

VILLAGE OF CAMDEN
COUNTY OF HILLSDALE, STATE OF MICHIGAN
ORDINANCE NO. 02-07

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS OF EQUAL STANDING WITH THE REVENUE BONDS AUTHORIZED BY ORDINANCE NO. 01-02; TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE SANITARY SEWER SYSTEM OF THE VILLAGE OF CAMDEN; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY 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 AND THE OUTSTANDING REVENUE BONDS; TO PROVIDE AN ADEQUATE RESERVE FUND FOR THE BONDS; TO PROVIDE FOR THE CONTINUED 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 CAMDEN ORDAINS:

Section 1. Definitions. The following words and terms used in this Ordinance shall have the meanings assigned in the preamble to this Ordinance and 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.

"Bonds" shall mean the Outstanding Bond and the Series 2007 Bond, together with any additional bonds of equal standing hereafter issued.

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

"Department of Treasury" shall mean the Department of Treasury of the State of Michigan.

"Depository Bank" shall mean a financial institution qualified to serve as depository bank and designated by resolution of the Issuer.

"Engineer" shall mean Feller Finch & Associates, Inc., Maumee, Ohio.

"Fiscal Year" shall mean the fiscal year of the Issuer and the operating year of the System, commencing April 1 and ending on the last day of March of the following 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 Camden, County of Hillsdale, 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.

← "Ordinance No. 01-02" shall mean the Issuer's duly adopted ordinance authorizing issuance of the Series 2002 Bonds.

"Outstanding Bonds" shall mean the Issuer's Series 2002 Bonds.

"Project" shall mean the acquisition, construction and equipping of improvements to the System serving the Village consisting of improvements to the sanitary sewage treatment facility and collection facilities together with appurtenances and attachments thereto.

"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 Ordinance No. 01-02 and this Ordinance.

"Reserve Amount" shall mean with respect to the Bonds the sum of 87,000.

"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 Ordinance No. 01-02 and this Ordinance.

"Series 2002 Bonds" shall mean the Issuer's Sanitary Sewer Revenue Bond authorized by Ordinance No. 01-02 in the original principal amount of \$448,000.

"Series 2007 Bond" shall mean the Issuer's Sanitary Sewer Revenue Bond, Series 2007 in the original principal amount of \$1,139,000 authorized by this Ordinance.

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

"Transfer Agent" shall mean the transfer agent and bond registrar for each series of Bonds as appointed from time to time by the Issuer as provided in Section 5 of this Ordinance and who or which shall carry out the duties and responsibilities as set forth in Sections 5 and 6 of this Ordinance.

Section 2. Additional Bonds Authorization; Necessity; Approval of Plans and Specifications.
For the purpose of making improvements to the System, Ordinance No. 01-02 authorizes the issuance of additional bonds of equal standing and priority of lien with respect to the Net Revenues of the System

with the Outstanding Bonds under conditions set forth in Section 12 of Ordinance No. 01-02, which conditions have been or will be met prior to the issuance of the Series 2007 Bond.

It is hereby determined to be a necessary public purpose of the Issuer to acquire and construct the Project in accordance with detailed maps, plans and specifications therefor prepared by the Engineer, which maps, plans and specifications are hereby approved.

Section 3. Costs; Useful Life. The total cost of the Project is estimated to be one million seven hundred and fifty-six thousand dollars (\$1,756,000) 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 4. Payment of Cost; Bonds Authorized. To pay part of the cost of acquiring, constructing and equipping the Project and legal, engineering, financial and other expenses incident to said acquisition, construction and equipping, and incident to the issuance and sale of the Series 2007 Bond, it is hereby determined that the Issuer borrow the sum of not to exceed One Million One Hundred Thirty-Nine Thousand Dollars (\$1,139,000) and that revenue bonds be issued therefor pursuant to the provisions of Act 94. The remainder of the cost of the Project shall be defrayed from grants and other funds lawfully available therefore. The Series 2007 Bond shall be of equal standing and priority of lien and shall be equally secured with the Outstanding Bonds as to the Net Revenues.

Section 5. Bond Details, Registration and Execution. The Series 2007 Bond shall be designated SANITARY SEWER REVENUE BOND, SERIES 2007 and shall be dated as of the date of delivery of the first installment, shall consist of one (1) single fully-registered nonconvertible bond of the denomination of \$1,139,000 and shall be payable in principal installments serially on April 1 of each year, as set forth in Exhibit A to the form of bond set forth in Section 9 hereof. The Series 2007 Bond is expected to be delivered to the Government as initial purchaser thereof in installments (the "delivery installments") and each delivery installment shall be noted on the registration grid set forth on the Series 2007 Bond. The delivery installments shall be deemed to correspond to the serial principal installments of the Series 2007 Bond in direct chronological order of said serial principal installments.

