonds of the City dated March 1, 1949, maturing after January 1, 1964, in the

aggregate principal sum of Twenty-four Thousand (\$24,000.00) Dollars on or before January 1, 1964, all of said bonds being either callable on or before that date or being subject to binding agreements entered into between the holders and the City whereby said holders agree to surrender said bonds on or before said date at par, accrued interest and an agreed-upon premium.

Section 3. The City Council has caused an estimate to be made of the cost of said improvements by said engineer, and it is hereby determined that the total estimated cost of such improvements, including engineering, legal and financial expense, is the sum of Ninety-five Thousand (\$95,000.00) Dollars, and the period of usefulness of said improvements is estimated to be not less than forty (40) years.

Section 4. To pay the cost of acquiring and constructing such improvements, including the payment of engineering, legal, financial and other expenses incident thereto and incident to the issuance of said bonds and to retire by refunding all of the outstanding Waterworks Revenue Bonds of the City dated March 1, 1949, and maturing after January 1, 1964, it is hereby determined that the City of Au Gres shall borrow the sum of Forty-five Thousand (\$45,000.00) Dollars, and that revenues bonds be issued therefor under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, which bonds are sometimes referred to herein as the bonds. Of the aforesaid sum to be borrowed, Twenty-four Thousand Four Hundred Thirty (\$24,430.00) Dollars shall be used to retire and pay call premiums on the aforesaid outstanding Waterworks Revenue Bonds of the City and the balance thereof shall be used to pay part of the cost of the proposed improvements, the remainder of the cost thereof to be defrayed from the proceeds of a Federal grant and from funds on hand.

Wherever the word "waterworks" is used in this Ordinance, it shall be understood to mean the complete water supply system of the City of Au Gres, including all existing facilities of the City used or useful in the supply and distribution of water, the water mains and accessories to be constructed under the provisions of this Ordinance and all extensions and improvements hereafter constructed.

Wherever the words "revenues" and "net revenues" are used in this Ordinance, they shall be understood to have the meaning as defined in Section 3 of Act 94, Public Acts of Michigan, 1933, as amended.

Section 5. Said bonds shall be designated WATER SUPPLY SYSTEM IMPROVEMENT AND REFUNDING REVENUE BONDS and shall not be general obligations of the City of Au Gres but revenue bonds payable solely out of the net revenues of the waterworks after provision has been made for payment of expenses of operation, administration and maintenance and shall consist of forty-five (45) bonds of the denomination of One Thousand (\$1,000.00) Dollars each, numbered consecutively in direct order of maturity from 1 to 45, inclusive, dated October 1, 1963, and payable serially as follows:

- \$1,000.00 January 1st of each year from 1965 to 1968, inclusive;
- \$2,000.00 January 1st of each year from 1969 to 1975, inclusive;
- \$3,000.00 January 1st of each year from 1976 to 1984, inclusive.

Said bonds shall bear interest at a rate or rates not exceeding five (5%) per cent per annum, payable on July 1, 1964, and semi-annually thereafter on January 1st and July 1st of each year, both principal and interest to be payable in lawful money of the United States of America at a bank or trust company qualified to act as paying agent to be designated by the purchaser of the bonds.

Bonds maturing in the years 1974 to 1984, inclusive, shall be subject to redemption at the option of the City in inverse numerical order on any interest payment date on or after January 1, 1973, at par and accrued interest to the date fixed for redemption plus a premium as follows:

\$30.00 on each bond called during the years 1973, 1974 and 1975;
\$20.00 on each bond called during the years 1976, 1977 and 1978;
\$10.00 on each bond called during the years 1979, 1980 and 1981;
No premium shall be paid on bonds called after the year 1981.

Thirty days' notice of the call of any bonds for redemption shall be given by publication in a paper circulated in the State of Michigan which carries, as part of its regular service, notices of sale of municipal bonds, and in case of registered bonds, thirty days' notice shall be given by mail to the registered address. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the paying agent to redeem said bonds.

Said bonds may be registered as to principal only in the manner and with the effect set forth on the back thereof, as hereinafter provided.

