

ORDINANCE NO. 308-21

AN ORDINANCE TO PROVIDE FOR THE REFUNDING OF THE OUTSTANDING WATER SUPPLY SYSTEM REVENUE BONDS OF THE VILLAGE OF BANCROFT; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE REFUNDING BONDS TO PAY THE COST THEREOF; TO PRESCRIBE THE FORM OF THE 2021 BOND; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON THE 2021 BOND; TO PROVIDE AN ADEQUATE RESERVE ACCOUNT FOR THE 2021 BOND; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE SYSTEM; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE 2021 BOND IN ENFORCEMENT THEREOF; TO PROVIDE FOR OTHER MATTERS RELATING TO THE 2021 BOND AND THE SYSTEM; AND TO REPEAL CERTAIN PRIOR ORDINANCES OF THE VILLAGE OF BANCROFT.

THE VILLAGE OF BANCROFT ORDAINS:

Section 1. Definitions. In addition to the words and terms defined elsewhere in this Ordinance, the following words and terms as used in this Ordinance shall have the meanings assigned in this Section, unless the context clearly indicates another or different meaning or intent.

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

"Additional Bonds" shall mean any additional bonds of equal standing with the Series 2021 Bond issued pursuant to Section 17 of this Ordinance.

"Authorized Officer" shall mean each of the President, Clerk and Treasurer of the Village, acting individually.

"Bond Reserve Account" shall mean the subaccount in the 2021 Bond and Interest Redemption Account established in accordance with Section 12 of this Ordinance.

"Bond" or "Bonds" shall mean, collectively, the Series 2021 Bond and any Additional Bonds hereafter issued.

"Fiscal Year" shall mean the fiscal year of the Issuer and the operating year of the System, commencing March 1 and ending February 28, as such year may be changed from time to time.

"Issuer" or "Village" shall mean the Village of Bancroft, County of Shiawassee, State of Michigan.

"Ordinance" shall mean this Ordinance and any ordinance or resolution of the Issuer amendatory or supplemental to this Ordinance, including ordinances or resolutions authorizing issuance of Additional Bonds.

"Outstanding Bonds" shall mean the Series 2000 Bond, the Series 2004 Bond and the Series 2007 Bond.

"Outstanding Ordinances" shall mean the ordinances adopted by the Village Council of the Issuer, pursuant to which the Outstanding Bonds were authorized and issued.

"Purchaser" shall mean Huron Community Bank, East Tawas, Michigan.

"Refunded Bonds" shall mean, collectively, (i) all of the outstanding Series 2000 Bond, in the current outstanding principal amount of \$436,000, (ii) all of the outstanding Series 2004 Bond, in the current outstanding principal amount of \$393,000, and (iii) all of the outstanding Series 2007 Bond, in the current outstanding principal amount of \$315,000.

"Reserve Requirement" shall mean, with respect to the Series 2021 Bond, the lesser of (i) the maximum annual debt service due on the Series 2021 Bond in the current or any future year, (ii) 125% of the average annual debt service on the Series 2021 Bond, or (iii) 10% of the outstanding principal amount of the Series 2021 Bond on the date of issuance of the Series 2021 Bond.

"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 this Ordinance.

"Series 2000 Bond" shall mean the Issuer's outstanding Water System Revenue Bonds, Series 2000, dated December 5, 2000.

"Series 2004 Bond" shall mean the Issuer's outstanding Water System Revenue Bond, Series 2004, dated October 15, 2004.

"Series 2007 Bond" shall mean the Issuer's outstanding Water System Revenue Bond, Series 2007, dated January 25, 2007.

"Series 2021 Bond" shall mean the Issuer's Water Supply System Revenue Refunding Bond, Series 2021, in the original principal amount of \$1,184,000, authorized to be issued pursuant to this Ordinance.

"System" shall mean the Issuer's water system, including such facilities thereof as are now existing, and all enlargements, extensions, repairs and improvements thereto hereafter made.

"Transfer Agent" shall mean the Treasurer or such other paying agent, transfer agent and bond registrar for the Series 2021 Bond appointed 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 Section 6 of this Ordinance.

Section 2. Necessity; Public Purpose; Estimated Cost. It is hereby determined to be a necessary public purpose of the Issuer to refund the Refunded Bonds. The estimated cost of

refunding the Refunded Bonds, including legal and financing expenses, in the amount of not to exceed One Million One Hundred Eighty-Four Thousand Dollars (\$1,184,000) is hereby approved.

