

**CITY OF HARTFORD  
COUNTY OF VAN BUREN  
STATE OF MICHIGAN  
RESOLUTION 2021 - 011**



**RESOLUTION TO AUTHORIZE ISSUANCE OF BOND ANTICIPATION NOTE**

At a regular meeting of the City of Hartford Commission, located at 19 West Main Street and called to order by Mayor Richard A. Hall on, September 27, 2021 at 7:30p.m.

The following resolution was offered:

Moved by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_.

**WHEREAS**, pursuant to Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”) the City Commission has determined to make improvements (the “Improvements”) to the City of Hartford (the “City”) sanitary sewer system (the “System”);

**WHEREAS**, the Improvements will enable the City to provide more efficient and better quality public services to the users of the System;

**WHEREAS**, the Improvements shall be ultimately financed in part by the issuance of a revenue bond or bonds or other evidences of indebtedness in accordance with Act 94 (the “Bonds”);

**WHEREAS**, the City has published a Notice of Intent pursuant to Act 94 in the amount of \$3,950,000 for the Bonds;

**WHEREAS**, the City will incur substantial capital expenditures for the Improvements prior to the issuance of the Bonds and it is necessary for the City to obtain interim financing for a portion of the Improvements until such time as the Bonds can be issued;

**WHEREAS**, the City intends to solicit proposals for interim financing of the Improvements from financial institutions by the issuance of a bond anticipation note.

**NOW THEREFORE BE IT RESOLVED**, as follows:

**NECESSITY.** It is necessary for the public health, safety and welfare of the City to make the Improvements and issue the City’s Bond Anticipation Note, pursuant to Act 34, Public Acts of Michigan, 2001, as amended (“Act 34”) to provide interim financing for the construction of the Improvements.

**ESTIMATED COST – PERIOD OF USEFULNESS.** The total principal amount of the Bonds is currently estimated not to exceed \$3,950,000 and the total cost of the preliminary expenditures for the Improvements, including the payment of engineer’s fees, legal and financial expenses and other expenses incident to the financing of the Improvements is estimated to be approximately \$500,000. Said estimates are hereby approved and confirmed, and the estimated period of usefulness of the Improvements is determined to be in excess of forty (40) years.

ISSUANCE OF NOTE. To provide interim financing for a portion of the cost of the Improvements, including legal, engineering, architectural, financial and other expenses, the City shall issue its Note known as the Bond Anticipation Note, Series 2021 (the “Note”) in the aggregate principal sum of not to exceed \$500,000.

NOTE TERMS. The Note shall be issued in fully registered form as to both principal and interest, shall be dated the date of delivery or such other date approved by the Authorized Officer (defined below), and shall mature, bear interest at such rate, and be payable all as determined by the Authorized Officer.

PAYMENT OF PRINCIPAL AND INTEREST. Both principal of and interest on the Note shall be payable in lawful money of the United States of America to the person appearing on the Note registration books as the registered owner thereof. Payment of principal on the Note shall be made at the principal office of the Paying Agent (hereafter defined) upon surrender of the Note. Payment of interest on the Note shall be paid to the registered owner at the address as it appears on the registration books as of the determination date. Initially, the determination date shall be the date as of the fifteenth (15<sup>th</sup>) day of the month prior to the payment date for each interest payment; however, the determination date may be changed by the City to conform to market practice.

PLEDGE OF BOND PROCEEDS. The Note shall be issued in anticipation of and shall be payable primarily from the proceeds of the Bonds and the proceeds of the Bonds are pledged to the payment of the Note. As additional security, the Note shall be payable from the Net Revenues, as defined in Section 3 of Act 94, of the System and such Revenues are hereby pledged to the payment of the Note. In addition, the full faith and credit of the City are pledged for the prompt payment of the principal of and interest on the Note as the same shall become due. In the event and to the extent the Bonds are not issued on or before the maturity date of the Note and there are not sufficient moneys legally available to the City to pay the principal of and interest on the Note, the City is obligated to advance from its general fund moneys sufficient to pay such principal and interest. The ability of the City to raise funds to pay such amounts is subject to applicable constitutional, statutory and charter limitations on the taxing power of the City.

PRIOR REDEMPTION. The Note shall be subject to prepayment as determined by the Authorized Officer.