Said bonds shall be signed by the Mayor and countersigned by the City Clerk and shall have the corporate seal of the City affixed thereto, and shall have interest coupons attached bearing the facsimile signatures of said Mayor and City Clerk, and said officials, by the execution of said bonds, shall adopt as and for their proper signatures their respective facsimile signatures on said coupons.

Section 6. Said bonds shall not be a general obligation or indebtedness of the City of Au Gres, but shall be payable solely from the net revenues derived from the operation of the waterworks; and to secure such payment there is hereby created a statutory first lien upon the whole of the net revenues of said waterworks, to continue until the payment in

full of the principal and interest on said bonds.

Section 7. The holder or holders of said bonds or coupons representing in the aggregate not less than twenty (20%) per cent of the entire issue then outstanding may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce the statutory lien upon the revenues of said waterworks, and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the City of Au Gres, including the fixing of sufficient rates, the collection of revenues, the proper segregation of the revenues of the waterworks and the proper application thereof; Provided, However, that the statutory lien upon said revenues shall not be construed to compel the sale of the waterworks.

If there be any default in the payment of the principal of or interest upon any of said bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate said waterworks on behalf of the City, and under the direction of said court, and by and with the approval of said court to perform all of the duties of the officials of said City more particularly set forth herein and in Act 94, Public Acts of Michigan, 1933, as amended.

The holder or holders of any such bonds or any coupons therefrom shall have all other rights and remedies given by said Act 94, Public Acts of Michigan, 1933, as amended, for the collection and enforcement of said bonds and the security therefor.

Section 8. The construction, operation, repair and management of the waterworks, including the acquisition and construction of the extensions and improvements herein authorized, shall be under the

HILLER, CANFIELD, PADDOCK AND STONE, PENOBSCOT BUILDING, DETROIT 26, MICHIGAN

immediate supervision and control of the City Council.

The City Council may make such rules and regulations governing the operation of the waterworks and the collection of the rates for the use thereof as it shall deem necessary for the efficient and proper management of the waterworks. [Such rules and regulations shall have the same force and effect as ordinances.]

Section 9. The rates presently in effect for water service furnished by the waterworks shall be continued as follows:

Monthly Rate

Each premises connected to the system shall be metered and shall pay water charges at the following rates, per month:

Rates changed Sept. 1967

- To 2,500 gallons - \$2.85 (minimum) *3.00*
- Next 2,500 gallons - \$.71 per 1,000 gallons *79¢*
- Next 2,500 gallons - \$.57 per 1,000 gallons *65¢*
- All over 7,500 gallons - \$.50 per 1,000 gallons *58¢*

Fire Protection

For fire protection, the City shall pay out of its appropriate funds, the sum of One Hundred (\$100.00) Dollars per year for each fire hydrant, said sum to be paid quarterly.

Connection Charges

Each premises connecting to the system shall pay the actual cost of the required meter and connection, plus Twenty (\$20.00) Dollars inspection and supervision fee.

Billing

All customers will be billed monthly. All bills must be paid within twenty (20) days from the date on the bill, and ten per cent (10%) will be added to the amount of the bill if not paid within said twenty (20) day period.

Change to quarterly

Special Rates

For miscellaneous services for which a special rate shall be established, such rates shall be fixed by the City Council.

Rate change 6/8/95 meeting
to \$3.00 per thousand after
min \$12.00 for first 3,00 gallons

Tap in Fee \$1,000.00 or excess of \$1,000.00 if cost is more
passed City Council 4/10/95

Hydrant fee \$150.00 per hydrant per adoption of 94/95 budget

Enforcement

The charges for water service which are under the provisions of Section 21 of Act 94 of the Public Acts of Michigan, 1935, as amended, made a lien on all premises served thereby, unless notice is given that a tenant is responsible, are hereby recognized to constitute such lien and whenever any such charge against any piece of property shall be delinquent for six months, the City officials in charge of the collection thereof shall certify to the tax-assessing officer of the City, the fact of such delinquency, whereupon such charge shall be entered upon the next tax roll as a charge against such premises and shall be collected and the lien thereof enforced in the same manner as general city taxes against such premises are collected, and the lien thereof enforced: Provided, However, where notice is given that a tenant is responsible for such charges and service as provided by said Section 21 no further service shall be rendered any piece of property until a cash deposit of not less than Five (\$5.00) Dollars shall have been made as security for payment of such charges and service.

