

Founded in 1852
by Sidney Davy Miller



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October 23, 2024

Via email only

Darwin D. P. McClary
Village Manager
Village of Lake Orion
21 East Church Street
Lake Orion, MI 48362

Re: *Revenue Bond Ordinance*

Dear Darwin:

As we discussed, I have enclosed the Bond Ordinance for the above Bond issue to be considered for approval by the Village Council at its meeting on Monday, October 28th. The Ordinance authorizes the issuance of the Bonds in the amount not to exceed \$4,025,000 for the purposes of paying the cost to acquire, construct and equip various improvements to the Village's Water Supply and Sewage Disposal System (the "System"), including rehabilitating lift stations; replacement of pumps, valves, compressors and motors, electrical improvements, and SCADA upgrades; improvements to sewer pipes and manholes, including open cut replacement, lining, spot repair, and pressure testing and joint repairs, together with all related appurtenances and attachments (the "Project"). The Bond proceeds will also be used to pay issuance costs and may pay the cost of funding the Bond Reserve Account.

The Ordinance is based upon the bond specifications prepared by Bendzinski & Co. Municipal Advisors, the Village's financial advisors. The Bonds are payable solely from the Net Revenues of the System. The Bonds are of equal standing and priority of lien as to the Net Revenues with the previous series of Revenue Bonds of the Village issued in 2018 through the State of Michigan's State Revolving Fund program.

The Ordinance contains the mandatory requirements for revenue bond ordinances as required by the Revenue Bond Act, Act 94, Public Acts of Michigan, 1933, as amended. The Ordinance sets forth the terms of the Bonds, the form of Bonds and provides for a competitive public sale of the Bonds. The Ordinance is the only remaining approval from the Village Council needed to issue and sell the Bonds. If approved, the Ordinance also authorizes various Village officials (President, Village Clerk/Treasurer and Manager) to select the sale date, proceed with the sale of the Bonds and award the Bonds on the date of the sale of the Bonds to the bidder whose bid produces the lowest interest cost to the Village. It also allows the

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Darwin D. P. McClary

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authorized officers to reduce the size of the Bonds either before or at the time of sale of the Bonds.

This is called an Ordinance in the Revenue Bond Act, but pursuant to Section 6 of the Revenue Bond Act, the Ordinance may be adopted in one reading without a public hearing, regardless of any contrary provision in the Village Charter. This Ordinance is required to be published in full in your local newspaper, the *Lake Orion Review*, after its approval.

We would appreciate receiving three (3) certified copies of the Ordinance upon adoption by the Village Council and a copy of the affidavit of publication of the Ordinance from the newspaper when available.

If you have any questions, please do not hesitate to call.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: _____


Jeffrey S. Aronoff

Cc: Stephen Hayduk
Wendy Spence
Wesley Sanchez
Sonja Stout
Aricca Thelen
Conor Starrs

40005180.1/100315.00028

ORDINANCE NO. _____

VILLAGE OF LAKE ORION, MICHIGAN

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BONDS TO PAY THE COST OF THE ACQUISITION AND CONSTRUCTION OF, IMPROVEMENTS TO THE WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM OF THE VILLAGE AND 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 CERTAIN OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE AN ADEQUATE RESERVE FUND FOR THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE SYSTEM AND THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM.

THE VILLAGE OF LAKE ORION 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 94” means Act 94, Public Acts of Michigan, 1933, as amended.
- (b) “Authorized Officers” means the Village President, Clerk/Treasurer and Manager.
- (c) “Bonds” means the Series 2025 Bonds, the Outstanding Senior Lien Bonds and any additional Bonds of equal standing hereafter issued.
- (d) “Issuer” or “Village” means the Village of Lake Orion, County of Oakland, State of Michigan.
- (e) “Outstanding Senior Lien Bonds” means the Series 2018 Bonds.
- (f) “Outstanding Ordinance” means Ordinance No. 38.03 of the Village.
- (g) “Project” means furnishing and equipping improvements to the System, including rehabilitating lift stations; replacement of pumps, valves, compressors and motors, electrical improvements, and SCADA upgrades; improvements to sewer pipes and manholes, including open cut replacement, lining, spot repair, and pressure testing and joint repairs, together with all related appurtenances and attachments thereto.

