

ORDINANCE NO. 104

AN ORDINANCE TO PROVIDE FOR THE IMPROVEMENTS TO THE VILLAGE OF NEW LOTHROP'S WATER SUPPLY SYSTEM; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY PART OF THE COST THEREOF; TO PRESCRIBE THE FORM OF THE BONDS; 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 BONDS; TO PROVIDE AN ADEQUATE RESERVE ACCOUNT FOR THE BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM.

THE VILLAGE OF NEW LOTHROP ORDAINS:

Section 1. Definitions. The following words and terms used in this Ordinance shall have the meanings assigned in this Section, unless the context clearly indicates otherwise.

The word "acquired," as used in this Ordinance, shall be construed to include acquisition by purchase, construction or by any other method.

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

"Additional Bonds" shall mean additional bonds issued pursuant to Section 17 of this Ordinance.

"Authorized Officers" shall mean the President, the Treasurer and the Clerk of the Issuer.

"Bond" shall mean the Issuer's Water Supply System Revenue Bond, Series 2007, in the principal amount of \$1,278,000, authorized to be issued pursuant to this Ordinance.

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

"Depository Bank" shall mean _____, in _____, Michigan, a member of the Federal Deposit Insurance Corporation, or other financial institution qualified to serve as depository bank and designated by resolution of the Issuer.

"Fiscal Year" shall mean the fiscal year of the Issuer and the operating year of the System, commencing March 1 ending February 28 of the subsequent year, 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 Village of New Lothrop, 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.

"Project" shall mean the improvements to the Issuer's water supply system consisting generally of the purchase of a water treatment plant for the water supply system, together with related sites, structures, equipment and appurtenances.

"Public improvements," shall be understood to mean the public improvements, as defined in Section 3 of Act 94, which are authorized to be acquired and constructed under the provisions of this Ordinance.

"Reserve Amount" shall mean with respect to the Bond the lesser of (1) the maximum annual debt service due on the Bond in the current or any future year, (2) 125% of the average annual debt service on the Bond, or (3) 10% of the outstanding principal amount of the Bond on the date of issuance of the 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.

"System" shall mean the water supply system of the Issuer, including the arsenic treatment plant.

"Transfer Agent" shall mean the transfer agent and bond registrar for the 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 Section 6 of this Ordinance.

Section 2. Costs; Useful Life. The total cost of the Project is estimated to be not less than One Million Two Hundred Seventy Eight Thousand Dollars (\$1,278,000) including the payment of incidental expenses as specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the Project is estimated to be not less than forty (40) years.

Section 3. Payment of Cost; Bond Authorized. To pay part of the cost of the Project and legal, financial and other expenses incident to said improvements, and expenses incident to the issuance and sale of the Bond, it is hereby determined that the Issuer borrow the sum of One Million Two Hundred Seventy-Eight Thousand Dollars (\$1,278,000) and that revenue bonds be issued therefor pursuant to the provisions of Act 94.

Section 4. Bond Details. The Bond shall be designated "WATER SUPPLY SYSTEM REVENUE BOND 200[7]" (or such other designation as may be approved by the Authorized Officers as evidenced by execution of the 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 of the denomination of \$1,278,000 and shall be payable in principal installments serially on November 1 of each year, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2008	\$13,000	2028	\$29,000
2009	13,000	2029	30,000
2010	14,000	2030	32,000
2011	14,000	2031	33,000
2012	15,000	2032	34,000
2013	16,000	2033	36,000
2014	16,000	2034	37,000
2015	17,000	2035	39,000
2016	18,000	2036	41,000
2017	18,000	2037	42,000
2018	19,000	2038	44,000
2019	20,000	2039	46,000
2020	21,000	2040	48,000
2021	22,000	2041	50,000
2022	23,000	2042	52,000
2023	24,000	2043	54,000
2024	25,000	2044	57,000
2025	26,000	2045	59,000
2026	27,000	2046	62,000
2027	28,000	2047	64,000

The Authorized Officers are authorized to decrease the aggregate principal amount of the Bond, change the payment dates, and/or the amounts of any of the foregoing installments prior to the delivery of the Bond without further action of the Village Council, provided that the final principal payment of the Bond shall be due and payable within forty (40) years of the date of issuance of the Bond. In the event the Bond is delivered in 2008, then the series designation of the Bond on the Bond as delivered shall be changed to 2008 without further action of the Village Council.

