

CHARTER TOWNSHIP OF KINROSS
COUNTY OF CHIPPEWA, MICHIGAN

At a regular meeting of the Township Board of the Charter Township of Kinross, County of Chippewa, Michigan, held in the Kinross Township Hall located at 4884 W. Curtis Street, Kincheloe, Michigan, on Monday, July 20, 2015, at 7:00 p.m. Local Time.

PRESENT: Members: Moore, Gaines, Kooiman, Noel, Besteman, Sare, and Pierce.

ABSENT: Members 0

It was moved by Member James Moore, and seconded by Member Kathy Noel that the following Ordinance be adopted under the authority of the Revenue Bond Act of 1933, being Act 94 of the Public Acts of Michigan of 1933, as amended.

ORDINANCE NO. 1.138

AN ORDINANCE TO AUTHORIZE AND PROVIDE FOR THE CONSTRUCTION OF IMPROVEMENTS TO THE TOWNSHIP SEWAGE DISPOSAL SYSTEM, TO PROVIDE FOR THE ISSUANCE OF SEWAGE DISPOSAL SYSTEM REVENUE BONDS, TO PROVIDE FOR THE SECURITY OF THE BONDS HEREIN AUTHORIZED, AND TO PROVIDE FOR OTHER MATTERS RELATIVE TO SAID BONDS

Upon roll call vote, the vote upon the motion adopting said Ordinance was as follows:

YEAS: Members: Moore, Besteman, Sare, and Noel

NAYS: Members: Gaines, Kooiman, and Pierce

ABSTAIN: Members: 0

The Township Clerk declared the Ordinance adopted.

The following is Ordinance No. 1.138 as adopted:

CHARTER TOWNSHIP OF KINROSS

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THE CHARTER TOWNSHIP OF KINROSS ORDAINS:

Section 1. Definitions. Whenever used in this Ordinance, except when otherwise indicated by the context, the following terms shall have the following meanings:

a. "Act 34" means Act 34 of the Public Acts of Michigan of 2001, as amended.

b. "Act 94" means Act 94 of the Public Acts of Michigan of 1933, as amended.

c. "Additional Bonds" means any additional bonds of equal standing with the Project Bonds issued pursuant to Section 19 of this Ordinance.

d. "Adjusted Net Revenues" means for any operating year the excess of Revenues over expenses for the System determined in accordance with generally accepted accounting principles, to which may be made the following adjustments:

(1) Revenues may be augmented by the amount of any rate increases adopted prior to the issuance of Additional Bonds or to be placed into effect before the time principal or interest on the Additional Bonds becomes payable from Revenues as applied to quantities of service furnished during the operating year or portion thereof that the increased rates were not in effect;

(2) Revenues may be augmented by amounts which may be derived from rates and charges to be paid by new customers of the System.

The adjustment of Revenues and expenses by the factors set forth in (1) and (2) above shall be reported upon by a registered municipal advisor or other expert not in the regular employment of the Issuer.

e. "Board" or "Township Board" means the Township Board of the Township.

f. "Bond Registrar" means the Township Treasurer who shall initially act on behalf of the Township as paying, registration and bond registrar with respect to the Project Bonds, or a bank or trust company qualified to act as a paying agent and registrar in the State of Michigan and designated by resolution of the Board.

g. “Bond Reserve Account” means the separate Bond Reserve Account established in the Redemption Fund in accordance with Section 13b of this Ordinance.

h. “Bond Reserve Requirement” means generally an amount equal to the lesser of (i) 10% of the stated principal amount of the Bonds, after taking into account SRF Loan Program principal forgiveness, if any, (ii) an amount equal to the maximum annual principal and interest requirements on the Bonds, after taking into account SRF Loan Program principal forgiveness, if any, or (c) 125 percent (125%) of the average annual principal and interest requirements on the Bonds, after taking into account SRF Loan Program principal forgiveness, if any.

i. “Bonds” means the Project Bonds, including the bonds delivered to the initial purchaser thereof and any individual bonds exchanged therefor and, when issued and delivered, any Additional Bonds.

j. “Code” means the Internal Revenue Code of 1986, as amended.

k. “Construction Fund” means the First Segment Bond Construction Fund established with the Depository in accordance with Section 16.

l. “Consulting Engineers” means the engineer or engineering firm or firms appointed from time to time, and having a favorable reputation for skill and experience in the design and operation of municipal sewage disposal systems, at the time retained by the Board to perform the acts and carry out the duties provided for such Consulting Engineers in the Ordinance, including initially Fleis & VandenBrink Engineering Inc. retained by the Board for the Project.

m. “Depository Bank” shall mean the Soo Co-op Credit Union, Sault Ste. Marie, Michigan or such other financial institution as shall be qualified under Section 15 of Act 94 and designated to act as depository pursuant to this Ordinance by resolution of the Board.

n. “First Segment Bonds” means the Township’s Sewage Disposal System Revenue Bonds, Series 2015, as authorized by this Ordinance.

o. “Government Obligations” means direct obligations of (including obligations issued or held in book entry form on the books of) the United States of America.

p. “Investment Obligations” means the investments permitted by the Township investment policy.

q. “Net Revenues” means the Revenues remaining after deducting the reasonable expenses of administration, operation, and maintenance of the System, exclusive of depreciation.

r. “Operation and Maintenance Fund” means the Operation and Maintenance Fund established with the Depository in accordance with Section 13a.

s. "Ordinance" means this Ordinance and any other ordinance amendatory to or supplemental to this Ordinance and shall include any ordinance authorizing the issuance and sale of the Second Segment Bonds or any Additional Bonds.

t. "Outstanding Bonds" means Bonds authenticated and delivered under this Ordinance except:

(1) Bonds canceled by the Bond Registrar at or prior to such date;

(2) Bonds (or portions of Bonds) for the payment or redemption of which moneys or Government Obligations, equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under this Ordinance and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in this Ordinance or provision satisfactory to the Bond Registrar shall have been made for the giving of such notice; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered hereunder.