The serial principal installments of the Series 2007 Bond will each bear interest from the date of delivery of the corresponding delivery installment to the registered holder thereof as shown on the registration grid set forth on the Series D Bond at the rate of not to exceed four and one half percent (4.50%) per annum, payable on the first April 1 or October 1 following the date of delivery of said delivery installment, and semiannually thereafter on April 1 and October 1 of each year until maturity or earlier prepayment of said installment. Acceptance of the interest rate on the Series 2007 Bond shall be made by execution of the Series 2007 Bond which so designates the rate specified by the Government and accepted in writing by the Issuer. The Series 2007 Bond shall be issued in fully-registered form and shall not be convertible or exchangeable into more than one fully-registered bond.

The Series 2007 Bond or installments thereof will be subject to prepayment prior to maturity in the manner and at the times as provided in the form of the Series 2007 Bond set forth in Section 9 of this Ordinance.

Section 6. Bond Registration and Transfer of the Series 2007 Bond. The Transfer Agent shall keep or cause to be kept at its principal office sufficient books for the registration and transfer of the Series 2007 Bond, which shall at all times be open to inspection by the Issuer. The Transfer Agent shall

transfer or cause to be transferred on said books the Series 2007 Bond presented for transfer as hereinafter provided and subject to such reasonable regulations as it may prescribe.

Any Series 2007 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 Series 2007 Bond for transfer, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Series 2007 Bond or Series 2007 Bonds shall be surrendered for transfer, the Transfer Agent shall record such transfer on the registration books and shall register such transfer on the registration grid attached to the Series 2007 Bond. At the time of such transfer the Transfer Agent shall note on the Series 2007 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 Series 2007 Bond during a period beginning at the opening of business fifteen days before the day of the mailing of a notice of prepayment of Bonds 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 any Series 2007 Bond or portion thereof so selected for prepayment. In the event any Series 2007 Bond is called for prepayment in part, the Transfer Agent, upon surrender of the Series 2007 Bond, shall note on the Series 2007 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 Series 2007 Bond. If and at such time as the Series 2007 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, and the Issuer may thereafter appoint a successor Transfer Agent upon sixty (60) days notice to the registered owner of the Series 2007 Bond.

Section 7. Sale, Delivery and Payment of the Series 2007 Bond. Principal of and interest on the Series 2007 Bond shall be payable in lawful money of the United States of America by check or draft mailed by the Transfer Agent to the registered owner at the address of the registered owner as shown on the registration books of the Issuer kept by the Transfer Agent. If the Government shall no longer be the registered owner of the Series 2007 Bond, then the principal of and interest on the Series 2007 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 Series 2007 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 Series 2007 Bond, the registered owner thereof shall deliver the Series 2007 Bond to the Issuer for cancellation.

The Issuer's President or Clerk are hereby authorized and directed to negotiate privately the sale of the Series 2007 Bond to the Government at an interest rate not to exceed four and one half per cent (4.50%) per annum.

The sale of the Series 2007 Bond to the Government at an interest rate of not to exceed four and one half percent (4.50%) per annum and at the par value thereof is hereby approved. The Issuer's Treasurer is hereby authorized to deliver the Series 2007 Bond in accordance with the delivery instructions of the Government, after approval of the issuance and sale thereof by the Department of Treasury, if such approval is at that time required, or by being qualified pursuant to Act 34, Public Acts of Michigan, 2001, as amended.

Section 8. Execution and Delivery of the Series 2007 Bond. The Series 2007 Bond shall be manually signed by the President and countersigned by the Clerk and shall have the corporate seal of the Issuer impressed thereon. After execution, the Series 2007 Bond shall be held by the Issuer's Treasurer for delivery to the Government. No Series 2007 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 Series 2007 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 HILLSDALE
VILLAGE OF CAMDEN
SANITARY SEWER
REVENUE BOND, SERIES 2007

No. R-1

\$1,139,000

The Village of Camden, County of Hillsdale, State of Michigan (the "Issuer"), for value received, hereby promises to pay to the registered owner hereof, but only out of the hereinafter described Net Revenues of the Issuer's Sanitary Sewer System including all appurtenances, additions, extensions and improvements thereto (the "System"), the sum of