The 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 Bond. The delivery installments shall be deemed to correspond to the serial principal installments of the Bond in direct chronological order of said serial principal installments.

The serial principal installments of the 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 Bond at the rate of not to exceed four and one quarter percent (4.25%) per annum, payable on the first May 1 or November 1 following the date of

delivery of said delivery installment, and semiannually thereafter on May 1 and November 1 of each year until maturity or earlier prepayment of said installment. Acceptance of the interest rate on the Bond shall be made by execution of the Bond which so designates the rate specified by the Government and accepted in writing by the Issuer. The Bond shall be issued in fully-registered form and such Bond shall not be convertible or exchangeable into more than one fully-registered bond.

The Bond or installments thereof will be subject to prepayment prior to maturity in whole or in part at any time on or after the payment date of the first installment of principal of the Bonds in the manner provided in the form of the 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 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 any Bond presented for transfer, as hereinafter provided and subject to such reasonable regulations as it may prescribe.

Any 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 such Bond for transfer, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any 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 Bond. At the time of such transfer the Transfer Agent shall note on the 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 any 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 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 Bond or portion thereof so selected for prepayment. In the event the Bond is called for prepayment in part, the Transfer Agent upon surrender of the Bond shall note on the Bond the principal amount prepaid and shall return the Bond to the registered owner thereof together with the prepayment amount on the prepayment date.

The Issuer's Treasurer is hereby appointed to act as Transfer Agent with respect to the Bond. If and at such time the 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 Bond, and the Issuer may thereafter appoint a successor Transfer Agent upon sixty (60) days notice to the registered owner of the Bond.

Section 7. Payment of the Bond. Principal of and interest on the 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 Bond, then the principal of and interest on the 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 Issuer's Treasurer 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 Bond when made and the canceled checks or drafts representing such payments shall be returned to and retained by the Issuer's Treasurer, 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 Bond, the registered owners thereof shall deliver the Bond to the Issuer for cancellation.

The Issuer's Authorized Officers are each hereby authorized and directed to negotiate privately the sale of the Bond to the Government at an interest rate not to exceed four and one quarter percent (4.25%) per annum.

The sale of the Bond to the Government at an interest rate of not to exceed four and one quarter percent (4.25%) per annum and at the par value thereof is hereby approved. The Issuer's Treasurer is hereby authorized to deliver the Bond in accordance with the delivery instructions of the Government.

Section 8. Execution and Delivery of the Bond. The Bond shall be manually signed by the Village President and countersigned by the Village Clerk and shall have the corporate seal of the Issuer impressed thereon. After execution, the Bond shall be held by the Issuer's Treasurer for delivery to the Government. No Bond or any installment thereof shall be valid until registered by the Issuer's Treasurer or by another person designated in writing by the Issuer's Treasurer to act as Bond Registrar, or upon transfer by the Government and thereafter, by an authorized representative of the Transfer Agent.

Section 9. Bond Form. The form and tenor of the Bond shall be substantially as follows, subject to appropriate variation upon issuance of additional bonds:

REGISTERED

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF SHIAWASSEE

VILLAGE OF NEW LOTHROP

WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2007

No. R-1

\$1,278,000

The Village of New Lothrop, County of Shiawassee, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received, hereby promises to pay to the registered owner hereof, but only out of the hereinafter described Net Revenues of the water supply system including the arsenic treatment plant (the "System"), the sum of

One Million Two Hundred Seventy-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 _____ percent (____%) per annum, first payable on ____ 1, 2008, 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 \$1,278,000. 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 holder at the address shown on the registration books of the Issuer, and for the prompt payment thereof, the revenues of the System, after provision has been made for reasonable and necessary expenses of operation, administration and maintenance thereof (the "Net Revenues"), are hereby irrevocably pledged and a statutory lien thereon is hereby recognized and created.

This bond is a single, fully-registered, non-convertible bond constituting an issue in the total aggregate principal sum of \$1,278,000, issued pursuant to Ordinance ____ (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 paying part of the costs of improvements to the Issuer's water supply system consisting generally of the purchase of a water treatment plant for the water supply system, together with related sites structures, equipment and appurtenances. 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 Ordinance.

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 the bond is secured by the statutory lien hereinbefore mentioned.

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 November 1, 2008, 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 Issuer's Treasurer 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.