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

(i) "Revenues" and "Net Revenues" mean the revenues and net revenues 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 the Outstanding Ordinance and this Ordinance.

(j) "Sale Order" means the Sale Order to be executed by an Authorized Officer of the Issuer respecting the sale of the Series 2025 Bonds.

(k) "Series 2018 Bonds" means the Water Supply and Sewage Disposal System Revenue Bonds, Series 2018, dated June 22, 2018, in the original principal amount of \$6,030,000.

(l) "Series 2025 Bonds" means the Water Supply and Sewage Disposal System Revenue Bonds, Series 2025, authorized pursuant to this Ordinance.

(m) "Sufficient Government Obligations" means direct obligations of the United States of America or obligations the principal and interest on which is fully guaranteed by the United States of America, not redeemable at the option of the issuer, 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 paying agent.

(n) "System" means the entire Water Supply and Sewage Disposal System of the Village as defined in the Outstanding Ordinance.

(o) "Transfer Agent" means The Huntington National Bank, Grand Rapids, Michigan or such other bank or trust company qualified to act as bond registrar, paying agent and transfer agent for the Series 2025 Bonds selected by an Authorized Officer.

Section 2. Necessity; Public Purpose; Estimated Cost and Life of Project. It is hereby determined to be a necessary public purpose of the Issuer to acquire and construct the Project. The estimated cost acquiring and constructing the Project, including contingencies, engineering, legal and financing expenses, in an amount of approximately Four Million Twenty-Five Thousand Dollars (\$4,025,000), is hereby approved. The Issuer does hereby estimate the period of usefulness of the Project to be at least twenty-one (21) years.

Section 3. Payment of Cost; Bonds Authorized. To pay the costs associated with acquiring and constructing the Project, including legal, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2025 Bonds, the Issuer shall borrow the sum of not to exceed Four Million Twenty-Five Thousand Dollars (\$4,025,000), as finally determined in the Sale Order and issue the Series 2025 Bonds pursuant to the provisions of Act 94. The remaining costs, if any, shall be defrayed from System funds on hand and legally available for such use.

Except as amended by or expressly provided to the contrary in this Ordinance, all of the provisions of the Outstanding Ordinance shall apply to the Series 2025 Bonds issued pursuant to this Ordinance, the same as though each of said provisions were repeated in this Ordinance in detail; the purpose of this Ordinance being to authorize the issuance of additional revenue bonds of equal standing and priority of lien as to the Outstanding Senior Lien Bonds to finance the cost of acquiring additions, extensions and improvements to the System, with such additional Bonds of equal standing and priority of lien as to the Outstanding Senior Lien Bonds for such purpose being authorized by the provisions of the Outstanding Ordinance, upon the conditions therein stated, which conditions have been fully met.

Section 4. Bond Details. The Series 2025 Bonds shall be designated WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BONDS, SERIES 2025, shall be payable solely and only out of the Net Revenues, as set forth more fully herein, shall consist of bonds of the denomination of \$5,000, or integral multiples of \$5,000 not exceeding in any one year the amount maturing in that year, dated as of the date of delivery or such other date as shall be determined in the Sale Order, numbered in order of authentication, and shall mature on April 1st in the years and amounts as follows, or such other years of maturity and principal amounts as shall be determined in the Sale Order:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2026	\$105,000	2036	\$200,000
2027	140,000	2037	210,000
2028	145,000	2038	220,000
2029	150,000	2039	230,000
2030	155,000	2040	235,000
2031	165,000	2041	245,000
2032	170,000	2042	260,000
2033	175,000	2043	270,000
2034	185,000	2044	280,000
2035	195,000	2045	290,000