u. "Project" means improvements to the System to be undertaken in two segments and generally consisting of improvements and replacements to lift stations, including standby power systems, and the wastewater treatment plant, including components of the head works building, clarifier building, trickling filter pump house, chemical feed building and system, anaerobic digestion system improvements, a new food waste handling/feed system, combined heat and power improvements, and other energy efficiency improvements to the System, and related appurtenances, improvements and interests in land, as described in the plans and specifications prepared by the Consulting Engineer.

v. "Project Bonds" means the First Segment Bonds and the Second Segment Bonds.

w. "Receiving Fund" means the Sewage Disposal System Receiving Fund established with the Depository in accordance with Section 13 of this Ordinance.

x. "Redemption Fund" means the Bond and Interest Redemption Fund established in accordance with Section 13b of this Ordinance, with separate subaccounts for each series of Bonds.

y. "Registered Owner" means the owner of a Bond as shown by the registration records kept by the Bond Registrar.

z. "Repair, Replacement and Improvement Fund" means the Repair, Replacement and Improvement Fund established with the Depository in accordance with Section 13c of this Ordinance.

aa. "Revenues" means the income derived from the rates charged for the services, facilities, and commodities furnished by the System, including income derived by

reason of future improvements, enlargements, extensions or repairs to the System. Revenues shall include earnings on investment of funds and accounts of the System required to be deposited in the Receiving Fund pursuant to this Ordinance and other revenues derived from or pledged to operation of the System.

bb. "Second Segment Bonds" means the Project Bonds to be authorized by a supplement to the Ordinance to fund the cost of acquiring and constructing that portion of the Project not funded with proceeds of the First Segment Bonds.

cc. "SRF Loan Program" means the State of Michigan Water Pollution Control Revolving Fund a.k.a. State Revolving Fund Loan Program.

dd. "Sufficient Government Obligations" means direct obligations of the United States of America or obligations the principal of and interest on which are fully guaranteed by the United States of America, the principal and interest payments upon which without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the interest as it comes due on the Bonds and the principal and redemption premium, if any, on the Bonds as it comes due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations shall be placed in trust with a bank or trust company, and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds for redemption shall be given to the Bond Registrar.

ee. "System" means the complete sanitary sewage disposal system of the Township intended to serve the Township, including the trunk and lateral sanitary sewers, pumping stations, force main and the sewage treatment facility together with all plants, works, instrumentalities, properties and appurtenances, used or useful in connection with the collection, treatment and disposal of sanitary sewage and all additions, extensions and improvements existing or hereafter acquired, including the Project.

ff. "Township" and "Issuer" mean the Charter Township of Kinross, Chippewa County, Michigan.

Section 2. Necessity; Approval of Plans and Specification. It is hereby determined to be a necessary public purpose of the Township to acquire and construct the Project in accordance with the plans and specifications presented to the Board by the Consulting Engineers, which plans and specifications are hereby approved.

Section 3. Cost and Period of Usefulness of Project. The total pre-design cost of the Project estimated by the Consulting Engineers to be Nine Million Six Hundred Forty Thousand Dollars (\$9,640,000) including the payment of incidental expenses as specified in Section 4 of this Ordinance, is hereby approved and confirmed, and the period of usefulness of the portion of the Project to be defrayed by the First Segment Bonds is estimated to be not less than twenty-five (25) years.

Section 4. Payment of Cost of Project; Bonds Authorized. To pay the cost of acquiring and constructing the Project, including payment of legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Project Bonds, the Township shall borrow the not-to-exceed sum of Nine Million Six Hundred Forty Thousand Dollars (\$9,640,000) and issue therefor its First Segment Bonds in the current estimated amount

of \$7,155,000 and Second Segment Bonds in the current estimated amount of \$2,485,000 in one or more series pursuant to the provisions of Act 94 to evidence one or more loans from the SRF Loan Program. The remaining cost of the Project shall be defrayed from investment earnings on bond proceeds and Issuer funds on hand and legally available for such use.

Section 5. Project Bond Details, Registration and Execution.

a. **Details of First Segment Bonds.** The First Segment Bonds shall be issued in the amount of \$7,155,000 and shall be designated SEWAGE DISPOSAL SYSTEM REVENUE BONDS, SERIES 2015, substantially in the form attached to this Ordinance as Exhibit A. The First Segment Bonds shall be sold to the Michigan Finance Authority (the "Authority") in accordance with Section 24 pursuant to the terms of a Purchase Contract by and between the Authority and the Township (the "Purchase Contract"), the form of which has been approved by the Board, and a Supplemental Agreement by and between the Township, the Authority and the State of Michigan acting through the Department of Environmental Quality (the "Supplemental Agreement"), the form of which has been approved by the Board. The First Segment Bonds shall be dated as of the date of delivery to the Authority; shall bear interest at the rate of 2.50% per annum, payable on April 1, 2016, and semi-annually thereafter on each April 1 and October 1 until payment of the principal of the First Segment Bonds has been made or duly provided for. The First Segment Bonds shall be issued in one or more certificates in \$1.00 denominations or any integral multiple thereof up to the aggregate principal amount of the First Segment Bonds, shall be numbered from R-1 upwards in order of authentication, shall be fully registered and shall be designated Series 2015. The First Segment Bonds shall mature serially on October 1 in each year in the amounts as follows:

<u>Date</u>	<u>Principal Maturity</u>	<u>Date</u>	<u>Principal Maturity</u>
2017	\$280,000	2027	\$360,000
2018	\$290,000	2028	\$370,000
2019	\$295,000	2029	\$375,000
2020	\$300,000	2030	\$385,000
2021	\$310,000	2031	\$395,000
2022	\$315,000	2032	\$405,000
2023	\$325,000	2033	\$415,000
2024	\$335,000	2034	\$425,000
2025	\$340,000	2035	\$435,000
2026	\$350,000	2036	\$450,000

The First Segment Bonds shall not be sold for less than 100% of par value.