The Issuer has covenanted and agreed and does hereby covenant and agree to fix and maintain at all times while any bonds including any installments of this bond 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 this bond and any additional bonds of equal standing payable from the Net Revenues of the System as and when the same become due and payable, and to create a bond and interest redemption account (including 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.

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 Village of New Lothrop, County of Shiawassee, State of Michigan, by its Village Council, has caused this bond to be signed in its name by its President and to be countersigned by its Clerk, and its corporate seal to be hereunto affixed, all as of _____, 200_.

VILLAGE OF NEW LOTHROP
COUNTY OF SHIAWASSEE
STATE OF MICHIGAN

By _____
Its President

(Seal)

Countersigned:

Its Clerk

REGISTRATION
NOTHING TO BE WRITTEN HEREON EXCEPT

BY THE BOND REGISTRAR/TRANSFER AGENT

Date of Registration of Delivery	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		
	United States of America		
	United States of America		

EXHIBIT A

<u>November 1, Year</u>	<u>Amount</u>	<u>November 1, Year</u>	<u>Amount</u>
2008	\$13,000	2028	\$29,000
2009	13,000	2029	30,000
2010	14,000	2030	32,000
2011	14,000	2031	33,000
2012	15,000	2032	34,000
2013	16,000	2033	36,000
2014	16,000	2034	37,000
2015	17,000	2035	39,000
2016	18,000	2036	41,000
2017	18,000	2037	42,000
2018	19,000	2038	44,000
2019	20,000	2039	46,000
2020	21,000	2040	48,000
2021	22,000	2041	50,000
2022	23,000	2042	52,000
2023	24,000	2043	54,000
2024	25,000	2044	57,000
2025	26,000	2045	59,000
2026	27,000	2046	62,000
2027	28,000	2047	64,000

Section 9. Security for Bond. To pay the principal of and interest on the Bond 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 Bond and said Net Revenues shall be set aside for the purpose and identified as the Bond and Interest Redemption Account, as hereinafter specified.

Section 10. 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 Bond), and upon written request to any other registered owners of the Bond.

Section 11. Custodian of Funds; Funds. The Issuer's Treasurer shall be custodian of all funds belonging to or associated with the System and such funds shall be deposited in the Depository Bank. The Issuer's Treasurer shall execute a fidelity bond with a surety company in an amount at least equal to the maximum annual debt service for the Bond.

The Issuer's Treasurer is hereby directed to create and maintain the following funds and accounts into which the proceeds of the Bond and 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 Bond hereby authorized remains unpaid.

(A) CONSTRUCTION ACCOUNT. The proceeds of the Bond hereby authorized, and no other funds, shall be deposited in the WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2007 CONSTRUCTION ACCOUNT (the "Construction Account"), in the Depository Bank. Moneys in the Construction Account shall be used solely for the purposes for which the Bond is issued. If monies other than proceeds of the Bond is deposited into the Construction Account, then the monies constituting proceeds of the Bond shall be accounted separately from such other funds or monies.

Any unexpended balance of the proceeds of sale of the Bond remaining after completion of the Project herein authorized may in the discretion of the Issuer be used for further improvements, enlargements and 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 expenditure shall be paid into the Bond and Interest Redemption Account and used as soon as is practical for the prepayment of installments of the Bond or for the purchase of installments to the Bond at not more than the fair market value thereof. Following completion of the Project, any unexpended balance of the Bond shall be invested at a yield not to exceed the yield on the Bond.

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

(B) WATER SUPPLY SYSTEM RECEIVING ACCOUNT. Upon and after the effective date of this Ordinance, the 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:

(1) Operation and Maintenance Account. There is hereby established a separate account to be designated the OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account"). Revenues shall be transferred each quarter of the Fiscal Year, commencing upon the effective date of this Ordinance, 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.

(2) Water Revenue Bond-Bond and Interest Redemption Account. There is hereby established a separate account to be designated as the WATER SUPPLY SYSTEM REVENUE BOND SERIES 2007- BOND AND INTEREST REDEMPTION ACCOUNT (the "Bond and Interest Redemption Account"). After the transfer required in (1) above, Revenues shall be transferred each quarter of the Fiscal Year from the Receiving Account, before any other expenditures or transfer therefrom, and deposited in the Bond and Interest Redemption Account for payment of principal of and interest on the Bond and to fund the Bond Reserve Account, in the amounts and at the times specified below.