REGISTRATION. From time to time the City shall designate and appoint a transfer agent and note registrar, which may also act as a paying agent (“Paying Agent”). The City Treasurer shall serve as the initial Paying Agent. In the event of a change in the Paying Agent, notice shall be given in writing, by certified mail, to each Registered Owner not less than sixty (60) days prior to the next interest payment date. The Paying Agent shall keep the official books for the recordation of the Registered Owners of the Note.

The Note may be transferred only by submitting the same to the Paying Agent, together with a satisfactory instrument of transfer signed by the Registered Owner or his legal representative duly authorized in writing, after which a new Note shall be issued by the Paying Agent to the transferee (new registered owner) in the amount of the outstanding balance of the principal amount of the Note submitted for transfer. No transfer of the Note shall be valid unless and until recorded on the Note registration books in accordance with the foregoing. The person in whose name the Note is registered may for all purposes, notwithstanding any notice to the contrary, be deemed and treated by the City and the Paying Agent as the absolute owner thereof, and any payment of principal and interest on the Note to the Registered Owner thereof shall constitute a valid discharge of the City's liability upon the Note to the extent of such payment.

NOTE FORM. The Note shall be substantially in the form attached hereto as Exhibit A, and incorporated herein, with such changes as are recommended by the City's Note Counsel and approved by the officer or officers of the City signing the Note.

EXECUTION OF NOTE. The City Mayor or Mayor Pro Tem and the City Clerk or Deputy Clerk, are hereby authorized and directed to sign the Note, either manually or by facsimile signature, on behalf of the City. Upon execution, the Note shall be delivered to the purchaser thereof upon receipt of the purchase price in accordance with the accepted proposal therefor, plus the accrued interest, if any, to the date of delivery.

NOTE MUTILATED, LOST OR DESTROYED. If the Note shall become mutilated, the City, at the expense of the holder of the Note, shall execute, and the Paying Agent shall authenticate and deliver, a new Note of like tenor in exchange and substitution for the mutilated Note, upon surrender to the Paying Agent of the mutilated Note. If the Note issued under this Resolution shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Paying Agent and, if this evidence is satisfactory to both the City and the Paying Agent and indemnity satisfactory to the Paying Agent shall be given, the City, at the expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Note of like tenor, which shall bear the statement required by Act 354, Public Acts of Michigan, 1972, as amended, or any applicable law hereafter enacted, in lieu of and in substitution for the Note so lost, destroyed or stolen. If any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof.

NOTE PAYMENT FUND. For payment of principal of and interest on the Note, there shall be established and maintained a fund for the Note designated the "BOND ANTICIPATION NOTE, NOTE PAYMENT FUND" (the "Note Payment Fund"). The City shall deposit the amount needed to pay the principal of and interest on the Note in the Note Payment Fund as needed to make payments of principal and interest as they become due. The obligation of the City to pay the principal of and interest on the Note will be a first budget obligation. Moneys in the Note Payment Fund shall be expended solely for payment of principal and interest on the Note which first

come due. Any monies remaining in the Note Payment Fund after the annual payments of principal of and interest on the Note shall be transferred to the Operation and Maintenance Fund and shall no longer be pledged hereunder.

CONSTRUCTION FUND. Prior to delivery and sale of the Note, there shall be established a fund designated the “BOND ANTICIPATION NOTE CONSTRUCTION FUND” (the “Construction Fund”). After deducting the sums which may be deposited in the Note Payment Fund, the balance of the proceeds of the Note shall be deposited into the Construction Fund. The moneys on deposit in the Construction Fund from time to time shall be used solely for the purpose for which the Note was issued. Any unexpended balance shall be used for such purposes as allowed by law.

INVESTMENT OF FUNDS. Moneys in the funds and accounts established herein may be invested by the City as allowed by law and subject to the limitations imposed by arbitrage regulations and Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (collectively the “Code”).

DEPOSITORY AND FUNDS ON HAND. Monies in the several funds and accounts maintained pursuant to this Note Resolution may be kept in one or more accounts at financial institutions designated by resolution of the City, and if kept in one account, the monies shall be allocated on the books and records of the City in the manner and at the times provided in this Note Resolution.

ADDITIONAL MUNICIPAL SECURITIES. The City reserves the right to issue additional municipal securities, which shall be of equal standing and priority with the Note.