Interest on the First Segment Bonds shall be payable by check or draft mailed to each Registered Owner at the registered address, as shown on the registration books of the Township maintained by the Bond Registrar. Interest shall be payable to the Registered Owner of record as of the fifteenth day of the month prior to the payment date for each interest payment. The principal of the First Segment Bonds shall be payable by the Bond Registrar at the principal office of the Bond Registrar upon presentation and surrender thereof.

Principal of and interest on the First Segment Bonds shall be payable in lawful money of the United States.

The First Segment Bonds may be subject to redemption prior to maturity by the Township only with the prior written consent of the Authority and on such terms as may be required by the Authority.

Notwithstanding the foregoing or any other provision of this Ordinance:

(1) The Supervisor and Clerk are hereby authorized and directed to approve the final terms of the sale of the First Segment Bonds as evidenced by the Purchase Contract or otherwise, including the date of delivery, the purchase price, the aggregate principal amount, which shall in no event exceed \$9,640,000, the principal amount and annual maturity dates of individual maturities, the rate or rates of interest payable on the First Segment Bonds, which shall not exceed 2.50% per annum, minimum principal denominations, the series designation and the date of the first interest payment, the commencement dates of the required set asides in the Redemption Fund and the Bond Reserve Account and other matters necessary to issue the First Segment Bonds, subject in all respects to the limitations of Act 94.

(2) The First Segment Bonds may be delivered in one or more installments of principal in accordance with the Purchase Contract and the Supplemental Agreement.

(3) The Township promises to pay to the Authority the principal amount of the First Segment Bonds or so much thereof as shall have been advanced to the Township pursuant to the Purchase Contract and the Supplemental Agreement, after taking into account SRF Loan Program principal forgiveness, if any.

(4) So long as the Authority is the owner of the First Segment Bonds, (i) the First Segment Bonds shall be payable as to principal, premium, if any, and interest at The Bank of New York Mellon Trust Company N.A. or at such other place as shall be designated in writing to the Township by the Authority (the "Authority's Depository"); (ii) the Township agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on the First Segment Bonds in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the Township's deposit by 12:00 noon on the scheduled day, the Township shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; and (iii) written notice of any redemption of the First Segment Bonds shall be given by the Township and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

(5) In the event of a default in the payment of principal or interest on the First Segment Bonds when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase the First Segment Bonds but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the Township's default. Such additional interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the

default in the payment of any municipal obligation purchased by the Authority) the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase the First Segment Bonds fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the Township shall and hereby agrees to pay on demand only the Township's pro rata share (as determined by the Authority) of such deficiency as additional interest on the First Segment Bonds.

(6) It is understood and agreed by the Township that during the time funds are being drawn down by the Township in accordance with the Purchase Contract and the Supplemental Agreement, the Authority will periodically provide the Township a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Township of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of the First Segment Bonds. The Township acknowledges that in the event the principal amount of the loan evidenced by the First Segment Bonds is reduced by the Authority in accordance with Schedule I to the form of the First Segment Bonds attached hereto as Exhibit A or the Supplemental Agreement, the Authority will prepare a revised Schedule I to the First Segment Bonds that is calculated so that the principal payments are rounded to the nearest dollar and such revised Schedule I shall be effective upon receipt by the Township.

(7) The Township acknowledges that, to the best of its understanding, the Township is eligible for forgiveness by the SRF Loan Program of a portion of the principal amount of the First Segment Bonds based on the eligibility of the Project for Green Project Reserve funds and the Township agrees to accept such principal forgiveness provided by the SRF Loan Program.

b. **Details of Second Segment Bonds.** The details of the Second Segment Bonds shall be determined in accordance with the terms of a supplement to this Ordinance adopted by the Township Board.

c. **Registration and Execution of Bonds.** The Bonds shall be signed by the original or facsimile signature of the Supervisor and countersigned by the original or facsimile signature of the Township Clerk. The Bonds shall have the corporate seal of the Township affixed thereto or printed thereon in facsimile form. No Bond shall be valid until authenticated by the Bond Registrar. Executed blank Bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Bond Registrar for safekeeping.

Any Bond, upon surrender of the Bond to the Bond Registrar by the Registered Owner thereof, accompanied by delivery of a duly executed written instrument of transfer satisfactory to the Bond Registrar, may be exchanged for Bonds of any other authorized denominations of the same aggregate principal amount, maturity date and interest rate as the surrendered Bond.

Any Bond may be transferred upon the books of the Township maintained by the Bond Registrar by the Registered Owner thereof, in person or by his 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 Bond Registrar. Whenever any Bond or Bonds shall be surrendered for transfer, the Bond Registrar shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount, maturity, interest rate and series. The Bond Registrar shall require the payment by the Registered Owner requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

The Township shall have the right to designate a successor to the Bond Registrar and, in such event, a notice shall be mailed to the Registered Owners by the Bond Registrar not less than sixty (60) days prior to the change in Bond Registrar.

Section 6. Replacement of Bonds. Upon receipt by the Bond Registrar of proof of ownership of an unmatured bond, of satisfactory evidence that the bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the Bond Registrar, the Bond Registrar may deliver a new executed bond to replace the bond lost, apparently destroyed or wrongfully taken in compliance with applicable law. In the event an outstanding matured bond is lost, apparently destroyed or wrongfully taken, the Township may authorize the Bond Registrar to pay the bond without presentation upon the receipt of the same documentation required for the delivery of a replacement bond. The Bond Registrar for each new bond delivered or paid without presentation as provided above, shall require the payment by the bondholder of expenses, including counsel fees, which may be incurred by the Bond Registrar and the Township in connection therewith. Any bond delivered pursuant to the provisions of this Section 6 in lieu of any bond lost, apparently destroyed or wrongfully taken shall be of the same form and tenor and be secured in the same manner as the bond originally issued.