Upon any delivery of an installment of the Bond there shall be set aside at the time of delivery and on the first day of each quarter of the Fiscal Year thereafter to the next interest payment date an amount equal to that fraction of the amount of interest due on the next interest payment date on said installment so delivered, the numerator of which is 1 and the denominator of which is the number of full and partial Fiscal Year quarters from the date of said delivery to the next interest payment date. There also shall be set aside each Fiscal Year quarter on or after the first interest payment date an amount not less than 1/2 of the amount of interest due on the next interest payment date on all outstanding installments of the Bond not delivered during the then current interest payment period.

Commencing twelve calendar months preceding the date on which the first principal installment payment on the Bond is due, there shall be set aside each Fiscal Year quarter on or after the first day of the Fiscal Year quarter, an amount not less than 1/4 of the amount of principal due on the next principal payment date. Except as hereinafter provided, no further deposits shall be made into the Bond and Interest Redemption Account (excluding the Bond Reserve Account) once the aforesaid sums have been deposited therein. Any amount on deposit in the Bond and Interest Redemption Account (excluding the Bond Reserve Account) in excess of (a) the amount needed for payment of principal installments of the Bond for the then current principal payment period, plus (b) interest on the Bond for the then current interest payment period, shall be used by the Issuer for redemption of principal installments of the Bond in the manner set forth in Section 9 hereof, or if such use is impracticable, shall be deposited in or credited to the Receiving Account.

If for any reason there is a failure to make such quarterly deposit in the amounts required, then the entire amount of the deficiency shall be set aside and deposited in the Bond and Interest

Redemption Account out of the Revenues first received thereafter which are not required by this Ordinance to be deposited in the Operation and Maintenance Account or in the Bond and Interest Redemption Account, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters.

There is hereby recognized in the Bond and Interest Redemption Account a separate account designated as the BOND RESERVE ACCOUNT (the "Bond Reserve Account"). Commencing March 1, 2008, there shall be withdrawn from the Receiving Account at the beginning of each Fiscal Year quarter and set aside in and transferred to the Bond Reserve Account, after provision has been made for the Operation and Maintenance Account and the current requirements of the Bond and Interest Redemption Account, the sum of at least \$1,687.50 per quarter (\$6,750 annually) until there is accumulated in such account the lesser of the sum of \$67,500 or the Reserve Amount. Except as hereinafter provided, no further deposits shall be made into the Bond and Interest Redemption Account for the purposes of the Bond Reserve Account once the lesser of the sum of \$67,500 or the Reserve Amount has been deposited therein. The moneys in the Bond Reserve Account shall be used solely for the payment of the principal installments of and interest on the Bond as to which there would otherwise be default; provided however, that in the event the amount on deposit in the Bond Reserve Account exceeds the Reserve Amount, the moneys in excess of the Reserve Amount shall be used to pay principal installments of and interest on the Bond on the next payment date.

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 for the Bond.

No further payments need be made into the Bond and Interest Redemption Account after enough of the principal installments of the Bond have been retired so that the amount then held in the Bond and Interest 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 the principal installments of the Bond then remaining outstanding.

The moneys in the Bond and Interest 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.

(3) 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 Bond and Interest Redemption Account (including the Bond Reserve Account), 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 Bond and Interest 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, and the Bond and Interest Redemption Account may be transferred to the Bond and Interest Redemption Account and used to call the Bond or portions thereof for redemption.

Section 12. Investments. Moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Bond may be invested by the legislative body of the Issuer on behalf of 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; provided, however, that as long as the Bond is held by the Government, then the investment may be limited to the obligations and instruments authorized by the Government. Investment of moneys in the Bond and Interest Redemption Account being accumulated for payment on the next maturing principal or interest payment on the Bond shall be limited to obligations and instruments bearing maturity dates prior to the date of the next maturing principal or interest payment on the Bond. Investment of moneys in the Bond Reserve Account shall be limited to Government obligations and instruments bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than five (5) years from the date of the investment. In the event investments are made, any securities representing the same shall be kept on deposit with the Depository Bank. Interest income earned on investment of funds in the Receiving Account, the Operation and Maintenance Account and the Bond and Interest Redemption Account (except the Bond Reserve Account), shall be deposited in or credited to the Receiving Account. Interest income earned on the investment of fund in the Bond Reserve Account shall be deposited in the Bond and Interest Redemption Account.