Section 3. Series 2021 Bond Authorized. To pay all or part of the cost of refunding the Refunded Bonds, including payment of all legal, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2021 Bond, the Issuer shall borrow the sum of One Million One Hundred Eighty-Four Thousand Dollars (\$1,184,000), and issue the Series 2021 Bond therefor pursuant to the provisions of Act 94. The remaining cost of refunding the Refunded Bonds, if any, shall be defrayed from System funds on hand and legally available for such use including monies in the bond and interest redemption fund and the reserve account for the Refunded Bonds.

Section 4. Series 2021 Bond Details. The Series 2021 Bond shall be designated WATER SUPPLY SYSTEM REVENUE REFUNDING BOND, SERIES 2021, shall be payable out of the Net Revenues as set forth more fully in Section 7 hereof, shall consist of one nonconvertible bond of the denomination of \$1,184,000, dated as of the date of delivery of the Series 2021 Bond, and shall be payable in semi-annual principal installments, as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Amount</u>
November 1, 2021	\$50,000	May 1, 2029	\$19,000
May 1, 2022	\$20,000	November 1, 2029	\$61,000
November 1, 2022	\$51,000	May 1, 2030	\$19,000
May 1, 2023	\$20,000	November 1, 2030	\$63,000
November 1, 2023	\$53,000	May 1, 2031	\$18,000
May 1, 2024	\$20,000	November 1, 2031	\$64,000
November 1, 2024	\$54,000	May 1, 2032	\$18,000
May 1, 2025	\$19,000	November 1, 2032	\$67,000
November 1, 2025	\$55,000	May 1, 2033	\$18,000
May 1, 2026	\$19,000	November 1, 2033	\$69,000
November 1, 2026	\$58,000	May 1, 2034	\$17,000
May 1, 2027	\$19,000	November 1, 2034	\$71,000
November 1, 2027	\$58,000	May 1, 2035	\$17,000
May 1, 2028	\$19,000	November 1, 2035	\$72,000
November 1, 2028	\$60,000	May 1, 2036	\$16,000

The Series 2021 Bond shall bear interest at the rate of 1.75% per annum, payable on May 1st and November 1st of each year, commencing November 1, 2021. Interest on the Series 2021 Bond shall be payable by check or draft mailed by the Transfer Agent to the person or entity which is, as of the 15th day of the month preceding the interest payment date, the registered owner at the registered address as shown on the registration books of the Issuer maintained by the transfer agent. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Issuer to conform to market practice in the future.

The Series 2021 Bond shall be subject to redemption prior to maturity in the manner and

at the times as provided in the form of the Series 2021 Bond set forth in Section 9 of this Ordinance.

Section 5. Execution and Delivery of the Series 2021 Bond. The Series 2021 Bond shall be executed in the name of the Issuer with the manual or facsimile signatures of the President and Clerk of the Issuer and shall have the Issuer's seal printed or impressed thereon. If the Series 2021 Bond is executed by manual signatures, no further authentication shall be required. If the Series 2021 Bond is executed by facsimile signatures, the Series 2021 Bond shall not be valid until authenticated by the Transfer Agent. The Series 2021 Bond shall be delivered to the Transfer Agent for authentication, if required, and be delivered by the Transfer Agent to the Purchaser in accordance with instructions from an Authorized Officer upon payment of the purchase price for the Series 2021 Bond in accordance with the bid of the Purchaser therefor.

Section 6. Bond Registration and Transfer. Any bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond or bonds shall be surrendered for transfer, the Issuer shall execute and the transfer agent shall authenticate and deliver a new bond or bonds, for like aggregate principal amount. The Transfer Agent shall require payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent shall not be required (i) to issue, register the transfer of or exchange any bond during a period beginning at the opening of business 15 days before the day of the giving of a notice of redemption of bonds selected for redemption as described in the form of bond contained in Section 9 of this Ordinance and ending at the close of business on the day of that giving of notice, or (ii) to register the transfer of or exchange any bond so selected for redemption in whole or in part, except the unredeemed portion of bonds being redeemed in part. The Issuer shall give the Transfer Agent notice of call for redemption at least 20 days prior to the date notice of redemption is to be given.

The Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the Transfer Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, bonds as hereinbefore provided.