Section 7. Payment of Bonds; Creation and Priority of Lien; Defeasance. The Bonds and the interest thereon shall be payable solely from the Net Revenues and to secure such payment, there is hereby created a first priority statutory lien upon the Net Revenues. Pursuant to provisions of Act 94, the Township hereby pledges the Net Revenues to the repayment of the principal of, redemption premium, if any, and interest on the Bonds. The lien and pledge provided by this Ordinance shall 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 Bonds of a series 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. Upon deposit of cash or Sufficient Government Obligations, as provided in the preceding sentence, the statutory lien shall be terminated with respect to that series of Bonds, the holders of that series shall have no further rights under this Ordinance except for payment from the funds so deposited, and the Bonds of that series shall be considered to be defeased and shall no longer be considered to be outstanding under this Ordinance.

The Project Bonds shall have equal standing with any Additional Bonds, as defined in this Ordinance, issued in accordance with this Ordinance.

Section 8. Management. The operation, repair and management of the System and the acquisition and construction of the Project shall be under the supervision and control of the Township Board. The Township may employ such person or persons in such capacity or

capacities as it deems advisable to carry on the efficient administration of the System. The Township may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System.

Section 9. Rates. The rates to be charged for service furnished by the System and the methods of collection and enforcement of the collection of the rates including late payment fees and penalties applicable to users of the System who fail to pay, in a timely fashion, the rates and charges that have been billed for the use of the System, shall be those permitted by law and established by the Board on or before the date of adoption of this Ordinance and thereafter as established by the Board. In the event that a user of the System does not timely pay the rates and charges that have been billed to such user, the Township Board shall take the necessary action to add such delinquent rates and charges to the user's ad valorem property tax bills.

Section 10. No Free Service. No free service shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the Township.

Section 11. Rate Covenant. The rates charged in accordance with Section 9 of this Ordinance 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, and when taken together with Net Revenues, to provide for (i) an amount equal to the annual principal and interest requirements on all of the Bonds and any other indebtedness payable from Net Revenues, as the same become due and payable, (ii) the maintenance of the Bond Reserve Account, as required by this Ordinance, and (iii) all other obligations, expenditures and funds for the System required by law or this Ordinance. In addition, the Township covenants that the rates shall be set from time to time so that there shall be produced, in each fiscal year of the Township, Net Revenues, based upon the Township's reasonable expectations and historical operating trends, in an amount equal to 100% of the principal of and interest coming due in each fiscal year on the Bonds, and all other indebtedness payable from Net Revenues. The rates shall be fixed and revised from time to time as may be necessary to produce these amounts, and the Township hereby covenants and agrees to fix and maintain rates in accordance with Act 94 for services furnished by the System at all times sufficient to provide for the foregoing.

Section 12. Operating Year. The System shall be operated on the basis of an operating year which corresponds to the fiscal year of the Township which currently commences on April 1 and ends on the last day of the following March.

Section 13. Funds and Accounts, Flow of Funds. All Revenues of the System shall be set aside as collected and credited to the Receiving Fund which is hereby established as a separate depository account with the Depository. The Revenues so credited shall be transferred within or from the Receiving Fund periodically in the manner and at the times hereinafter specified:

a. **OPERATION AND MAINTENANCE FUND:** Quarterly out of the Revenues credited to the Receiving Fund there shall be first set aside in, or credited to, the Operation and Maintenance Fund, which shall be established and maintained with the Depository, a sum sufficient to provide for the payment of the ensuing quarter's expenses of

administration and operation of the System including such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order.

The Township Board, prior to the commencement of each operating year, shall adopt a budget covering the foregoing expenses for such year. During the course of the operating year, the total of such expenses shall not exceed the total amount specified in the budget, except by a majority vote of the members elect of the Township Board.

b. **BOND AND INTEREST REDEMPTION FUND.** The Redemption Fund shall be established and maintained as a separate depository account, and the moneys on deposit from time to time therein shall, consistent with the pledge set forth in Section 7 above, be used solely for the purpose of paying the principal of, redemption premium, if any, and interest on the Bonds. A Series 2015 Subaccount shall be established in the Redemption Fund for the First Segment Bonds and separate subaccounts shall be maintained in the Redemption Fund for each additional series of Bonds.

Out of the Net Revenues remaining in the Receiving Fund, after provision for the credit or deposit to the Operation and Maintenance Fund, there shall next be set aside, quarterly on the first day of each March, June, September and December, commencing December 1, 2015, and deposited in the Series 2015 Subaccount, for payment of interest on the First Segment Bonds, a sum equal to at least one-half of the amount of the interest due on the next ensuing interest payment date plus commencing December 1, 2016 for payment of principal on the First Segment Bonds a sum equal to not less than one-quarter of the principal maturing on the next ensuing principal payment date in each year, subject to any credit therefore from investment earnings transferred from the Bond Reserve Account. If there shall be any deficiency in the amount previously required to be set aside, then the amount of such deficiency shall be added to the next succeeding quarterly requirement.

The Bond Reserve Account is hereby established as a separate account in the Redemption Fund. The Bond Reserve Account shall be funded by the Township commencing September 1, 2016 by the deposit of surplus monies in the Receiving Fund or Net Revenues remaining, if any, after the set aside into the Redemption Fund of a sufficient sum for current principal and interest payments on the Bonds as provided in the preceding paragraph. The Bond Reserve Account shall be funded, to the extent of such available monies, in the amount of one-third of the Bond Reserve Requirement annually until an amount equal to the Bond Reserve Requirement has been accumulated. All investment earnings in the Bond Reserve Account shall be transferred to the Redemption Fund and allocably set aside in each subaccount maintained for the payment of current principal and interest on the Bonds. If at any time it shall be necessary to use moneys credited to the Bond Reserve Account for the payment of principal and interest on any of the Bonds, then the moneys so used shall be replaced over a period of not more than 5 years from the Net Revenues first received thereafter which are not required for current principal and interest requirements on the Bonds. If at any time there is any excess in the Bond Reserve Account over the Bond Reserve Requirement, such excess may be transferred to such fund or account as the Township Board shall direct. No proceeds of the First Segment Bonds shall be used to fund the Bond Reserve Account.