In addition to other remedies provided, the City shall have the right to shut off and discontinue the supply of water to any premises for the nonpayment of water rates, when due.

Section 10. No free service shall be furnished by said waterworks to any person, firm or corporation, public or private, or to any public agency or instrumentality. Any water furnished to the City other than by fire hydrants shall be charged against the City at regular metered rates and shall be paid for monthly as the services accrue, from the current funds, or from the proceeds of taxes which the City is authorized and required to levy, in an amount sufficient for that purpose.

Section 11. The rates hereby fixed are estimated to be sufficient to provide for the payment of the interest upon and the principal of all such bonds as and when the same become due and payable, to create a bond and interest redemption fund therefor, including a bond reserve account, to provide for the payment of the expenses of the administration and operation and such expenses for maintenance of said waterworks as are

necessary to preserve the same in good repair and working order, and to provide a reasonable reserve for major repairs and replacements. Such rates shall be fixed and revised from time to time as may be necessary to produce these amounts, and the City of Au Gres hereby covenants and agrees at all times to fix and maintain such rates for services furnished by said waterworks as shall be sufficient to provide for the foregoing.

Section 12. The waterworks shall be operated on the basis of an operating or fiscal year commencing January 1st and ending on December 31st.

Section 13. The revenues of the waterworks are hereby ordered to be set aside, as collected, and deposited in the Au Gres State Bank of Au Gres, Michigan, a bank duly qualified to do business in Michigan, in an account to be designated WATERWORKS RECEIVING FUND, and said revenues so deposited are pledged for the purposes of the following funds and shall be transferred from said Receiving Fund periodically in the manner and at the times hereinafter specified.

(A) OPERATION AND MAINTENANCE FUND:

Out of the revenues in the Waterworks Receiving Fund, there shall first be set aside, quarterly, into a separate depository account designated the OPERATION AND MAINTENANCE FUND, a sum sufficient to provide for the payment, for the next quarterly period, of the current expenses of administration and operation of the waterworks and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order.

The City Council, prior to the commencement of each operating year, shall adopt a budget covering the foregoing expenses for each year.

and such total expenses shall not exceed the total amount specified in said budget, except by a vote of three-fifths (3/5) of the members of the City Council.

(B) BOND AND INTEREST REDEMPTION FUND:

There shall next be established and maintained a separate depository account known as the BOND AND INTEREST REDEMPTION FUND, which shall be used solely and only for the purpose of paying the principal of and interest on the bonds hereby authorized. The moneys in said Bond and Interest Redemption Fund (including the Bond Reserve Account hereinafter established) shall be maintained on deposit in the bank or trust company where the bonds are currently payable.

Out of the revenues remaining in the Receiving Fund after provision has been made for expenses of operation and maintenance of the system, there shall next be set aside, quarterly, in the Bond and Interest Redemption Fund, a sum proportionately sufficient to provide for the payment of the principal of and interest upon all outstanding bonds payable from the revenues of the waterworks, as and when the same become due and payable. Commencing January 1, 1964, the amount so set aside for interest each quarter during the first six months of each operating year shall not be less than one-half (1/2) of the total amount of interest maturing on the following July 1st, and each quarter during the last six months of each operating period shall be not less than one-half (1/2) of the total amount of interest maturing on the following January 1st. The amount so set aside for principal during each quarter commencing January 1, 1964, shall be not less than one-quarter (1/4) of the amount of principal maturing on January 1st of the following year. If there shall be any deficiency in the amount previously required to be set aside, then the amount of such deficiency shall be added

to the current requirements.

There is hereby established in the Bond and Interest Redemption Fund a separate account to be known as the Bond Reserve Account, into which account there shall be set aside quarterly, commencing January 1, 1964, after provision has been made for the Operation and Maintenance Fund, and current requirements of the Bond and Interest Redemption Fund, the sum of One Thousand (\$1,000.00) Dollars in each of the fiscal years commencing January 1, 1964, 1965, 1966 and 1967, until said Bond Reserve Account shall total Four Thousand (\$4,000.00) Dollars. The money in said Bond Reserve Account shall be used solely for the payment of the principal and interest on said bonds as to which there would otherwise be default. If, at any time, it shall be necessary to use moneys in the 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 this Ordinance to be used for operation and maintenance or for current principal and interest requirements: Provided, However, that such Bond Reserve Account shall not be regarded as moneys otherwise appropriated or pledged for the purpose of determining the sufficiency of funds available for redemption of callable bonds.