One Million One Hundred Thirty Nine 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 four and one half percent (4.50%) per annum, first payable on _____ 1, 200__ 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 hereon from time to time hereafter to acknowledge receipt of payment of the purchase price of this bond up to a total of \$1,139,000. 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 first lien thereon is hereby recognized and created that is of equal standing and priority of lien as to the Net Revenues with the Issuer's Sanitary Sewer System Revenue Bonds, Series 2002 authorized by Village Ordinance No. 01-02 (the "Outstanding Bonds") and any bonds issued of equal standing and priority of lien with the outstanding Bonds.

This bond is a single, fully-registered, non-convertible bond constituting an issue in the total aggregate principal sum of \$1,139,000, issued pursuant to Ordinance No. ____, and Ordinance No. 01-02 (the "Ordinances"), and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of constructing improvements to the System to serve the Issuer. For a complete statement of the revenues from which, and the conditions under which, this bond is payable, a statement of the conditions under which additional bonds of equal standing with this bond and the Outstanding Bonds may hereafter be issued, and the general covenants and provisions pursuant to which this bond and the Outstanding Bonds are issued, reference is made to the Ordinances.

This bond is a self-liquidating bond and is not a general obligation of the Issuer and does not constitute an indebtedness of the Issuer within any constitutional, statutory or charter debt limitation, but is payable, both as to principal and interest, solely and only from the Net Revenues of the System. The principal of and interest on this bond are secured by the statutory lien hereinbefore mentioned.

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Principal installments of this bond are subject to prepayment prior to maturity, in inverse chronological order, at the Issuer's option, on any interest payment date on or after _____ 1, 200_, 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 the Outstanding Bonds and any installments of this bond 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, the Outstanding Bonds 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 maintain a bond and interest redemption fund (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 Ordinances.

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 Camden, County of Hillsdale, 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 April 17, 2007

VILLAGE OF CAMDEN

By Merry Bonley
Its President

(Seal)

Countersigned:

By Marilyn Koethe
Its Village Clerk

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

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

Date of Registration of Delivery :	Name of Registered Owner	Principal Installment : Delivered	Signature of : Registrar
:	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	:	:

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

EXHIBIT A

<u>Due April 1</u>	<u>Principal Installment</u>	<u>Due April 1</u>	<u>Principal Installment</u>
2008	\$11,000	2028	\$26,000
2009	11,000	2029	27,000
2010	12,000	2030	28,000
2011	12,000	2031	29,000
2012	13,000	2032	31,000
2013	13,000	2033	32,000
2014	14,000	2034	34,000
2015	15,000	2035	35,000
2016	15,000	2036	37,000
2017	16,000	2037	38,000
2018	17,000	2038	40,000
2019	17,000	2039	42,000
2020	18,000	2040	44,000
2021	19,000	2041	46,000
2022	20,000	2042	48,000
2023	21,000	2043	50,000
2024	22,000	2044	52,000
2025	23,000	2045	55,000
2026	24,000	2046	57,000
2027	25,000	2047	50,000

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Section 10. Security for the Series 2007 Bond. To pay the principal of and interest on the Series 2007 Bond as and when the same shall become due, there is hereby created a statutory 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 Series 2007 Bond that shall be of equal standing and priority with the lien for the Outstanding Bonds created by Ordinance No. 01-02.

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

Section 12. 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 Outstanding Bonds.

The Issuer's Treasurer is hereby directed to create and maintain the following funds and accounts into which the proceeds of the Series 2007 Bond and the Revenues from the System shall be deposited in the manner and at the times provided in Ordinance No. 01-02 and this Ordinance, which funds and accounts shall be established and maintained, except as otherwise provided, so long the Series 2007 Bond hereby authorized remains unpaid.

(A) CONSTRUCTION ACCOUNT. The proceeds of the Series 2007 Bond hereby authorized together with the Issuer's cash contribution of \$80,000, shall be deposited in the SANITARY SEWER SYSTEM CONSTRUCTION FUND ACCOUNT (the "Construction Account"), in the Depository Bank. Moneys in the Construction Account shall be used solely for the purposes for which the Series 2007 Bond is issued. Notwithstanding the foregoing provisions of this paragraph, if the Government requires the Issuer to deposit Issuer moneys into the Construction Account, the Issuer may do so but shall maintain a separate subaccount in order to maintain an accurate accounting of the proceeds of the Series 2007 Bond and any investment income thereon.