If any bond shall become mutilated, the Issuer, at the expense of the holder of the bond, shall execute, and the Transfer Agent shall authenticate and deliver, a new bond of like tenor in exchange and substitution for the mutilated bond, upon surrender to the Transfer Agent of the mutilated bond. If any bond issued under this Ordinance shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Transfer Agent and, if this evidence is satisfactory to both and indemnity satisfactory to the Transfer Agent shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended ("Act 354"), being sections 129.131 to 129.135, inclusive, of the Michigan Compiled Laws have been met, the Issuer, at the expense of the owner, shall execute, and the Transfer Agent shall thereupon authenticate and deliver, a new bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in

substitution for the bond so lost, destroyed or stolen. If any such bond shall have matured or shall be about to mature, instead of issuing a substitute bond the Transfer Agent may pay the same without surrender thereof.

The Issuer reserves the right to replace the Transfer Agent at any time upon written notice to the registered owners of the Series 2021 Bond not less than sixty (60) days prior to any interest payment date.

Section 7. Payment of the 2021 Bond. The 2021 Bond and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues, which shall be a first lien, to continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all principal and interest on all Bonds then outstanding to maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any, due and payable in connection with such redemption. Upon deposit of cash or Sufficient Government Obligations for payment in full all principal and interest on all Bonds outstanding, as provided in the preceding sentence, the statutory lien shall be terminated with respect to the 2021 Bond, the holders of the 2021 Bond shall have no further rights under this Ordinance except for payment from the deposited funds, and the 2021 Bond shall no longer be considered to be outstanding under this Ordinance.

Section 8. Bondholders' Rights; Receiver. The holder or holders of the 2021 Bond representing in the aggregate not less than twenty percent (20%) of the entire principal amount thereof then outstanding, may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues of the System, and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the Issuer, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the System and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the System or any part thereof.

If there is a default in the payment of the principal of or interest on the 2021 Bond, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Issuer and under the direction of the court, and by and with the approval of the court to perform all of the duties of the officers of the Issuer more particularly set forth herein and in Act 94.

The holder or holders of the 2021 Bond shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the 2021 Bond and the security therefor.

Section 9. Bond Form. The Series 2021 Bond shall be in substantially the following form, with such changes or completions as are determined by an Authorized Officer to be necessary or appropriate to give effect to the intent of this Ordinance:

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MICHIGAN UNIFORM SECURITIES ACT, AS AMENDED, IN RELIANCE UPON EXEMPTIONS THEREUNDER. ANY RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE ONLY UPON REGISTRATION UNDER SUCH ACTS OR IN AN EXEMPT TRANSACTION UNDER SUCH ACTS AND UPON COMPLIANCE WITH THE CONDITIONS SET FORTH HEREIN AND MAY BE OFFERED AND SOLD ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THOSE ACTS OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF SHIAWASSEE

VILLAGE OF BANCROFT

WATER SUPPLY SYSTEM REVENUE REFUNDING BOND, SERIES 2021

REGISTERED OWNER: Huron Community Bank
PRINCIPAL AMOUNT: One Million One Hundred Eighty-Four Thousand Dollars
INTEREST RATE: 1.75%
DATE OF ORIGINAL ISSUE: May 18, 2021

The Village of Bancroft, County of Shiawassee, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received, hereby promises to pay, but only out of the hereinafter described Net Revenues of the Issuer's System (hereinafter defined), to the Registered Owner specified above, or registered assign, the Principal Amount specified above, in lawful money of the United States of America, on the dates and in the principal installment amounts set forth in Exhibit A attached hereto and made a part hereof, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360 day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on November 1, 2021 and semiannually thereafter. Principal of and interest on this bond are payable (without any presentation of this bond, except upon payment of the final installment of principal of this bond) by the Treasurer of the Issuer, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Both principal of and interest on this bond are payable by check or draft mailed by the Transfer Agent to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each payment date, the registered owner of record, at the registered address as shown on the registration books of the Issuer kept by the Transfer Agent. 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, maintenance and administration (the "Net Revenues"), and a statutory first lien thereon is hereby recognized and created.

This bond is a single, fully-registered, non-convertible bond constituting an issue in the principal amount of \$1,184,000, issued pursuant to Ordinance No. ___ duly adopted by the Village Council of the Issuer (the "Ordinance"), 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 refunding the Issuer's outstanding (i) Water

System Revenue Bonds, dated December 5, 2000, (ii) Water System Revenue Bonds, dated October 15, 2004 and (ii) Water System Revenue Bonds, dated January 25, 2007.