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

(C) REPLACEMENT FUND:

There shall next be established and maintained a separate depository account designated REPLACEMENT FUND, which shall be used

solely for the purpose of making major repairs and replacements to the waterworks if needed. There shall be set aside into said Fund, quarterly, commencing January 1, 1964, after provision has been made for the Operation and Maintenance Fund and the Bond and Interest Redemption Fund (including the Bond Reserve Account), the sum of One Thousand (\$1,000.00) Dollars in each of the fiscal years commencing January 1, 1964, 1965 and 1966, until said Replacement Fund shall total Three Thousand (\$3,000.00) Dollars. If at any time it shall be necessary to use moneys in said Fund for such purpose, the moneys so used shall be replaced from the net revenues in the Receiving Fund which are not required by this Ordinance to be used for the Operation and Maintenance Fund or the Bond and Interest Redemption Fund (including the Bond Reserve Account).

(D) IMPROVEMENT FUND:

There shall next be established and maintained an Improvement Fund for the purpose of making improvements, extensions and enlargements to the waterworks. There shall be deposited into said Fund each quarter after providing for all of the foregoing requirements, such sum as the City Council shall determine.

(E) SURPLUS MONEYS:

Moneys remaining in the Receiving Fund at the end of any operating year, after full satisfaction of the requirements of the foregoing funds, may, at the option of the City Council, be transferred to the Bond and Interest Redemption Fund and used for the purpose of calling bonds for redemption in the manner herein specified: Provided, However, that if there should be any deficit in the Operation and Maintenance Fund, Bond and Interest Redemption Fund (including the Bond Reserve Account), or the Replacement Fund on account of default in setting aside therein the amounts

hereinbefore required, then transfers shall be made from the moneys remaining in the Receiving Fund at the end of any operating year to such funds in the priority and order named, to the extent of such deficits.

(F) MONEYS ON HAND OCTOBER 1, 1963:

All moneys in any of the funds of the present waterworks of the City on October 1, 1963, and not specifically earmarked or appropriated for other purposes shall be used as follows and in the following order of priority:

First, a sum sufficient to meet operation and maintenance expenses of the waterworks for the quarter commencing October 1, 1963, shall be placed in the Operation and Maintenance Fund established by this Ordinance.

Second, a sum sufficient to pay interest on all of the outstanding Waterworks Revenue Bonds of the City dated March 1, 1949, and also the principal of such of said bonds as mature on January 1, 1964, shall be deposited in trust with the paying agent for said bonds and used solely for the purpose of paying said interest and principal due January 1, 1964.

Third, the balance of said moneys shall be deposited in the Receiving Fund established by this Ordinance.

Section 14. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Bond and Interest Redemption Fund, any moneys and/or securities in other funds of the System shall be transferred, first, to the Operation and Maintenance Fund, and, second, to the Bond and Interest Redemption Fund to the extent of any deficit therein.

Section 15. Moneys in any fund or account established by the provisions of this Ordinance, including moneys derived from the proceeds

of sale of the bonds, may be invested in obligations of the United States of America in the manner and subject to the limitations provided in Act 94, Public Acts of Michigan, 1933, as amended. In the event such investments are made, the securities representing the same shall be kept on deposit with the bank or trust company having on deposit the fund or funds from which such purchase was made. Income received from such investments shall be credited to the fund from which said investments were made.

Section 16. Said bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended.