Any unexpended balance of the proceeds of sale of the Series 2007 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 Fund and used as soon as is practical for the prepayment of installments of the Series 2007 Bond or for the purchase of installments of the Series 2007 Bond at not more than the fair market value thereof. Following completion of the Project, any unexpended balance of the Series 2007 Bond shall be invested at a yield not to exceed the yield on the Series 2007 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) SANITARY SEWER SYSTEM RECEIVING FUND ACCOUNT. The Revenues of the System shall continue to be collected and set aside into a separate fund as provided in

Section 12.B. of Ordinance No. 01-02, provided, however Section 12 of Ordinance No. 01-02, shall be amended and supplemented as follows:

The following paragraphs are added to Section 12.B.2):

Upon any delivery of an installment of the Series 2007 Bond there shall be set aside in the Bond and Interest Redemption Fund 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 as the Series 2007 Bond. There shall be set aside in the Redemption Bond and Interest Redemption Fund each Fiscal Year quarter on or after October 1, 2007, 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 Series 2007 Bond.

Upon any delivery of an installment of the Series 2007 Bond there shall be set aside in the Bond and Interest Redemption Fund at the time of such delivery and on the first day of each quarter of the Fiscal Year thereafter to the next principal payment date an amount equal to that fraction of the amount of principal due on the next principal 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 principal payment date. There shall also be set aside in the Bond and Interest Redemption Fund each Fiscal Year quarter on or after April 1, 2008, an amount not less than 1/4 of the amount of principal due on the Series 2007 Bond on the next principal payment date. Except as provided in Ordinance No. 01-02 and hereinafter, no further deposits shall be made into the Bond and Interest Redemption Fund (excluding the Bond Reserve Account) once the aforesaid sums have been deposited therein. Any amount on deposit in the Bond and Interest Redemption Fund (excluding the Bond Reserve Account) in excess of (a.) the amount needed for payment of principal installments of the Bonds for the then current principal payment period, plus (b.) interest on the Bonds for the then current interest payment period, shall be used by the Issuer for redemption of principal installments of the Bonds in the manner set forth in Ordinance No. 01-02 and in Section 9 hereof, if such use is impracticable, shall be deposited in or credited to the Receiving Fund 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 Fund out of the Revenues first received thereafter which are not required by this Ordinance or Ordinance No. 01-02 to be deposited in the Operation and Maintenance Fund Account or in the Bond and Interest Redemption Fund, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters.

There shall be withdrawn from the Receiving Fund 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 Fund and the current requirements of the Bond and Interest Redemption Fund, the additional sum of at least \$1,550 per quarter until there is accumulated in such fund the aggregate sum of the Reserve Amount; provided, however, the amount on deposit in the Bond Reserve Account shall not exceed \$62,000 after the Series 2002 Bonds have been paid. Except as hereinafter provided, no further deposits shall be made into the Bond and Interest Redemption Fund for the purposes of the Bond Reserve Account once the sum of 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 Bonds 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 installment of and interest on the Bonds on the next payment date.

The following paragraphs are added to Section 8.B.:

(3) Repair, Replacement and Improvement Fund. There is hereby established a separate fund designated REPAIR, REPLACEMENT AND IMPROVEMENT FUND (the "RRI Fund"). After the transfers required in (1) and (2) above, commencing with the effective date of this Ordinance revenues shall be transferred each quarter of the Fiscal Year from the Receiving Fund and deposited in the RRI Fund in an amount not less than \$1,550 less the amount, if any, deposited in the Bond Reserve Account at the beginning of the same Fiscal Year quarter. Moneys in the RRI Fund shall be used and disbursed only for the purpose of paying the cost of (a) repairing any damage to and emergency maintenance of the System, (b) repairing or replacing obsolete, deteriorating, deteriorated or worn out portions of the System, (c) acquiring and constructing extensions and improvements to the System, and, when necessary, for the purpose of making payments of principal and interest on the Bond. If the amount in the Bond and Interest Redemption Fund and the Bond Reserve Account is not sufficient to pay the principal of and interest on the Bonds when due, the moneys in the RRI Fund shall be transferred to the Bond and Interest Redemption Fund and used for that purpose. Moneys in the RRI Fund may be invested in accordance with Section 13 of this Ordinance.