The Series 2025 Bonds shall bear interest at the rate specified in the Sale Order, but not to exceed six percent (6.00%) per annum, payable on April 1 and October 1 of each year, commencing October 1, 2025, or such other date as shall be determined in the Sale Order, by check or draft mailed by the Transfer Agent to the person or entity which is, as of the 15th day of the month preceding the interest payment date, the registered owner at the registered address as shown on the registration books of the Issuer maintained by the Transfer Agent. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be

changed by the Issuer to conform to market practice in the future. The principal of the Series 2025 Bonds shall be payable at the designated corporate trust office of the Transfer Agent. The Series 2025 Bonds shall be sold at a price not less than 99% of their par value.

The Series 2025 Bonds may be subject to redemption prior to maturity at the times and prices and in the manner finally determined in the Sale Order.

In case less than the full amount of an outstanding Bond is called for redemption, the Transfer Agent upon presentation of the Bond called in part for redemption shall register, authenticate and deliver to the registered owner a new bond in the principal amount of the portion of the original bond not called for redemption. Notice of redemption shall be given in the manner specified in the form of the Bonds contained in Section 13 of this Ordinance.

Section 5. Execution of Bonds. The Series 2025 Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the President and Village Clerk and shall have a facsimile of the Issuer's seal printed on them. No Bond executed by facsimile signatures shall be valid until authenticated by an authorized signer of the Transfer Agent. The Series 2025 Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser thereof in accordance with instructions from the Village Clerk of the Issuer upon payment of the purchase price for the Series 2025 Bonds in accordance with the bid therefor when accepted. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

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

The Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Series 2025 Bonds, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the Transfer Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

If any Bond shall become mutilated, the Issuer, at the expense of the holder of the Bond, shall execute, and the Transfer Agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the Transfer Agent of the mutilated Bond. If any Bond issued under this Ordinance shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Transfer Agent and, if this evidence is satisfactory to both and indemnity satisfactory to the Transfer Agent shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended ("Act 354"), being sections 129.131 to 129.135, inclusive, of the Michigan Compiled Laws have been met, the Issuer, at the expense of the owner, shall execute, and the Transfer Agent shall thereupon authenticate and deliver, a new Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Transfer Agent may pay the same without surrender thereof.

The Bonds may be issued in book-entry-only form through the Depository Trust Company in New York, New York ("DTC") and any officer of the Village is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry-only form and to make such changes in the Bond form within the parameters of this resolution as may be required to accomplish the foregoing.

Section 7. Payment of Series 2025 Bonds. The Series 2025 Bonds and the interest thereon shall be payable solely and only from the Net Revenues, and to secure such payment, there is hereby recognized a statutory lien upon the whole of the Net Revenues which shall be a first lien to continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all Bonds of a series then outstanding, principal and interest on such Bonds to maturity, or, if called for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. The statutory first lien referred to herein shall be of equal standing and priority with the Village's Outstanding Senior Lien Bonds. Upon deposit of cash or Sufficient Government Obligations, as provided in the previous 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 deposited funds, and the Bonds of that series shall no longer be considered to be outstanding under this Ordinance.

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

If there is a default in the payment of the principal of or interest on the Series 2025 Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate

the System on behalf of the Issuer and under the direction of the court, and by and with the approval of the court to perform all of the duties of the officers of the Issuer more particularly set forth herein and in Act 94.

The holder or holders of the Series 2025 Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Series 2025 Bonds and the security therefor.

Section 9. No Free Service or Use. No free service or use of the System, or service or use of the System at less than the reasonable cost and value thereof, shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the Issuer.