Section 17. The proceeds of the sale of the bonds herein authorized to be issued shall be deposited in The Au Gres State Bank, Au Gres, Michigan, a bank insured by the Federal Deposit Insurance Corporation. From the proceeds of sale of the bonds, there shall be immediately transferred to the Bond and Interest Redemption Fund the accrued interest, and premium, if any, received on sale and delivery of the bonds. There shall also be immediately transferred from such proceeds the sum of Twenty-four Thousand Four Hundred Thirty (\$24,430.00) Dollars, which sum shall be deposited in trust with the paying agent for the outstanding Waterworks Revenue Bonds of the City dated March 1, 1949, and used to retire on January 1, 1964, all of said outstanding bonds maturing after that date. The balance of such proceeds shall be applied solely in payment of the cost of the public improvement hereinbefore described and any engineering, legal and other expenses incident thereto and to the financing thereof. Payments for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such

MILLER, CANFIELD, PADDOCK AND STONE, PENOBSCOT BUILDING, DETROIT 26, MICHIGAN

work shall file with the City Council a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that it was done pursuant to and in accordance with the contract therefor, and that such work is entirely satisfactory.

Any unexpended balance of the proceeds of sale remaining after completion of the public improvement herein authorized may, in the discretion of the City Council and to the extent of fifteen per cent (15%) of the amount of the bonds authorized by this Ordinance, be used for further improvements, enlargements and extensions to the waterworks, provided that at the time of such expenditure such use be approved by the Municipal Finance Commission. Any remaining balance after such expenditure shall be paid into the Bond and Interest Redemption Fund and shall be used for the redemption of callable bonds, or prior to the first call date only, purchasing bonds on the open market at not more than the fair market value thereof, and at a price in any event not exceeding the first call price.

Section 18. The City of Au Gres covenants and agrees with the successive holders of the bonds and coupons that so long as any of the bonds remain outstanding and unpaid as to either principal or interest -

(a) The City of Au Gres will maintain the waterworks in good repair and working order and will operate the same efficiently and will faithfully and punctually perform all duties with reference to the waterworks required by the Constitution and laws of the State of Michigan, including the making and collecting of sufficient rates for water services rendered by the waterworks, and the segregation and application of the revenues of the waterworks in the manner provided in this Ordinance.

(b) The City Council will cause to be maintained and kept proper books of record and account, separate from all other records and accounts of the City, in which shall be made full and correct entries of all transactions relating to the waterworks. Not later than sixty (60) days after the close of each operating year, the City Council will cause to be prepared on forms furnished by the Municipal Finance Commission, if such forms are available, a statement in reasonable detail, sworn to by its Chief Accounting Officer, showing the cash income and disbursements of the waterworks during each operating year, the assets and liabilities of the waterworks at the beginning and close of the fiscal year, and such other information as is necessary to enable any taxpayer of the City, user of the service furnished, or any holder or owner of the bonds or anyone acting in their interest, to be fully informed as to all matters pertaining to the financial operation of the waterworks during such year. A certified copy of such statement shall be filed within seventy-five (75) days after the close of each operating year with the Municipal Finance Commission, and a copy sent to the manager of the account purchasing the bonds. Such statement and books of record and account shall at all reasonable times be open to inspection by any taxpayer of the City, user of the service or holder or holders of any bonds, or anyone acting in their behalf. The City Council will also cause an annual audit of such books of record and account for the preceding operating year to be made each year by a recognized independent certified public accountant, and will mail a copy of such audit to the manager

of the syndicate or account purchasing the bonds. Such audit shall be completed and so made available not later than three (3) months after the close of each operating year.

(c) The City will maintain and carry, for the benefit of the holders of the bonds, insurance on all physical properties of the waterworks, of the kinds and in the amounts normally carried by public utility companies and municipalities engaged in the operation of water supply systems. 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 calling bonds.

(d) The City will not sell, lease or dispose of the waterworks, or any substantial part thereof, until all of the bonds have been paid in full, both as to principal and interest. The City will cause the operation of the waterworks to be carried on as economically as possible, will cause to be made to the waterworks all repairs and replacements necessary to keep the same in good repair and working order and will not do or suffer to be done any act which would affect the waterworks in such a way as to impair or affect unfavorably the security of the bonds. The City will not grant any franchise that will result in the operation of a competing water supply system.

Section 19. The right is reserved in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended, to issue additional bonds payable from the revenues of the waterworks, which shall

be of equal standing with the bonds herein authorized but only for the following purposes:

(a) To complete the public improvement in accordance with the plans and specifications therefor, and such bonds shall not be authorized unless the consulting engineers, or the successor engineers in charge of construction, shall execute a certificate evidencing the fact that additional funds are needed to complete the public improvements in accordance with the plans and specifications therefor. If such certificate shall be so executed and filed with the City Clerk, it shall be the duty of the City Council to provide for and issue additional revenue bonds in the amount stated in said certificate to be necessary to complete the public improvements in accordance with the plans and specifications.