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 with this bond 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 Ordinance.

Principal installments of this bond maturing in the years 2021 to 2030, inclusive, shall not be subject to redemption prior to maturity. Principal installments of this bond maturing in the year 2031 and thereafter shall be subject to redemption prior to maturity at the option of the Issuer, in whole or in part, and if in part in multiples of \$1,000, in such order as the Issuer may determine, on any date on or after November 1, 2030, at par and accrued interest to the date fixed for redemption.

In case less than the full outstanding amount of this bond is called for redemption, the Transfer Agent, upon presentation of the bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of this bond by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record.

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 limitation, but is payable, both as to principal and interest, solely and only from the Net Revenues of the System. The principal of and interest on this bond are secured by the statutory 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 on and the principal of this bond, and any additional bonds of equal standing as and when the same shall become due and payable, and to create and maintain a bond and interest redemption account (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Ordinance.

This bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Transfer Agent by the registered owner hereof in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond in the same aggregate principal amount and of the same maturity shall be issued

to the transferee in exchange therefor as provided in the Ordinance authorizing this bond, and upon the payment of the charges, if any, therein prescribed.

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

[This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.]


IN WITNESS WHEREOF, the Village of Bancroft, County of Shiawassee, State of Michigan, by its Village Council, has caused this bond to be executed with the [manual][facsimile] signatures of its President and its Clerk, and the corporate seal of the Issuer to be impressed hereon, all as of the Date of Original Issue.

VILLAGE OF BANCROFT
COUNTY OF SHIAWASSEE
STATE OF MICHIGAN

By 
Its: President

(Seal)

Countersigned:

By 
Its: Clerk

[Certificate of Authentication and form of assignment to be printed on definitive bonds]

EXHIBIT A

SCHEDULE OF PRINCIPAL INSTALLMENTS

<u>Maturity Date</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Amount</u>
November 1, 2021	\$50,000	May 1, 2029	\$19,000
May 1, 2022	\$20,000	November 1, 2029	\$61,000
November 1, 2022	\$51,000	May 1, 2030	\$19,000
May 1, 2023	\$20,000	November 1, 2030	\$63,000
November 1, 2023	\$53,000	May 1, 2031	\$18,000
May 1, 2024	\$20,000	November 1, 2031	\$64,000
November 1, 2024	\$54,000	May 1, 2032	\$18,000
May 1, 2025	\$19,000	November 1, 2032	\$67,000
November 1, 2025	\$55,000	May 1, 2033	\$18,000
May 1, 2026	\$19,000	November 1, 2033	\$69,000
November 1, 2026	\$58,000	May 1, 2034	\$17,000
May 1, 2027	\$19,000	November 1, 2034	\$71,000
November 1, 2027	\$58,000	May 1, 2035	\$17,000
May 1, 2028	\$19,000	November 1, 2035	\$72,000
November 1, 2028	\$60,000	May 1, 2036	\$16,000

Section 10. No Free Service or Use. No free service or use of the System, or service or use of the System at less than the reasonable cost and value thereof, shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the Issuer.

Section 11. 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 2021 Bond as the same become due and payable, and to provide for all other obligations, expenditures and funds for the System required by law 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 100% of the principal of and interest on the 2021 Bond 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 12. Funds and Accounts; Flow of Funds. The Treasurer is hereby directed to create and maintain the following funds and accounts into which the Revenues from the System shall be deposited in the manner and at the times provided in this Ordinance, which accounts shall be established and maintained, except as otherwise provided, so long as the 2021 Bond hereby authorized remain unpaid. Commencing on the date of delivery of the Series 2021 Bond, all funds belonging to the System shall be transferred as herein indicated and all Revenues of the System shall be set aside into a separate account to be designated the WATER SUPPLY SYSTEM RECEIVING ACCOUNT (the "Receiving Account"), and moneys so deposited therein shall be transferred, expended and used only in the manner and order as follows:

(A) Operation and Maintenance Account. There is hereby established and there shall be maintained a separate account to be designated the OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account"). Revenues shall be transferred on the first day of each quarter of the Fiscal Year from the Receiving Account to the Operation and Maintenance Account to pay the reasonable and necessary current expenses of administration and operating and maintaining the System for the ensuing quarter.