Section 13. Rates and Charges. Rates and charges for the services of the System have been fixed by ordinance in an amount sufficient to pay the costs of operating, maintaining and administering the System, to pay the principal of and interest on the Bond and to meet the requirements for repair, replacement, reconstruction and improvement and all other requirements provided herein, and otherwise comply with the covenants herein provided. The Issuer hereby covenants and agrees to fix and maintain at all times while the Bond shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for the foregoing expenses, requirements and covenants, and to create a bond and interest redemption account (including a bond reserve account) for such Bond. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all of the Bond, and accruing interest on all of the Bond, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this Section and Section 12 of this Ordinance.

Section 14. 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 15. Covenants. The Issuer covenants and agrees, so long as any of the Bond hereby authorized remains unpaid, as follows:

(a) It will comply with applicable State laws and regulations 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 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 file with the Department of Treasury and the Government each year, as soon as is possible, not later than ninety (90) days after the close of the Fiscal Year, a report, on forms prepared by the Department of Treasury, made in accordance with the accounting method of the Issuer, completely setting forth the financial operation of such Fiscal Year.

(iii) 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, or to the manager of the syndicate or account purchasing the Bond. Such audit shall be completed and so made available not later than one hundred eighty (180) days after the close of each Fiscal Year, and said audit may, at the option of the Issuer, be used in lieu of the statement on forms prepared by the Department of Treasury and all purposes for which said forms are required to be used by this Ordinance.

(c) It will maintain and carry, for the benefit of the holders of the Bond, 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 approved by 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 calling Bond.

(d) It will not borrow any money from any source or enter into any contract or agreement to incur any other liabilities that may in any way be a lien upon the Revenues or otherwise encumber the System so as to impair Revenues therefrom, without obtaining the prior written consent of the Government, nor shall it transfer or use any portion of the Revenues derived in the operation of the System for any purpose not herein specifically authorized.

(e) 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.

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

Section 16. Additional Bonds. The Issuer may issue additional bonds of equal standing with the 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 Bond or any additional bonds of equal standing with the 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 100 percent of the average annual debt service requirements on the 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 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 engineering filed with the Clerk of the Issuer. 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 Account mentioned in this Ordinance.

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

Section 17. Ordinance Shall Constitute Contract. The provisions of this Ordinance shall constitute a contract between the Issuer and the bondholders and after the issuance of the Bond this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holders nor shall the Issuer adopt any law, ordinance or resolution in any way adversely affecting the rights or the holders so long as the Bond or interest thereon remains unpaid.

Section 18. Refunding of 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 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 19. Default of Issuer. If there shall be default in the Bond and Interest Redemption Account, provisions of this Ordinance or in the payment of principal of or interest on any of the Bond, upon the filing of a suit by 20 percent of the holders of the Bond, any court

having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Issuer with power to charge and collect rates sufficient to provide for the payment of the Bond and for the payment of operation, maintenance and administrative expenses and to apply Revenues in accordance with this Ordinance and the laws of the State of Michigan.

The Issuer hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the Issuer's obligations, all contracts and other rights of the Issuer, conditionally, for such time only as such receiver or operation shall operate by authority of the court.

The holders of 20 percent of the then outstanding principal amount of the Bond in the event of default may require by mandatory injunction the raising of rates in a reasonable amount.

Section 20. 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 21. Fiscal Year of System. The fiscal year for operating the System shall be the Fiscal Year.

Section 22. Issuer Subject to Loan Resolution. So long as the Government is holder of any of the Bond, the Issuer shall be subject to the loan resolution (RUS Bulletin 1780-27) and shall comply with all provisions thereof.

Section 23. Covenant Not to Defease. So long as the Government is the holder of the Bond, the Issuer covenants that it will not defease the Bond held by the Government.

Section 24. Approval by the Michigan Department of Treasury. Each of the officers of the Village is hereby authorized and directed to execute and deliver such applications, documents, instruments and certificates with the Michigan Department of Treasury in support of an application of the Village for "qualified status" or, in the alternative, for prior approval to issue the bonds, and to pay any necessary fees and file for such waivers as may be necessary or advisable with respect to the bonds.

Section 25. 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 26. 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 27. Publication and Recordation. This Ordinance shall be published in full in the *Tri-County Citizen*, 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 Village President and the Clerk.