(b) For subsequent extensions and improvements to the waterworks: Provided that no such additional bonds shall be issued unless the average annual net revenues for the last two (2) preceding completed operating years of the waterworks, or the net revenues for the last completed operating year, whichever is lower, when supplemented by the net revenues estimated to accrue from an increase in rates imposed at or prior to the time of authorization of the additional bonds and/or when supplemented by the net revenues estimated to accrue from the said extensions and improvements to be paid for in whole or in part from the proceeds of sale of said additional bonds, shall be equal to at least one and one-half (1-1/2) times the largest annual principal and interest require-

ments thereafter maturing on the bonds herein authorized, on any then previously issued bonds of equal standing with the bonds herein authorized, and on such additional bonds then being issued. For the purpose of determining net revenues under the above requirements, if the City shall raise the water rates at or prior to the time of authorizing such additional bonds, then the net revenues of the waterworks for each of the last two preceding operating years, or the net revenues of the last preceding operating year, as the case may be, shall be augmented to an amount reflecting the effect of such increase had the City's water billings during such years been at the increased rates. In addition, the said net revenues for each of the last two preceding operating years shall be increased by an amount to reflect the increase in net revenues estimated to accrue from the said extensions and improvements. Prior to the issuance of any additional bonds pursuant to this paragraph, there shall be filed with the City Clerk a statement showing the net revenues for each of the two (2) preceding completed operating years, the net additional or augmented revenues reflecting the application of the increased rates, and from the additions and extensions to be acquired and constructed, if any, and the annual principal and interest requirements on all outstanding bonds payable from revenues of the system and the bonds proposed to be issued. Said statement shall be executed by a registered engineer appointed by the City. Permission of the Municipal Finance Commission (or such other State body having jurisdiction over the issuance

of municipal bonds) to issue such additional bonds shall constitute a conclusive presumption of the existence of conditions permitting the issuance thereof.

Except as herein authorized, no additional bonds having equal standing with the bonds of this issue shall be authorized or issued.

Section 20. Said bonds and coupons shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF MICHIGAN

COUNTY OF ARENAC

CITY OF AU GRES

WATER SUPPLY SYSTEM IMPROVEMENT AND
REFUNDING REVENUE BOND

No. _____

\$1,000.00

KNOW ALL MEN BY THESE PRESENTS that the CITY OF AU GRES, County of Arenac, State of Michigan, for value received, hereby promises to pay to the bearer or, if registered, to the registered holder hereof, but only out of the revenues of the waterworks system of the City of Au Gres, including all appurtenances, extensions and improvements thereto, the sum of

ONE THOUSAND DOLLARS

on the first day of January, A. D., 19____, with interest thereon from the date hereof until paid at the rate of _____ per cent (%) per annum, payable on July 1, 1964, and semi-annually thereafter on the first day of January and July of each year, upon presentation and surrender of the proper interest coupons hereto attached as they severally become due. Both principal of and interest on this bond are payable in lawful money of the United States of America at _____

and for the prompt payment thereof, the gross revenues of the waterworks system of the City of Au Gres, including all appurtenances, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, administration and maintenance, are hereby irrevocably pledged and a statutory first lien thereon is hereby created.

This bond is one of a series of forty-five (45) bonds of even date and like tenor, except as to rate of interest and date of maturity, aggregating the principal sum of \$45,000.00, numbered consecutively in direct order of maturity from 1 to 45, inclusive, issued pursuant to Ordinance No. _____ adopted by the City Council on _____, 1963, 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 defraying part of the cost of acquiring and constructing improvements to the waterworks system of the City and of refunding all outstanding Waterworks Revenue Bonds of the City dated March 1, 1949, and maturing after January 1, 1964.

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 standing may hereafter be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the above-described Ordinance.

The right is reserved of redeeming bonds maturing in the years 1974 to 1984, inclusive, at the option of the City, in inverse numerical order, on any interest payment date on or after January 1, 1973, at par and accrued interest, plus a premium as follows:

- \$30.00 on each bond called during the years 1973, 1974 and 1975;
- \$20.00 on each bond called during the years 1976, 1977 and 1978;
- \$10.00 on each bond called during the years 1979, 1980 and 1981;
- No premium shall be paid on bonds called after the year 1981.