No further payments need be made into the Redemption Fund subaccount for a particular series of Bonds after enough principal on said series of Bonds has been paid so that the amount

then held in the Redemption Fund subaccount together with the amount then held in the Bond Reserve Account for said series of Bonds is equal to the entire amount of principal and interest which will be payable at the time of maturity of said series of Bonds and the monies so held shall be used solely to pay the principal of and interest on said series of Bonds, including redemption premium, if any, as the series of Bonds become due.

c. **REPAIR, REPLACEMENT AND IMPROVEMENT FUND:** The Repair, Replacement and Improvement Fund shall be established and maintained with the Depository for the purpose of making repairs, replacements, additions, improvements, extensions and enlargements to the System. There shall be set aside in or credited to the Repair, Replacement and Improvement Fund, after provision is made for the requirements of the foregoing funds and accounts, such amounts as shall be determined by the Township Board.

d. **SURPLUS MONEYS:** Any Revenues in the Receiving Fund at the end of any quarter of any operating year after satisfying all requirements of the Operation and Maintenance Fund, the Redemption Fund, including the subaccounts established for each series of Bonds, and the Bond Reserve Account, and the Repair, Replacement and Improvement Fund shall be deemed to be surplus moneys, and may, at the option of the Township Board be used for any of the following purposes:

- (1) Transfer to the Repair, Replacement and Improvement Fund;
- (2) Transfer to the Redemption Fund and used for the prepayment, payment, or purchase of Bonds; or
- (3) Used for such purpose or purposes related to the System as the Township Board may determine to be for the best interests of the Township.

If there should be any deficit in the Operation and Maintenance Fund, Redemption Fund, including the Bond Reserve Account, or the Repair, Replacement and Improvement Fund on account of defaults in setting aside required amounts therein, then transfers shall be made from the moneys remaining in the Receiving Fund at the end of any operating year to those funds in the priority and order specified herein, to the extent of any deficit, before any other disposition is made of the monies in the Receiving Fund at the end of any operating year.

Section 14. Depository Bank. Moneys in the several funds and accounts established pursuant to this Ordinance, except moneys in the Redemption Fund, including the Bond Reserve Account, and moneys derived from the proceeds of sale of the Bonds and deposited to a construction fund, including in the case of the proceeds of the First Segment Bonds which shall be deposited to the Construction Fund in accordance with Section 16, may be kept in one bank account with the Depository Bank, in which event the moneys in the bank account shall be allocated on the books and records of the Township and deposited to the funds and accounts herein established in this Ordinance, in the manner and at the times provided in this Ordinance and law.

Section 15. Priority of Funds. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund, the Redemption Fund or the Bond Reserve Account, any moneys or securities in other funds of the

System, except the proceeds of sale of the Bonds deposited to a construction fund, including in the case of the proceeds of the First Segment Bonds on deposit in the Construction Fund in accordance with Section 16, shall be credited or transferred, first, to the Operation and Maintenance Fund and second, to the Redemption Fund, to the extent of any deficit therein.

Section 16. Bond Proceeds. The proceeds of the sale of the First Segment Bonds shall be deposited in the Construction Fund as a separate depository account at the Depository. Proceeds of the First Segment Bonds shall be advanced to the Township in installments of principal in accordance with the terms of the Purchase Contract and Supplemental Agreement.

Money in the Construction Fund shall be applied solely in payment of the cost of the Project, including any engineering, legal and other expenses incident thereto and to the financing thereof. No proceeds of the First Segment Bonds shall be used to pay capitalized interest. Payment for construction, either on account or otherwise, shall not be made unless the Consulting Engineer shall file with the Township Board a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that the work was done pursuant to and in accordance with the contract therefor (including properly authorized change orders), that such work is satisfactory and that such work has not been previously paid for.

Any unexpended balance in the Construction Fund of the proceeds of the sale of the First Segment Bonds remaining after completion of that portion of the Project financed by the First Segment Bonds may, at the discretion of the Township, be used for additional costs of the Project or for such further improvements, enlargements and extensions of the System, if, at the time of such expenditures, such use is approved by the SRF Loan Program or the Michigan Department of Treasury, if such permission is then required by the SRF Loan Program or by law. Any remaining balance after such expenditure shall be paid to the Redemption Fund and may be used for the purpose of purchasing Bonds on the open market at not more than the fair market value thereof, redeeming Bonds or paying principal of the Bonds upon maturity. The foregoing is subject to the terms and conditions of the Purchase Contract and the Supplemental Agreement.

After completion of that portion of the Project financed by the First Segment Bonds and disposition of remaining proceeds, if any, of the First Segment Bonds pursuant to the provisions of this Section, the Construction Fund shall be closed.

Section 17. Investments. Moneys in the funds and accounts established herein may be invested by the Township Treasurer on behalf of the Township in Investment Obligations. Investment of moneys in the Redemption Fund being accumulated for payment of the next maturing principal or interest payment on the Bonds shall be limited to Government Obligations bearing maturity dates prior to the date of the next maturing principal or interest payment respectively on the Bonds or a money market fund with daily liquidity invested exclusively in Government Obligations and which maintains a net asset value of \$1.00 per share. Investments of moneys in any other funds or accounts, including moneys derived from the proceeds of sale of the Bonds, shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than the time estimated by the Township when the moneys represented by such investments will be required. Earnings or profits on any investment of funds in any fund or account established in this Ordinance shall be deposited in or credited to the fund or account to which the investment belongs unless otherwise provided in this Ordinance.

Section 18. Covenants. The Township covenants and agrees with the Registered Owners of the Bonds that so long as any of the Bonds are Outstanding Bonds and unpaid as to either principal or interest:

a. The Township 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 Township will keep proper books of record and account separate from all other records and accounts of the Township, in which shall be made full and correct entries of all transactions relating to the System. The Township 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. The audit shall be completed and made available not later than six (6) months after the close of each operating year.

c. The Township will maintain and carry, for the benefit of the holders of the Bonds, insurance on all insurable physical properties of the System and liability insurance, of the kinds and in the amounts normally carried by municipalities engaged in the operation of sanitary sewage disposal systems. All moneys received for losses under any such insurance policies shall be applied solely to the replacement and restoration of the property damaged or destroyed, and to the extent not so used, shall be used for the purpose of redeeming or purchasing Bonds, payable from Net Revenues.

d. The Township will not sell, lease or dispose of the System, or any substantial part, until all of the Bonds have been paid in full, both as to principal and interest, or provision made therefor, as herein provided. The Township 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 Bonds.