Section 28. Effective Date. This Ordinance is hereby determined by the Village Council 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 Village of New Lothrop, County of Shiawassee, State of Michigan, on _____, 2007.

Village President

(Seal)

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 New Lothrop, County of Shiawassee, State of Michigan, at a _____ meeting held on the ____ day of _____, 2007, 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, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

ORDINANCE NO. 105

AN ORDINANCE TO PROHIBIT THE DRILLING OF WELLS IN THE VILLAGE OF NEW LOTHROP; TO PROHIBIT THE USE OF WATER FROM ANY SOURCE OTHER THAN THE MUNICIPAL WATER SYSTEM WITHIN THE VILLAGE; EXCEPTIONS; EFFECTIVE DATE; PENALTY.

THE VILLAGE OF NEW LOTHROP ORDAINS:

Section 1. Wells Prohibited. No person, corporation, partnership, LLC, business or other entity shall drill or sink a well in the Village of New Lothrop.

Section 2. Use of Water. No person, corporation, partnership, LLC, business or other entity shall use water on or within property in the Village of New Lothrop except through the municipal water system. This section shall not apply to wells currently being used in the Village of New Lothrop for household purposes on property upon which the well exists or for the filling of swimming pools.

Section 3. Effective Date. This Ordinance shall be effective 15 days after publication or posting.

Section 4. Penalty. Any person found guilty of violating this Ordinance is guilty of a misdemeanor and is subject to a fine of up to Five Hundred (\$500.00) Dollars or imprisonment for a period of up to ninety (90) days, or a combination of such fine and imprisonment.

Date Enacted: 10-11-08

Date Posted: 10-25-08

Date Published: 10-29-08

Kenneth Birchmeier
Kenneth Birchmeier, Mayor

Karen Maksimchuk
Karen Maksimchuk, Village Clerk

PREPARED BY:
CHARLES R. MCKONE
New Lothrop Village Attorney
2377 S. Linden Road, Ste. B
Flint, Michigan 48532
(810) 733-2050
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ORDINANCE NO. 106

AN ORDINANCE TO PROHIBIT STORM WATER FROM SUMP PUMPS, WEEP TILES OR OTHER SOURCES FROM BEING DRAINED INTO THE SANITARY SEWER; DISCONNECTION OF ANY STORM WATER DRAINS FROM THE SANITARY SEWER SYSTEM; REQUIRED INSPECTION UPON SALE OR CHANGE OF OCCUPANCY OF A COMMERCIAL OR RESIDENTIAL STRUCTURE; PENALTY; EFFECTIVE DATE.

THE VILLAGE OF NEW LOTHROP ORDAINS:

Section 1. Public Purpose. It is hereby deemed to be in the best interests of the health, safety and welfare of the citizens of the Village of New Lothrop that the sanitary sewer system not receive storm waters diverted from houses and other buildings.

Section 2. Prohibited Acts. No person shall:

- a). Construct a storm water drain from a sump pump, weep tile, roof drains, driveway or parking lot drain or other source of storm water that would direct or divert storm water into the sanitary sewer system of the Village of New Lothrop;
- b). Allow to continue after the effective date of this Ordinance any storm water drain that directs or diverts storm water into the sanitary sewer system of the Village of New Lothrop from any source or sources as prohibited in subsection a above.

Section 3. Inspections. The Building Inspector for the Village of New Lothrop or his designee shall inspect any building structure placed on the market for sale and/or any building structure that is scheduled for change of occupancy for compliance with this Ordinance.

Section 4. New Construction, Remodeling and Renovations. Any building structure for which a building permit is issued shall be inspected for compliance with this Ordinance. This Section shall apply to new construction, remodeling of a property and/or renovation of a building.


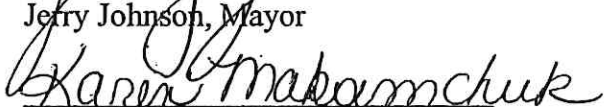
Section 5. Penalty. Any person found guilty of violating this Ordinance is guilty of a misdemeanor and is subject to a fine of up to Five Hundred (\$500.00) Dollars or imprisonment for a period of up to ninety (90) days, or a combination of such fine and imprisonment.

Section 6. Effective Date. This Ordinance shall be effective 15 days after publication or posting.