(B) Bond and Interest Redemption Account. There is hereby established and there shall be maintained a separate account to be designated as the 2021 BOND AND INTEREST REDEMPTION ACCOUNT (the "Redemption Account"), the moneys on deposit therein from time to time used solely for the purpose of paying the principal of and interest on the Series 2021 Bond.

Out of the Revenues remaining in the Receiving Fund, after provision for the Operation and Maintenance Account, there shall be set aside each quarter, in the Redemption Account, a sum proportionately sufficient to provide for the payment of the principal of and interest due on the Series 2021 Bond on the next succeeding principal and interest payment date, less any amounts in the Redemption Account representing investment income on amounts on deposit in the Redemption Account. The amount to be set aside each quarter for interest, after taking into

account moneys in the Redemption Account as provided above, shall be one-half ($\frac{1}{2}$) of the total amount of interest on the Series 2021 Bond 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 ($\frac{1}{4}$) of the principal of the Series 2021 Bond 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 Redemption Account, including investment income thereon, is necessary to pay principal and interest due on the Series 2021 Bond on the next succeeding principal payment date.

There is established a subaccount in the Redemption Account to be known as the Bond Reserve Account (the "Bond Reserve Account"). Upon delivery of a series of the Series 2021 Bond, there shall be deposited in the Bond Reserve Account, from the proceeds of such Bonds or from System funds on hand and legally available for such use, the amount which, when added to the amount on deposit therein on the date of delivery of such series of Bonds, if any, will equal the Reserve Requirement for all Bonds then outstanding (including the Series 2021 Bond to be delivered on such date); provided, however, that the Reserve Requirement shall not at any time exceed the amount allowed to be invested at an unrestricted yield pursuant to Treas. Reg. Section 1.148-2(f)(2) or any successor provision thereto as applicable to the Series 2021 Bond. Interest on the Bond Reserve Account shall be transferred into the Redemption Account once the Reserve Requirement has been reached.

Except as otherwise provided in this Section, the moneys credited to the Bond Reserve Account shall be used solely for the payment of the principal of, redemption premiums (if any) and interest on the Series 2021 Bond as to which there would otherwise be a default. If at any time it shall be necessary to use moneys credited to 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 for current principal and interest requirements on all Bonds then outstanding until the amount on deposit equals the Reserve Requirement.

No further payments need be made into Redemption Account after enough of the Series 2021 Bond have been retired so that the amount then held in the Redemption Account (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 of the Series 2021 Bond then remaining outstanding.

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

(D) Reverse Flow of Funds; Surplus Money. In the event the moneys in the Receiving Account are insufficient to provide for the current requirements of the Operation and Maintenance Account, the Redemption Account (including the Bond Reserve Account) or the Junior Lien Redemption Account (including any bond reserve account established therein), any moneys and/or securities in the funds of the System described by this Ordinance shall be

transferred, first, to the Operation and Maintenance Account, and second, to the Redemption Account.

All moneys remaining in the Receiving Account at the end of any Fiscal Year after satisfying the above requirements for the deposit of moneys into the Operation and Maintenance Account, the Redemption Account (including the Bond Reserve Account), may be transferred to the Redemption Account and used to call Bonds or portions thereof for redemption, or at the option of the Issuer, provided, however, that if there should be a deficit in the Operation and Maintenance Account or the Redemption Account (including the Bond Reserve Account), on account of defaults in setting aside therein the amounts hereinbefore required, then transfers shall be made from such moneys remaining in the Receiving Account to such accounts in the priority and order named in this Section, to the extent of such deficits.

Section 13. Investments. Monies in the funds and accounts established in this Ordinance may be invested by the Issuer in the obligations and instruments permitted for investment by Section 24 of Act 94, as the same may be amended from time to time. Profit realized or interest income earned on investment of funds in the Receiving Account and the Operation and Maintenance Account shall be deposited in or credited to the Receiving Account at the end of each Fiscal Year. Profit realized on interest income earned on investment of moneys in the Redemption Account (including income derived from the Bond Reserve Account) and the Junior Lien Redemption Account (including income derived from any bond reserve account established therein) shall be credited to the Receiving Account at the end of each Fiscal Year except as otherwise required by Section 12 of this Ordinance.