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

f. The Township will cause the Project to be acquired and constructed promptly and in accordance with the plans and specifications therefor.

g. With respect to the First Segment Bonds, the Township shall comply with all terms and conditions of the Purchase Contract and the Supplemental Agreement.

Section 19. Additional Bonds. The Township shall not issue Additional Bonds payable from Net Revenues of the System that have equal standing and priority of lien on the Net Revenues of the System with the Project Bonds except for the following purposes and under the following terms and conditions:

a. To complete the Project, in accordance with the plans and specifications therefor. Such Additional Bonds shall not be authorized unless the Consulting Engineers in charge of construction shall execute a certificate evidencing the fact that additional funds are

needed to complete the Project in accordance with the plans and specifications therefor and stating the amount that will be required to complete the Project.

b. For subsequent repairs, extensions, enlargements and improvements to the System or for the purpose of refunding all or any portion of the then outstanding Bonds and paying costs of issuing such Additional Bonds, including deposits, if any, which may be required to be made to the Bond Reserve Account. Bonds for such purposes shall not be issued pursuant to this subparagraph (b) unless the lesser of (1) the Adjusted Net Revenues of the System for the last preceding twelve-month operating year or (2) the average of the Adjusted Net Revenues for the last two (2) preceding twelve-month operating years shall be equal to at least one hundred twenty percent (120%) of the maximum amount of principal and interest thereafter maturing in any operating year on the then outstanding Bonds, and on the Additional Bonds then being issued. If the Additional Bonds are to be issued in whole or in part for refunding outstanding Bonds the average annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for the fiscal years next following the annual principal and interest requirements of any bonds to be refunded from the proceeds of the Additional Bonds proposed to be issued. For purposes of this subparagraph (b), the Township may elect to use as the last preceding operating year any operating year ending not more than sixteen months prior to the date of delivery of the Additional Bonds and as the next to the last preceding operating year, any operating year ending not more than twenty-eight months from the date of delivery of the Additional Bonds. Determination by the Township as to existence of conditions permitting the issuance of Additional Bonds shall be conclusive. No Additional Bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in this subparagraph if the Township shall then be in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

Notwithstanding the foregoing, the Township may issue bonds secured by Net Revenues of the System which shall be junior and subordinate to the Bonds.

Section 20. Appointment of Receiver and Statutory Rights. In the event of a default in the punctual payment of principal of and interest on the Bonds when due, any Court having jurisdiction in any proper action may appoint a receiver of the System in accordance with the provisions of Act 94. The Registered Owners of Bonds representing in the aggregate principal amount not less than twenty percent (20%) of all Outstanding Bonds, may protect and enforce the statutory lien and pledge of the funds and accounts and Net Revenues created by Act 94, and enforce and compel the performance of all duties of the officials of the Township and the Board, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of Revenues, and the proper application of Revenues. In addition to the rights conferred to Registered Owners by the Ordinance, the Registered Owners shall have all the rights conferred by Act 94. The statutory lien upon the Net Revenues, however, shall not be construed to compel the sale of the System or any part thereof.

Section 21. Remedies Not Exclusive. No remedy by the terms of the Ordinance conferred upon or reserved to the Registered Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Ordinance or existing at law or in equity or by statute on or after the date of the Ordinance.

Section 22. Effect of Waiver and Other Circumstances. No delay or omission of any Registered Owner to exercise any right or power arising upon the happening of an event of default shall impair any right or power or shall be construed to be a waiver of any such event of default or be an acquiescence therein and every power and remedy given by this Ordinance to the Registered Owners may be exercised from time to time and as often as may be deemed expedient by the Registered Owners.

Section 23. Covenant Regarding Tax Exempt Status of the First Segment Bonds.

a. The Township covenants to comply with all requirements of the Code necessary to assure that the interest on the First Segment Bonds, if any, will be and will remain excludable from gross income for federal income tax purposes (as opposed to alternative minimum or other indirect taxation). The Township hereby covenants that the Township will make no use of the proceeds of the First Segment Bonds, if any, which if such use had been reasonably expected on the date of issuance of the First Segment Bonds, would have caused the First Segment Bonds to be "arbitrage bonds", as defined in Section 148 of the Code. In addition, the Township covenants to comply with all applicable provisions of the Code that must be satisfied subsequent to the issuance of the First Segment Bonds, if any, in order that the interest on the First Segment Bonds be excluded (or continue to be excluded) from gross income within the meaning of Section 103(a) of the Code.

b. The Township hereby designates the First Segment Bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions under the provisions of Section 265(b) (3) of the Code, it being reasonably anticipated that the aggregate amount of qualified tax exempt obligations which will be issued by the Township and all subordinate entities to the Township shall not exceed \$10,000,000 during calendar year 2015.

c. The First Segment Bonds and the interest, if any, on the First Segment Bonds shall be exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan.

Section 24. Negotiated Sale of First Segment Bonds. The Supervisor and Clerk are hereby authorized to sell the First Segment Bonds at a negotiated sale to the Authority, in accordance with the Purchase Contract, the Supplemental Agreement and applicable state law and to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the First Segment Bonds in accordance with the provisions of this Ordinance. The First Segment Bonds shall be sold at a negotiated sale instead of a competitive sale to take advantage of the terms and conditions of the SRF Loan Program, including the fixed rate of interest of 2.50% per annum for all maturities of the First Segment Bonds, which is below prevailing open market interest rates, and SRF Loan Program principal forgiveness, if any.