SALE OF NOTE. The Authorized Officer is authorized to negotiate the sale of the Note. The Authorized Officer is authorized to solicit an offer to purchase the Note from such financial institution or institutions as the Authorized Officer shall determine and award the sale of the Note to the institution the Authorizing Officer determines provides the offer that is in the best interests of the City. The City Commission determines that a negotiated sale is in the best interest of the City since it provides the most flexibility in structuring the sale of the Note and in responding to market conditions and provides the most efficient and cost effective means of issuing the Note.

AUTHORIZED OFFICER. Notwithstanding any other provision of this Resolution, the City Mayor and the City Manager, or either of them acting alone (the “Authorized Officer”), are authorized within the limitations set forth below to determine the title of the Note, the interest rate or rates, maximum interest rate, amount of discount or premium, amount of maturities, principal amount, amount of good faith deposit, if any, denominations, dates of issuance, dates of maturities, interest payment dates, and optional redemption rights. The authority granted to the Authorized Officer by this Section, is subject to the following limitations:

- (a) The par amount of the Note shall not exceed \$500,000.

(b) The Note shall not be sold at an average annual interest rate that exceeds four percent (4%) per annum.

(c) The final maturity date of the Note shall not be later than three years from the date of issuance; provided the City estimates that the principal of the Note will be payable in one installment on December 1, 2022.

(d) The Note shall not be sold at a price of less than 99.00% of the par value of the Note, provided, however, the Authorized Officer is authorized to agree to such fees as may be included in the proposal of the Purchaser.

The Authorized Officer is hereby authorized for and on behalf of the City, without further City Commission approval, to: (a) negotiate the sale of the Note and award the bid for the sale of the Note; and (b) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Note.

Approval by the City of the matters delegated in this section or any other sections may be evidenced by execution or approval of a Sale Order or such documents by the Authorized Officer. The Authorized Officer, together with the Clerk, and the Treasurer is authorized to execute any documents or certificates necessary to complete the transaction, including, but not limited to, any applications including applications to the Michigan Department of Treasury (including an Application for State Treasurer's Approval to Issue Municipal Securities, applications for waivers, and the submission of any supporting or related documents), any certificates, receipts, orders, agreements, instruments, security reports, a blanket letter of representations, and any certificates relating to federal or state securities laws, rules or regulations, and to pay any fees required by the State of Michigan.

DEFEASANCE. In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay at maturity or irrevocable call for earlier optional or mandatory redemption, the principal of, premium, if any, and interest on the Note, shall be deposited in trust, this Resolution shall be defeased and the owners of the Note shall have no further rights under this Resolution except to receive payment of the principal of, premium, if any, and interest on the Note from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Note as provided herein.

TAX COVENANT. The City covenants to comply with all requirements of the Code necessary to assure that the interest on the Note will be and will remain excludable from gross income for federal income tax purposes. The Authorized Officer and other appropriate officials of the City are authorized to do all things necessary (including the making of such covenants of the City as shall be appropriate) to assure that the interest on the Note will be and will remain excludable from gross income for federal income tax purposes.

QUALIFIED TAX-EXEMPT OBLIGATION. The City hereby designates the Note, in its full principal amount; as a qualified tax-exempt obligation for purposes of Section 265(b)(3)(B) of the Code. The City hereby certifies that the Note is not a private activity bond as defined in Section 141 of the Code.

NOTE COUNSEL. The firm of Dickinson Wright PLLC is hereby employed as note counsel to the City for the issuance of the Note. The City acknowledges that Dickinson Wright PLLC represents certain financial institutions that may purchase of the City as Note counsel and, and waives any conflict of interest arising from such representation. The Authorized Officer is authorized to enter into an engagement letter with Note counsel in accordance with such fees determined by the Authorized Officer.

NOTE RESOLUTION SUBJECT TO MICHIGAN LAW. The provisions of this Note Resolution are subject to the laws of the State of Michigan.

SECTION HEADINGS. The section headings in this Note Resolution are furnished for convenience of reference only and shall not be considered to be a part of this Note Resolution.

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

CONFLICT. Except as provided above, all resolutions or parts thereof, insofar as the same may be in conflict herewith, are hereby repealed; provided, that the foregoing shall not operate to repeal any provision thereof, the repeal of which would impair the obligation on the Note.