Section 14. Issuance Fund; Proceeds of Bond Sale. The Treasurer is authorized and directed to open a separate depository account with a bank or trust company or establish a separate account on the books of the Issuer, to be designated 2021 REFUNDING BOND ISSUANCE FUND (the "Issuance Fund") and deposit into the Issuance Fund a portion of the proceeds of the Series 2021 Bond sufficient to pay the costs of issuance of the Series 2021 Bond. The moneys in the Issuance Fund shall be used solely to pay the costs of issuance of the Series 2021 Bond. Any amounts remaining in the Issuance Fund after payment of issuance expenses shall be transferred to the 2021 Bond and Interest Redemption Fund for the Series 2021 Bond.

The balance of the proceeds of the Series 2021 Bond shall be paid directly by the purchaser, together with moneys on hand in the 2021 Bond and Interest Redemption Fund, including the Bond Reserve Account, for the Refunded Bonds transferred by the Issuer, to the United States Government as holder of the Prior Bonds, or deposited into a separate account established by the Treasurer (the "Prior Bonds Payment Account") in which case the Treasurer shall use the money deposited into the Prior Bonds Payment Account to redeem the Prior Bonds then outstanding.

Section 15. Security for Bonds. To pay the principal of and interest on the Bonds as and when the same shall become due, there is hereby created a statutory first lien upon the whole of the Net Revenues of the System to continue until the payment in full of the principal of and interest on the Bonds and said Net Revenues shall be set aside for the purpose and identified as the Bond and Interest Redemption Fund, as hereinafter specified.

Section 16. Covenants. The Issuer covenants and agrees with the holders of the Series

2021 Bond that so long as any of the Series 2021 Bond remain outstanding and unpaid as to either principal or interest:

(a) The Issuer will maintain the System in good repair and working order and will operate the same efficiently and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Michigan and this Ordinance.

(b) The Issuer will keep proper books of record and account separate from all other records and accounts of the Issuer, in which shall be made full and correct entries of all transactions relating to the System. The Issuer shall have an annual audit of the books of record and account of the System for the preceding operating year made each year by an independent certified public accountant, and a copy of the audit shall be mailed to the manager of each syndicate or account originally purchasing any issue of the Series 2021 Bond. The auditor shall comment on the manner in which the Issuer is complying with the requirements of the Ordinance with respect to setting aside and investing moneys and meeting the requirements for acquiring and maintaining insurance. The audit shall be completed and so made available not later than six (6) months after the close of each operating year.

(c) The Issuer will maintain and carry, for the benefit of the holders of the Series 2021 Bond, insurance on all physical properties of the System and liability insurance, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar sanitary sewer systems, including self-insurance. 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 or purchasing Bonds.

(d) The Issuer will not sell, lease or dispose of the System, or any substantial part, until all of the Series 2021 Bond has been paid in full, both as to principal and interest or provision made thereof as herein provided. The Issuer will operate the System as economically as possible, will make all repairs and replacements necessary to keep the System in good repair and working order, and will not do or suffer to be done any act which would affect the System in such a way as to have a material adverse effect on the security for the Series 2021 Bond.

(e) The Issuer will not grant any franchise or other rights to any person, firm or corporation to operate a System that will compete with the System and the Issuer will not operate a system that will compete with the System.

Section 17. Additional Bonds. The Village may issue additional bonds of equal standing and priority of lien with the Series 2021 Bond for the following purposes and on the following conditions:

(a) For the purpose of making reasonable replacement or extension of the System or refunding the Series 2021 Bond or any additional bonds of equal standing with the Series 2021 Bond if:

(i) The augmented net revenues (hereinafter defined) of the System for the Fiscal Year preceding the year in which such additional bond is to be issued were 125% of the average annual debt service requirements on the Series 2021 Bond and any bonds of equal standing then outstanding and those proposed to be issued net of any bonds to be refunded by the new issue; or

(ii) The holders of at least 75 percent of the Series 2021 Bond consent to such issue in writing.

For purposes of this section the term "augmented net revenues" shall mean the Net Revenues of the System for a year, adjusted to reflect the effect of any rate increase placed in effect during that year (but not in effect for the whole year), placed in effect subsequent to the year or scheduled, at the time the new bond is authorized, to be placed in effect before principal of and interest on the new bond become payable from Revenues of the System, and augmented by any increase in Revenues or decrease in expenses estimated to accrue from the improvements to be acquired from the new bond. The adjustments and augmentations provided for in the preceding sentence shall be established by certificate of an independent consulting engineer filed with the Clerk of the Village. If a new bond is issued within 4 months of the end of a Fiscal Year, the determination made in subsection (b)(i) of this section may be based upon the results of a Fiscal Year ending within 16 months of the date of issuance of the new bond.