Date Enacted: 3-11-09

Date Posted: 3-13-09

Date Published: 3-13-09


Jerry Johnson, Mayor

Karen Maksimchuk, Village Clerk

PREPARED BY:
CHARLES R. McKONE
New Lothrop Village Attorney
2377 S. Linden Road, Ste. B
Flint, Michigan 48532
(810) 733-2050
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ORDINANCE NO. 107

AN ORDINANCE TO PROHIBIT BLIGHT AND THE ACCUMULATION OF JUNK
WITHIN RESIDENTIAL ZONES OR CERTAIN COMMERCIAL ZONES OF THE VILLAGE
OF NEW LOTHROP; PENALTY; EFFECTIVE DATE

THE VILLAGE OF NEW LOTHROP ORDAINS:

Section 1. Purpose. The purpose of these regulations is to limit and restrict the outdoor storage or unreasonable accumulation of junk, inoperable recreational vehicles, and garbage, upon premises used or zoned for residential purposes, or in commercial districts not zoned for such use; to thereby avoid injury and hazards to children attracted to junk and household items, and the psychological ill effect of the presence of such junk and household items upon adjoining residents and property owners.

Section 2. Definitions.

- a. *Garbage.* The term "garbage" shall mean any animal or vegetable waste.
- b. *Inoperable recreational vehicle.* The term "inoperable recreational vehicle" shall mean any camper, trailer, boat, snowmobile, motorcycle, personal watercraft, all-terrain vehicle, dune buggy or similar recreational equipment that is either of the following:
 - (1) Which because of dismantling, disrepair or other cause is not capable of being used for its normal intended recreational use at the date of the violation.
 - (2) Which is required to be licensed or registered for its normal intended recreational use and which has not been so licensed or registered for a period in excess of six months.
- b. *Junk.* The term "junk" shall mean all waste material including but not limited to used appliances, furniture ordinarily used indoors, tires, scrap metal, building materials, rags, bottles, boxes, waste paper, crates, vehicle or other parts, and other discarded items.

Section 3. Prohibited conduct.

- a. No person in charge or in control of any premises, whether as owner, tenant, occupant, lessee, or otherwise, primarily used or zoned for residential purposes, or in commercial districts not zoned for such use, shall allow any junk, garbage, inoperable recreational vehicle or demolition derby car to be placed or stored on the exterior portion of any such property in the Village of New Lothrop or on any street right of way or any Village property longer than fourteen (14) days.

- b. This ordinance shall not apply to building materials placed or stored on the exterior portion of property located in the Village of New Lothrop primarily used or zoned for residential purposes, or in commercial districts not zoned for such use building materials if there is in force at the time of placement or storage a valid building permit issued by the Village for construction upon such property and such materials are intended for use in connection with such construction. Building materials shall include but shall not be limited to lumber, bricks, concrete or cinder blocks, plumbing materials, electrical wiring or equipment, heating ducts or equipment, shingles, mortar, concrete or cement, nails, screws, or any other materials used in constructing any structure.
- c. No person shall permit in any area the existence of any partially completed structure unless such structure is in the course of construction in accordance with a valid and subsisting building permit issued by the Village and unless such construction is completed within a reasonable time.
- d. An owner, tenant, occupant, or lessee of property primarily used or zoned for residential purposes, or in commercial districts not zoned for such use shall keep the exterior property in a clean, safe and sanitary condition.

Section 4. Enforcement generally; notice to abate. The chief of police is charged with the enforcement of this article for all properties within the Village of New Lothrop and may, for such purposes, assign enforcement to other officers. The enforcing officer shall notify the owner and occupant, as the case may be, of any violation of this article in the manner provided by the Village Ordinances, or by posting the notice in some conspicuous place on the land or attaching the notice to the entrance of the building or structure and shall specify a compliance time in the notice, such time not to be less than two (2) days nor more than ten (10) days from the time said notice is served.

Section 5. Reinspections; continuing enforcement. The enforcing officer shall conduct a reinspection to determine if the required corrective action has been completed to abate the prohibited conduct set forth in this Ordinance. In the event of noncompliance, continuing enforcement action shall take place in accordance with provisions of this Ordinance by the issuance of a citation for a misdemeanor.

Section 6. Public Nuisance. Any blight, junk, garbage, or inoperable recreational vehicle located on property located in the Village primarily used or zoned for residential purposes, or in commercial districts not zoned for such use which is detrimental to the public health, safety and general public welfare, is hereby declared a public nuisance as defined by the Village of New Lothrop Ordinances, and shall be so designated in the notice to abate.