Section 10. Fixing and Revising Rates. The rates presently in effect in the Village are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Bonds as the same become due and payable, and the maintenance of the reserve therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. In addition, the rates shall be set from time to time so that there shall be produced Net Revenues in an amount not less than 99% of the principal of and interest on the Bonds coming due in each fiscal year. The rates shall be reviewed not less than once a year and shall be fixed and revised from time to time as may be necessary to produce these amounts, and it is hereby covenanted and agreed to fix and maintain rates for services furnished by the System at all times sufficient to provide for the foregoing.

Section 11. Funds and Accounts; Flow of Funds. All Revenues of the System shall continue to be set aside as collected and credited to the Receiving Fund as provided in the Outstanding Ordinance and this Ordinance. Upon the issuance of the Series 2025 Bonds the Revenues so credited are pledged for the purpose of the funds and accounts established in the Outstanding Ordinances and this Ordinance and shall continue to be transferred quarterly as provided in the Outstanding Ordinances and this Ordinance.

The Treasurer is hereby directed to create and maintain the following accounts, into which the proceeds of the Series 2025 Bonds, the Revenues of the System and other amounts specified in this Section shall be deposited, transferred, expended and used in the manner and at the times provided in this Ordinance, which accounts shall be established and maintained, except as otherwise provided, so long as any of the Bonds hereby authorized remain unpaid.

(A) Operation and Maintenance Fund. The separate account designated the Operation and Maintenance Account under the Outstanding Ordinance is hereby re-confirmed and redesignated the OPERATION AND MAINTENANCE FUND (the "Operation and Maintenance Fund"). Revenues in the Operation and Maintenance Fund upon the date of the delivery of the Series 2025 Bonds shall remain in said account. Revenues shall be transferred each quarter of the Village's fiscal year commencing upon the effective date of this Ordinance, from the Receiving Fund to the Operation and Maintenance Fund to pay the reasonable and necessary current expenses of administration and operating and maintaining the System for the ensuing quarter.

(B) Bond and Interest Redemption Fund. The separate account designated “Bond Interest and Redemption Account” is hereby reconfirmed and redesignated the BOND AND INTEREST REDEMPTION FUND (the “Bond and Interest Redemption Fund”). There shall be deposited or credited to the Bond and Interest Redemption Fund the proceeds of the Series 2025 Bonds representing accrued interest, if any. After the transfer required in (A) above, Revenues shall be transferred each quarter of the Village’s Fiscal Year from the Receiving Fund, before any other expenditures or transfers therefrom, and deposited in the Bond and Interest Redemption Fund for payment of principal of and interest on the Bonds and to replenish the Bond Reserve Account. There shall be set aside on the first day of each quarter of the Village’s fiscal year an amount not less than ½ of the amount of interest due on the next interest payment date on the Bonds. There shall be set aside on the first day of each quarter of the Village’s fiscal year an amount not less than ½ of the amount of principal due on the next principal payment date on the Bonds. Except as provided in this Ordinance, 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 this Ordinance, or if such use is impracticable, shall be deposited or credited to the Receiving Fund.

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 to be deposited in the Operation and Maintenance Fund 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 is hereby recognized in the Bond and Interest Redemption Fund a separate account designated the BOND RESERVE ACCOUNT (the “Bond Reserve Account”). The Bond Reserve Account shall be adjusted in such amounts, so that upon issuance of the Series 2025 Bonds, the Bond Reserve Account shall total a sum equal to the Reserve Amount. The Village may fund the Reserve Amount by cash, or by a surety bond, insurance policy or a letter of credit if the provider or issuer thereof shall be rated by a nationally recognized bond rating agency as high or higher than the Bonds. In the event that the amount in said Reserve Account is greater than the Reserve Amount, such excess amount shall be transferred to the Bond and Interest Redemption Fund described herein.

Except as hereinafter provided, the moneys credited to the Bond Reserve Account shall be used solely for the payment of the principal of, redemption premiums (if any) and interest on the Bonds as to which there would otherwise be a default. If at any time it shall be necessary to use the moneys or the letter of credit, surety bond or insurance policy credited to the Bond Reserve Account for such payment, then the moneys so used shall be replaced or repaid over a period of not more than 5 years, or such other period as required by the letter of credit, surety bond, or insurance policy securing the Bond Reserve Account, from the Net Revenues first received

thereafter which are not required for current principal and interest requirements until the amount on deposit equals the Reserve Amount.