The funds herein established shall be applied to all additional bonds issued pursuant to this section as if said bonds were part of the original bond issue and all Revenue from any such extension or replacement constructed by the proceeds of an additional bond issue shall be paid to the Receiving Fund mentioned in this Ordinance.

Except as otherwise specifically provided herein, so long as the Series 2021 Bond herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the Revenues of the System shall be incurred or issued by the Village unless the same shall be junior and subordinate in all respects to the Series 2021 Bond herein authorized.

Section 18. Management; Fiscal Year. The operation, repair and management of the System shall continue to be under the supervision and control of the Issuer. The Issuer may employ such person or persons in such capacity or capacities as it deems advisable to carry on the efficient management and operation of the System. The Issuer may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System. The System shall be operated on the basis of an operating year which shall coincide with the Issuer's Fiscal Year.

Section 19. Negotiated Sale; Acceptance of Offer. The Issuer has considered the option of selling the Series 2021 Bond through a competitive sale and a negotiated sale and has determined that the sale of the Series 2021 Bond by means of a negotiated sale to the Purchaser will result in the most cost-efficient and expeditious means of selling the Series 2021 Bond and will result in the lowest interest cost to the Issuer. The offer of the Purchaser to purchase the Series 2021 Bond in accordance with terms of the bid of the Purchaser attached hereto as Appendix A is hereby accepted and approved.

Section 20. Adjustment of Bond Terms. The Authorized Officers are each hereby authorized to adjust the final bond details as set forth herein to the extent necessary or convenient to complete the sale of the Series 2020 Bond and in pursuance of the foregoing is each authorized to exercise the authority and make the determinations pursuant to Sections 7a(1)(c) of Act 94, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, date of issuance, interest payment dates, redemption rights, the portion or portions of the Outstanding Bonds to be refunded, and other matters within the parameters established by this Ordinance.

Section 21. Authorization of other Actions. Each Authorized Officer is individually authorized and directed to execute all other agreements, documents and certificates, and to take all other actions necessary or advisable, to complete the issuance, sale and delivery of the Series 2021 Bond as contemplated herein.

Section 22. Tax Covenant. The Issuer hereby covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest on the Series 2021 Bond from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Series 2021 Bond proceeds and moneys deemed to be Series 2021 Bond proceeds.

Section 23. Qualified Tax-Exempt Obligations. The Issuer hereby designates the Series 2021 Bond as a "qualified tax-exempt obligation" for purposes of the deduction of interest expense by financial institutions pursuant to the Code.

Section 24. Retention of Bond Counsel. The Village Council hereby retains Miller, Canfield, Paddock and Stone, P.L.C. as Bond Counsel with respect to the Series 2021 Bond.

Section 25. Financial Advisor. Baker Tilly Municipal Advisors LLC is hereby retained as the registered municipal financial advisor in connection with the issuance of the Series 2021 Bond.

Section 26. Repeal of Outstanding Ordinance. Immediately upon repayment or redemption in full of the Refunded Bonds, the Outstanding Ordinance is repealed and of no further force or effect.

Section 27. Severability; Paragraph Headings; and Conflict. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be part of this Ordinance.

Section 28. Publication and Recordation. The Clerk shall cause this Ordinance to be published once in full in a newspaper of general circulation in the Issuer qualified under State law to publish legal notices promptly after its adoption, and shall be recorded in the Ordinance Book of the Issuer and such recording authenticated by the signatures of the President and Clerk.


Section 29. Effective Date. Pursuant to the provisions of Section 6 of Act 94, this Ordinance shall be approved on the date of first reading and accordingly this Ordinance shall immediately be effective upon its adoption.

Passed and adopted by the Village Council of the Village of Bancroft, County of Shiawassee, State of Michigan, on April 27, 2021.