EFFECTIVE DATE OF RESOLUTION. This Note Resolution is determined by the City Commission to be immediately necessary for the preservation of the peace, health and safety of the City and shall be in full force and effect from and after its passage.

YEAS:

NAYS:

ABSENT:

RESOLUTION DECLARED ADOPTED

DATE: September 27, 2021

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RoxAnn Rodney-Isbrecht, City Clerk

**CERTIFICATION:**

I RoxAnn Rodney-Isbrecht, the duly qualified and acting Clerk of the City of Hartford, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Commission of the City of Hartford during a meeting held on September 27, 2021, the original of which is on file in my office. Public notice of said meeting was held in compliance with Act No. 267 of the Public Acts of Michigan 1976, as amended.

DATE: September 27, 2021

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RoxAnn Rodney-Isbrecht, City Clerk  
City of Hartford  
19 West Main Street  
Hartford MI 49057

**EXHIBIT A**

**UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF VAN BUREN**

**CITY OF HARTFORD  
BOND ANTICIPATION NOTE, SERIES 2021**

**Interest Rate**

[Insert interest rate]

**Maturity Date**

[Insert maturity date]

**Date of Original Issue**

[Insert date]

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Registered Owner: [Insert registered owner]

Principal Amount: [Insert principal amount]

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KNOW ALL MEN BY THESE PRESENTS, that the City of Hartford, hereby acknowledges itself indebted and for value received promises to pay to Registered Owner specified above, or registered assigns, (the "Owner"), the sum of [insert principal amount] together with interest thereon from the dates of receipt of such funds at the interest rate per annum specified above, payable on [Insert interest payment date], except as the provisions hereinafter set forth with respect to prepayment of this Note prior to Maturity may become applicable hereto. Payments on this Note are payable in lawful money of the United States of America at the registered address of the registered owner.

This Note is issued in accordance with the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34") and a resolution adopted by the City Commission on September 27, 2021, for the purpose of paying the cost of making or purchasing certain public improvements (the "Improvements") to the City's Sanitary Sewer System (the "System").

The Note is issued in anticipation of and is payable from the proceeds of long-term bonds which shall be issued by the City to finance the costs of the Improvements (the "Bonds") and from the Net Revenues of the System ("Revenues") and the Bond proceeds and Revenues are hereby pledged to the payment of the portion of the Note funding the Improvements. As additional security, the full faith and credit of the City are pledged for the prompt payment of the principal of and interest on the Note as the same shall become due. In the event and to the extent the Bonds are not issued on or before the maturity date of the Note and there are not sufficient moneys legally available to the City to pay the principal of and interest on the Note, the City is obligated to advance from its general fund moneys sufficient to pay such principal and interest. The ability of the City to raise funds to pay such amounts is subject to applicable constitutional, statutory and charter limitations on the taxing power of the City. The City reserves the right to issue additional municipal securities in accordance with the provisions of Act 34 which shall be of equal standing and priority with the Note.

[Insert prepayment terms]

This Note shall be registered in the name of the Registered Owner on the registration books kept by the Paying Agent and such registration noted hereon, and thereafter no transfer shall be valid unless made upon the registration books and likewise noted hereon. This Note is exchangeable at the request of the Registered Owner



hereof, in person or by his attorney duly authorized in writing, at the office of the Paying Agent, but only in the manner, subject to the limitations and at his sole expense, for another Note of an equal aggregate amount, upon surrender of this Note to the Paying Agent. Upon such transfer, a new registered Note or Note of the same series and the same maturity of authorized denomination will be issued to the transferee in exchange therefor.

The City has designated the Note to be a qualified tax-exempt obligation for the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to the issuance of this Note, existed, happened and have been performed in the time, form and manner as required by the Constitution and statutes of the state of Michigan, and that the amount of this Note, together with all other indebtedness of the City, does not exceed any constitutional, statutory or Charter limitations.

IN WITNESS WHEREOF, the City of Hartford, by its City Commission, has caused this Note to be signed in its name by its Chairperson and its Clerk all on the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**CITY OF HARTFORD**

By: \_\_\_\_\_  
Richard A. Hall  
Its: Mayor

And: \_\_\_\_\_  
RoxAnn Rodney-Isbrecht  
Its: Clerk