Section 13. Repair, Replacement and Improvement Fund. The Repair, Replacement and Improvement Fund established by Section 12.B.3 of Ordinance No. 01-02 be and is hereby increased to an amount of \$87,000 once the Debt Reserve Account is fully funded and may be reduced to \$62,000 after the Series 2002 Bonds are paid in full.

Section 14. Investments. Moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Series 2007 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 Bonds are 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 Fund being accumulated for payment on the next maturing principal or interest payment on a series of the Bonds shall be limited to obligations and instruments bearing maturity dates prior to the date of the next maturing principal or interest payment on a series of the Bonds. 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 or in the event that the Bond and Interest Redemption Fund is held by other than the Depository Bank, than by such other financial institution.

Section 15. Rates and Charges. Rates and charges for the services of the System have been fixed pursuant to 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 Bonds and to meet the requirements for repair, replacement, reconstruction and improvement and all other requirements provided in Ordinance No. 01-02 and herein, and otherwise comply with the covenants and in Ordinance No. 01-02 and herein provided. The Issuer hereby covenants and agrees to fix and maintain at all times while any

of the Bonds 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 fund (including a bond reserve account) for all such Bonds. 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 Bonds and accruing interest on all of the Bonds, 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 and Ordinance No. 01-02.

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

Section 17. Covenants. The Issuer covenants and agrees, so long as any of the Bonds hereby authorized remain 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 any of the Bonds, 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 any series of the Bonds. Such audit shall be completed and so made available not later than ninety (90) 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 Bonds, 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 Bonds.

(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.

(g) To the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from adjusted gross income for general federal income tax purposes under the Internal Revenue Code of 1986, as amended, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of proceeds of the Bonds and moneys deemed to be proceeds of the Bonds.

Section 18. Additional Bonds. The Issuer may issue additional bonds of equal standing with the Outstanding Bonds for the purposes and on the conditions set forth in the ordinances related thereto.

Section 19. 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 Bonds 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 Bonds or interest thereon remains unpaid.

Section 20. Refunding of Bonds. If at any time it shall appear to the Government that the Issuer is able to refund any of the then outstanding Bonds held by the Government 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 to the extent permitted by law.

Section 21. Default of Issuer. If there shall be default in the payment of principal of or interest on any of the Bonds any court having jurisdiction of any proper action may appoint a receiver to administer the System on behalf of the Issuer under direction of the court; and by and with the approval of said court to fix and charge and collect rates sufficient to provide for the payment of the Bonds and for the payment of operation, maintenance and administrative expenses and to apply Revenues in accordance with Ordinance No. 01-02 and this Ordinance and the laws of the State of Michigan.

The holders of twenty percent of the Bonds may protect and enforce the statutory lien on the Net Revenues and compel the performance of all duties of the officials of the Issuer including the fixing of rates, the collection of revenues, the proper segregation of revenues and the proper allocation of revenues.

Section 22. 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 23. Fiscal Year of System. The fiscal year for operating the System shall be the Fiscal Year.

Section 24. Issuer Subject to Loan Resolution. So long as the Government is holder of the Series D Bond, the Issuer shall be subject to the loan resolution (RUS Bulletin 1780-27) and shall comply with all provisions thereof.

Section 25. Covenant Not to Defeas. So long as the Government is the holder of any of the Bonds the Issuer covenants that it will not defease any of the Bonds held by the Government.

Section 26. 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 27. 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 28. Publication and Recordation. This Ordinance shall be published in full in the *Hillsdale Daily News*, Hillsdale, Michigan, 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 President and Clerk.

Section 29. 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 Camden, County of Hillsdale, State of Michigan, on April 17, 2007, and approved by me on April 17, 2007.

By Merry Bailey
President

(SEAL)

Attest:

By Marilyn Koethe
City Clerk

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

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 Camden, County of Hillsdale, State of Michigan, at a regular meeting held on the 17th day of April, 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.

I further certify that the following Members were present at said meeting: Merry Bailey, Holly Haynes, Amy HARRINGTON, SCOTT HODSHIRE, BONNIE HILL

_____ and that the following Members were absent: DENNIS DAGLOW, JEANNE MANIER

I further certify that Member SCOTT HODSHIRE moved adoption of said Ordinance, and that said motion was supported by Member BONNIE HILL

I further certify that the following Members voted for adoption of said Ordinance: Merry BAILEY, HOLLY HAYNES, BONNIE HILL, SCOTT HODSHIRE, AMY HARRINGTON

_____ and that the following Members voted against adoption of said Ordinance: N/A

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

Marilyn Koebke

Village Clerk

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