Section 25. Disclosure of Information. The Township agrees to provide the Authority in a timely manner with all information and documents regarding the Township and the Project Bonds, including an official statement that the Authority or its bond underwriters need to meet any Securities and Exchange Commission regulation, any industry standard or other federal or state regulation which imposes a disclosure requirement or continuing disclosure requirement relating to any Authority bond issue which was used or is needed to provide monies to the fund used to purchase the Project Bonds or relating to any other Authority bond issue which was used by the Authority to purchase an obligation of the Township. In furtherance of

the above, the Township also agrees that upon the request of the Authority it will promptly execute and deliver a continuing disclosure undertaking in form and substance determined by the Authority to be necessary or desirable to assist the Authority or its underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission. If required, such continuing disclosure undertaking shall be executed by the Supervisor and the Clerk.

Section 26. Michigan Department of Treasury. The Township, acting with the assistance of Bond Counsel for the Project, shall obtain approval from the Michigan Department of Treasury for the issuance of the Project Bonds either by filing a municipal finance qualifying statement or submitting a prior approval application in accordance with Act 34, and the Township Supervisor is hereby authorized and directed to file any required documents.

Section 27. Delivery of First Segment Bonds. The First Segment Bonds shall be executed in the manner provided by Section 5 in substantially the form approved with such necessary variations, omissions, corrections and insertions as the Supervisor and Township Clerk deem appropriate and are required for and on behalf of the Township. Upon execution of the First Segment Bonds, the Township Treasurer is hereby authorized and directed to deliver or cause to be delivered the First Segment Bonds to the Bond Registrar for authentication and, in turn to the purchaser thereof, upon receipt of the purchase price therefor. The proceeds of the First Segment Bonds shall be deposited into the Construction Fund as provided in Section 16, above.

The Supervisor, Clerk and Treasurer are authorized and directed to execute and deliver on behalf of the Township such other certificates, affidavits, investment agreements or other documents or instruments as may be required by the purchaser of the First Segment Bonds or bond counsel or convenient to effectuate the execution and delivery of the First Segment Bonds.

The Township shall furnish the First Segment Bonds ready for execution without expense to the purchaser. The Township shall also furnish without expense to the purchaser at the time of delivery of the First Segment Bonds, the approving opinion of Mika, Meyers, Beckett & Jones, PLC, Attorneys, Grand Rapids, Michigan, approving the legality of the First Segment Bonds. The First Segment Bonds will be delivered at the expense of the Township in the manner and at the location as agreed upon with the purchaser thereof.

Section 28. Absence or Disability. In the absence or disability of the Township Supervisor, the Deputy Supervisor shall act hereunder in his stead. In the absence or disability of the Township Clerk, the Deputy Clerk shall act hereunder in her stead. In the absence or disability of the Township Treasurer, the Deputy Township Treasurer shall act hereunder in her stead.

Section 29. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Township and the Registered Owners from time to time of the Bonds and the lien and pledge made in this Ordinance and the covenants and agreements herein set forth to be performed on behalf of the Township shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority

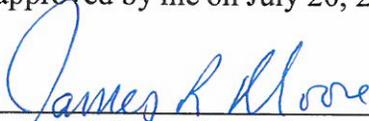
or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Ordinance.

Section 30. Severability and Paragraph Headings. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provisions 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 a part of this Ordinance.

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

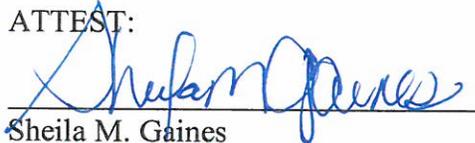
Section 32. Effective Date. In accordance with Act 94, this Ordinance shall become effective immediately upon its adoption.

Passed and adopted by the Township Board of the Charter Township of Kinross, County of Chippewa, Michigan, on July 20, 2015, and approved by me on July 20, 2015.



James R. Moore, Supervisor
Charter Township of Kinross

ATTEST:



Sheila M. Gaines
Township Clerk

EXHIBIT A

REGISTERED

REGISTERED

UNITED STATES OF AMERICA

STATE OF MICHIGAN

COUNTY OF CHIPPEWA

CHARTER TOWNSHIP OF KINROSS

SEWAGE DISPOSAL SYSTEM REVENUE BONDS, SERIES 2015

No. R-1

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT:

INTEREST RATE: Two and one-half percent (2.50%) per annum

DATE OF ORIGINAL ISSUE AND REGISTRATION: The date each installment portion of the Principal Amount was delivered to the Registered Owner in accordance with the Purchase Contract and Supplemental Agreement.

KNOW ALL MEN BY THESE PRESENTS, that the Charter Township of Kinross, County of Chippewa, State of Michigan (the "Township" or "Issuer"), acknowledges itself indebted and for value received, hereby promises to pay the Principal Amount shown above to the Registered Owner specified above or its registered assigns shown as the owner of record of this bond on the books of the Township Treasurer, Kincheloe, Michigan, as bond registrar (the "Bond Registrar") on the applicable date of record, in installments in the amounts and on the dates as set forth in Schedule I, attached hereto and made a part hereof, with interest thereon from the Date of Original Issue and Registration specified above until paid at the Interest Rate per annum specified above, first payable April 1, 2016 and semi-annually thereafter and principal is payable on the first day of October commencing October 1, 2017 (as identified in the Purchase Contract) and annually thereafter. Payment of principal and interest shall be paid to the Registered Owner hereof by the Bond Registrar by first class mail. The date of record shall be each March 15 and September 15 with respect to the payments due on each April 1 and October 1, respectively. Principal and interest are payable in lawful money of the United States of America.

The Township promises to pay to the Michigan Finance Authority (the "Authority") the principal amount of the Bond or so much thereof as shall have been advanced to the Township pursuant to a Purchase Contract between the Township and the Authority and a Supplemental Agreement by and among the Township, the Authority and the State of Michigan acting through

the Department of Environmental Quality, less the principal amount of such Bond, if any, that is subject to principal forgiveness.