Thirty (30) days' notice of the call of any bonds for redemption shall be given by publication in a paper circulated in the State of Michigan which carries, as part of its regular service, notices of sale of municipal bonds, and in case of registered bonds, thirty (30) days' notice shall be given by mail to the registered address. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the paying agent to redeem said bonds.

This bond is a self-liquidating bond and is not a general obligation of the City of Au Gres, and does not constitute an indebtedness of the City of Au Gres within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from the revenues of said waterworks system of the City. The principal of and interest on this bond are secured by the statutory lien hereinbefore mentioned.

The City of Au Gres hereby covenants and agrees to fix and maintain at all times while any of such bonds shall be outstanding, such rates for service furnished by the waterworks system as shall be sufficient to provide for payment of the interest upon and the principal of all such bonds as and when the same become due and payable, and to create a bond and interest redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of said waterworks system as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for said system as are required by said Ordinance.

This bond and the interest thereon are exempt from any and all taxation whatsoever by the State of Michigan or by any taxing authority within said State.

This bond may be registered as to principal only on the books of the City kept by the paying agent in the name of the holder, and such registration noted on the back hereof by the paying agent, after which no transfer shall be valid unless made on the books and noted on the back hereof in like manner, but transferability by delivery may be restored by registration to bearer. Such registration shall not affect the negotiability of the interest coupons.

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

IN WITNESS WHEREOF, the City of Au Gres, County of Arenac, State of Michigan, by its City Council, has caused this bond to be signed in the name of said City by its Mayor and to be countersigned by its City Clerk, and the corporate seal of the City to be hereunto affixed, and the coupons hereto attached to be signed by the facsimile signatures of its Mayor and City Clerk, all as of the first day of October, A. D. . 1963.

CITY OF AU GRES

By _____
Mayor

(Seal)

Countersigned:

City Clerk

(Form of Coupon)

No. _____ \$ _____

On the first day of _____, A. D. , 19____, the City of Au Gres, County of Arenac, State of Michigan, will pay to the bearer hereof the sum of _____ Dollars in the manner and out of the revenues described in said bonds at _____

being the interest due that date on its Water Supply System Improvement and Refunding Revenue Bond dated October 1, 1963, No. _____.

This coupon is not a general obligation of the City of Au Gres, but is payable from certain revenues as set forth in the bond to which it pertains.

Mayor

City Clerk

**REGISTRATION
NOTHING TO BE WRITTEN HEREON EXCEPT BY
PAYING AGENT**

<u>Date of Registration</u>	:	<u>Name of Registered Owner</u>	:	<u>Registrar</u>
	:		:	
	:		:	
	:		:	

Section 21. The City Clerk is hereby authorized and directed to make application to the Municipal Finance Commission for authority to issue and sell said bonds and for approval of the form of notice of sale of said bonds in accordance with the provisions of Act 202, Public Acts of Michigan, 1943, as amended, and of Act 94, Public Acts of Michigan, 1933, as amended.

Section 22. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 23. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance, are to the extent of such conflict, hereby repealed.

Section 24. This Ordinance shall be published in full in the Arenac County Independent, Standish, Michigan, a newspaper of general circulation in the City of Au Gres, qualified under State law to publish legal notices, within two (2) weeks after its adoption and the same shall be recorded in the Ordinance Book of the City and such recording authenticated by the signatures of the Mayor and City Clerk.

Section 25. This Ordinance shall become effective immediately upon its adoption.

I hereby certify that the foregoing constitutes a true and complete copy of Ordinance No. 14, duly adopted by the City Council of the City of Au Gres, at a Special Meeting held on August 13, 1963, at which all Councilmen were present, except Ernest Brown

I further certify that Councilman O'Connor moved adoption of said Ordinance and that Councilman Laidema supported said motion.

I further certify that the following Councilmen voted for adoption of said Ordinance Williams, O'Connor and Laidema

and that the following Councilmen voted against adoption of said Ordinance None

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

Odeal Brown
City Clerk