President

Attest:



Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the Village Council of the Village of Bancroft, County of Shiawassee, State of Michigan, at a special meeting held on the 27th day of April, 2021, 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: Tamie Terpening, Linda Fuller, Robin Miller, and that the following Members were absent: Kevin Bible. Caleb Hutchins, Tammy Barnum, Brian Barnum

I further certify that Member Caleb Hutchins moved adoption of said Ordinance, and that said motion was supported by Member Tamie Terpening

I further certify that the following Members voted for adoption of said Ordinance: All Present Tamie Terpening and that the following Members voted against adoption of said Ordinance: NONE. Linda Fuller, Robin Miller, Caleb Hutchins, Tammy Barnum, Brian Barnum

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 President and the Clerk.

Ashley Gordon
Clerk

APPENDIX A



April 7, 2021

Baker Tilly Municipal Advisors LLC
2852 Eyde Parkway
Suite 150
East Lansing, Michigan 48823

RE: Village of Bancroft, County of Shiawassee, State of Michigan – Water Revenue Refunding Bonds, Series 2021

Mr. Campbell:

Pursuant to the information contained in the Request for Proposal ("RFP") regarding the Village of Bancroft, County of Shiawassee, State of Michigan – Water Revenue Refunding Bonds, Series 2021 ("Bonds") in the amount of \$1,185,000, Huron Community Bank is pleased to submit our unconditional and firm bid of 1.750% (tax-exempt interest rate).

The bid assumes: "Bonds" will be issued as Bank Qualified; "Bonds" will be issued with principle and interest payments due semi-annually on May 1st and November 1st, beginning November 1, 2021, with interest calculated on a 30 day month, 360 day year; "Bonds" of the issue maturing in the years 2021 through 2030 may not be prepaid in whole or part at any time prior to maturity, while "Bonds" maturing in years 2031 and thereafter, shall be subject to redemption prior to maturity, on any date, on or after November 1, 2030; Village Treasurer will serve as paying agent with date of close to be on or around April 28, 2021; and legal/bond counsel of Village of Bancroft, County of Shiawassee, State of Michigan will draft and complete all closing documents.

Thank you for including us in your bid solicitation.

Regards,

David Gottlieb
VP – Chief Financial Officer
Huron Community Bank



www.bankhcb.com • 989.362.6700
East Tawas • Tawas City • Oscoda • Lincoln
Au Gres • Harrisville • West Branch



BID FORM

Village of Bancroft, Michigan

For the principal amount of \$1,185,000¹, for the Water Revenue Refunding Bonds, Series 2021 (the "Bonds") of the Village of Bancroft, Michigan, legally issued and as described in the Request For Proposals, we will pay the Village \$ 1,185,000.00 (not less than 99.50% of par) provided the Bonds bear the following interest rates

<u>Maturity</u>	<u>Amount¹</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount¹</u>	<u>Interest Rate</u>	(Tax-Exempt Rates)
11/1/21	\$34,000	1.750%	05/1/29	\$40,000	1.750%	
05/1/22	34,000	1.750%	11/1/29	40,000	1.750%	
11/1/22	35,000	1.750%	05/1/30	40,000	1.750%	
05/1/23	35,000	1.750%	11/1/30	41,000	1.750%	
11/1/23	35,000	1.750%	05/1/31	41,000	1.750%	
05/1/24	36,000	1.750%	11/1/31	42,000	1.750%	
11/1/24	36,000	1.750%	05/1/32	42,000	1.750%	
05/1/25	37,000	1.750%	11/1/32	42,000	1.750%	
11/1/25	37,000	1.750%	05/1/33	43,000	1.750%	
05/1/26	37,000	1.750%	11/1/33	43,000	1.750%	
11/1/26	38,000	1.750%	05/1/34	44,000	1.750%	
05/1/27	38,000	1.750%	11/1/34	44,000	1.750%	
11/1/27	38,000	1.750%	05/1/35	45,000	1.750%	
05/1/28	39,000	1.750%	11/1/35	45,000	1.750%	
11/1/28	39,000	1.750%	05/1/36	45,000	1.750%	

Interest on the Bonds will be payable semiannually on May 1st and November 1st of each year commencing November 1, 2021.

In making this offer, we accept the terms and conditions as defined in the Request for Proposals. We also hereby certify that we are not an "Iran linked business" within the meaning of the Iran Economic Sanctions Act, Act 517, Public Acts of Michigan, 2012.

¹ Estimated.

Respectfully submitted,

By 

David Gottlieb
VP/Chief Financial Officer
Huron Community Bank