During the time funds are being drawn down by the Township under this Bond, the Authority will periodically provide the Township a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Township of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond. The Township acknowledges that in the event the principal amount of the loan evidenced by the Bonds is reduced by the Authority in accordance with Schedule I attached hereto or the Supplemental Agreement, the Authority will prepare a revised Schedule I to this Bond that is calculated so that the principal payments are rounded to the nearest dollar and which revised Schedule I shall be effective upon receipt by the Township.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the Township's default. Such additional interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority) the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this Bond fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the Township shall and hereby agrees to pay on demand only the Township's pro rata share (as determined by the Authority) of such deficiency as additional interest on this Bond.

Bonds may be subject to redemption prior to maturity by the Township only with the prior written consent of the Authority and on such terms as may be required by the Authority.

Notwithstanding any other provision of this Bond, so long as the Authority is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at The Bank of New York Mellon Trust Company N.A. or at such other place as shall be designated in writing to the Township by the Authority (the "Authority's Depository"); (b) the Township agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the Township's deposit by 12:00 noon on the scheduled day, the Township shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any

redemption of this Bond shall be given by the Township and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

This bond is issued pursuant to Ordinance No. 1.138 (the "Ordinance"), duly adopted by the Township Board of the Township and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94 of the Public Acts of Michigan of 1933, as amended, for the purpose of paying a portion of the cost of improvements to the Charter Township of Kinross sanitary sewage disposal system (the "System").

The revenues of the System, including all appurtenances, additions, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, maintenance and administration of the System, exclusive of depreciation (the "Net Revenues"), are irrevocably pledged for the prompt payment of principal and interest on this Bond on a parity basis with bonds of equal standing payable from Net Revenues of the System, and a first priority statutory lien thereon has been created. The principal of and interest on this Bond shall be payable in lawful money of the United States.

This bond is a self-liquidating bond and is not a general obligation of the Township and does not constitute an indebtedness of the Township within any constitutional, statutory or charter limitation, but is payable, both as to Principal Amount and interest, solely from the Net Revenues of the System, with the priority of lien summarized above.

The Township 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, when taken together with Net Revenues, to provide for payment of the principal of and interest on the bonds of this issue and any other indebtedness payable from the Net Revenues as and when the same shall become due and payable, and to maintain a bond reserve for the bonds of this series, 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. In addition, the Township has covenanted in the Ordinance to operate the System so as to provide Net Revenues equal to at least 100% of debt service on all bonds and indebtedness payable from the Net Revenues of the System in each year.

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, the rights and limitations on the owners of the bonds and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Ordinance.

This bond is transferable only upon the registration books of the Township kept by the Bond Registrar by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new registered bond or bonds 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, 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 precedent to and in the issuance of this bond and the series of bonds of which this is one 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 Certificate of Registration and Authentication on this bond has been executed by the Bond Registrar.

IN WITNESS WHEREOF, the Charter Township of Kinross, County of Chippewa, State of Michigan, by its Township Board, has caused this bond to be executed by its Supervisor and its Township Clerk and its corporate seal to be affixed on this bond all as of the Date of Original Issue.

CHARTER TOWNSHIP OF KINROSS

By James R. Moore
James R. Moore
Its Supervisor

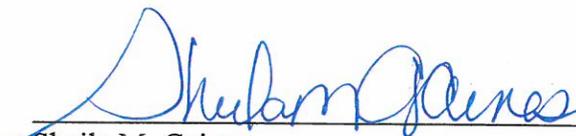
[SEAL]

By Sheila M. Gaines
Sheila M. Gaines
Its Clerk

CERTIFICATE OF TOWNSHIP CLERK

I hereby certify that the foregoing is a true and complete copy of an Ordinance adopted by the Township Board of the Charter Township of Kinross, County of Chippewa, State of Michigan, at a regular meeting held on July 20, 2015, and that public notice of said meeting was given pursuant to the Open Meetings Act, being Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice by posting at least eighteen (18) hours prior to the time set for said meeting.

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



Sheila M. Gaines
Township Clerk

DEQ Project No. 5611-01
DEQ Approved Amt: \$ _____

SCHEDULE I

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the Bond shall be made until the full amount advanced to the Issuer is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Issuer and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

Due Date	Amount of Principal Installment Due
_____	_____

Interest on the Bond shall accrue on principal disbursed by the Authority to the Issuer from the date principal is disbursed, until paid, at the rate of 2.5% per annum, payable April, 2016, and semi-annually thereafter.

The Issuer agrees that it will deposit with The Bank of New York Mellon Trust Company, N.A., or at such other place as shall be designated in writing to the Issuer by the Authority (the "Authority's Depository") payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise. In the event that the Authority's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment.

CERTIFICATION OF REGISTRATION AND AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Authorizing Resolution and has been registered in the name of the payee designated on the face hereof in the Register maintained for the issuer thereof.

TREASURER, CHARTER TOWNSHIP OF
KINROSS
as Bond Registrar

Date of
Authentication: 7-14-17

By Shanne Koorman
Authorized Representative

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____, the within bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program

NOTICE: The signature(s) to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program

The Bond Registrar will not affect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

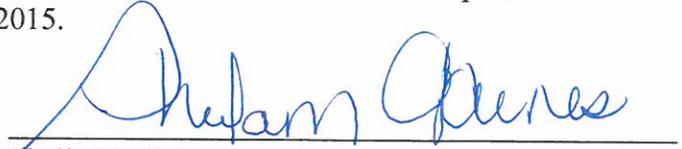
(Include information for all joint owners if this Bond is held by joint account)

PLEASE INSERT SOCIAL SECURITY NUMBER OF OTHER IDENTIFYING NUMBER OF TRANSFEREE

(Insert number for first-named transferee if held by joint account)

CERTIFICATE OF PUBLICATION

I, Sheila M. Gaines, Township Clerk of the Charter Township of Kinross, County of Chippewa, State of Michigan, hereby certify that the Ordinance No. 1.138 was published in *The Sault Ste. Marie Evening News* on June 12, 2015.



Sheila M. Gaines
Township Clerk