Section 7. Penalty. Any person found guilty of violating this Ordinance is guilty of a misdemeanor and is subject to a fine of up to Five Hundred (\$500.00) Dollars or imprisonment for a period of up to ninety (90) days, or a combination of such fine and imprisonment.

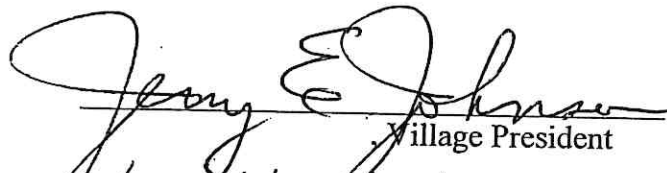

Section 8. Effective Date.
publication or posting.

This Ordinance shall be effective 15 days after

Date Enacted: 10-14-09

Date Posted: 10-22-09

Date Published: 10-25-09


Village President

Karen Maksimchuk, Village Clerk

PREPARED BY:
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(810) 733-2050

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VILLAGE OF NEW LOTHROP, SHIAWASSEE COUNTY, MICHIGAN

ORDINANCE NO. 108

AN ORDINANCE TO DESIGNATE AN ENFORCING AGENCY TO DISCHARGE THE RESPONSIBILITY OF THE VILLAGE OF NEW LOTHROP LOCATED IN SHIAWASSEE COUNTY, AND TO DESIGNATE REGULATED FLOOD HAZARD AREAS UNDER THE PROVISIONS OF THE STATE CONSTRUCTION CODE ACT, ACT NO. 230 OF THE PUBLIC ACTS OF 1972, AS AMENDED; REPEALS; PUBLICATION; EFFECTIVE DATE.

THE VILLAGE OF NEW LOTHROP ORDAINS:

Section 1. Agency Designation. Pursuant to the provisions of the state construction code, in accordance with Section 8b(6) of Act 230, of the Public Acts of 1972, as amended, the Building Inspector of the Village of New Lothrop is hereby designated as the enforcing agency to discharge the responsibility of the Village of New Lothrop under Act 230, of the Public Acts of 1972, as amended, State of Michigan. The Village of new Lothrop assumes responsibility for the administration and enforcement of said Act throughout the corporate limits of the community adopting this Ordinance.

Section 2. Code Appendix Enforced. Pursuant to the provisions of the state construction code, in accordance with Section 8b(6) of Act 230, of the Public Acts of 1972, as amended, Appendix G of the Michigan Code shall be enforced by the enforcing agency with the Village of New Lothrop.

Section 3. Designation of Regulated Flood Prone Hazard Areas. The Federal Emergency Management Agency (FEMA) Flood Insurance Study (FIS) Entitled Shiawassee Co MI (all unshaded) and dated 9-2-2009, and the Flood Insurance Rate Map(s) (FIRM) panel number (s) of 176 & 177 of 400 and dated 9-2-2009 are adopted by reference for the purposes of administration of the Michigan Construction Code, and declared to be a part of Section 1612.3 of the Michigan Building Code, and to provide the content of the "Flood Hazards" section of Table R301.2 of the Michigan Residential Code.

Section 4. Repeals. All Ordinances inconsistent with the provisions of this Ordinance are hereby REPEALED.

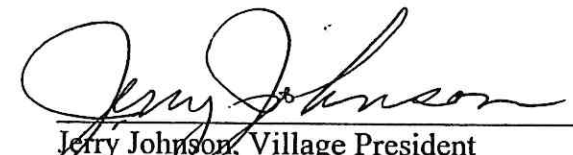
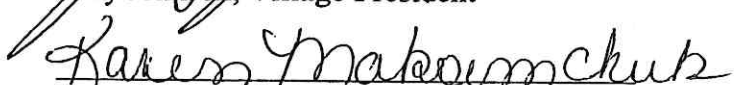
Section 5. Publication. This Ordinance shall be effective after legal publication and in accordance with the provisions of the Act governing same.

Adopted this 13 day of January, A.D., 2010.

Date Enacted: 1-13-10

Date Posted: 1-20-10

Date Published: 1-31-10


Jerry Johnson, Village President

Karen Maksimchuk, Village Clerk

PREPARED BY:
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