The moneys in the Bond and Interest Redemption Fund and the Bond Reserve Account shall be invested in accordance with Section 14 of the Outstanding Ordinance.

(C) General Purpose Fund. There shall next be established and maintained an account designated GENERAL PURPOSE FUND (the “General Purpose Fund”), the money credited thereto to be used solely for the purposes of making repairs and replacements to the System and for additions, improvements, enlargements and extensions of the System. Out of the Revenues and moneys of the System remaining in the Receiving Fund each quarter after provision has been made for the deposit of moneys in the Operation and Maintenance Fund and the Bond and Interest Redemption Fund, there may be deposited in the General Purpose Fund such additional funds as the Village may deem advisable. If at any time it shall be necessary to use moneys in the General Purpose Fund for the purpose for which the General Purpose Fund was established, the moneys so used shall be replaced from any moneys in the Receiving Fund which are not required by this Ordinance to be used for the Operation and Maintenance Fund or the Bond and Interest Redemption Fund.

(D) Reverse Flow of Funds; Surplus Moneys. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Bond and Interest Redemption Fund (including the Bond Reserve Account), any moneys and/or securities in the funds of the System described by this Ordinance shall be transferred, first, to the Operation and Maintenance Fund, and second, to the Bond and Interest Redemption Fund. Thereafter, any Revenues in the Receiving Fund after satisfying all the foregoing requirements of this Section may, at the discretion of the Issuer, be (i) transferred to the General Purpose Fund or (ii) considered surplus and be disposed of by the Village as provided by law.

Section 12. Disposition of Bond Proceeds. There is hereby established in a bank or banks qualified to act as depository of proceeds under Section 15 of Act 94 to be selected by the Village Clerk, a separate depository account to be designated “Water Supply and Sewage Disposal System Revenue Bonds, Series 2025 Construction Fund”, the moneys from time to time on deposit to be used solely to pay the cost of the Project and the incidental costs set forth in Section 4 of this Ordinance. The proceeds of sale of the Series 2025 Bonds shall be allocated and used as follows, or as set forth in the Sale Order:

First, any accrued interest shall be deposited into the Bond and Interest Redemption Fund.

Second, an amount necessary to fully fund the Bond Reserve Account shall be deposited into the Bond Reserve Account in the Bond and Interest Redemption Fund, unless the Village determines to use funds on hand to fund the Bond Reserve Account to the necessary level.

Third, the amount of funds necessary to pay the costs of the Project, as set forth in the Sale Order, shall be deposited in the Water Supply and Sewage Disposal System

Revenue Bonds, Series 2025 Construction Fund. Moneys in the Construction Fund shall be applied solely in payment of the cost of the acquisition and construction of the Project, including any engineering expenses incident thereto. The investment of the Bonds shall be limited as may be required by federal law.

Fourth, the remaining proceeds of the Series 2025 Bonds shall be used to pay the costs of issuance of the Series 2025 Bonds.

Any unexpended balance of the proceeds of sale of the Bonds in the Construction Fund remaining after completion of the Project may, in the discretion of the Issuer, be used for further improvements and extensions to the System: provided, that, at the time of such expenditure, such use be approved by the Michigan Department of Treasury. Any remaining balance after such expenditure, or in the event no expenditure is made, the entire unexpended balance shall be paid into the Bond and Interest Redemption Fund and used for the redemption or purchase of callable Bonds or for any other purpose permitted by Act 94. The proceeds of sale of said bonds may be invested in whole or in part in the manner provided by Act 94.

Section 13. Bond Form. The Series 2025 Bonds shall be in substantially the following form with such changes as may be approved by an Authorized Officer and Bond Counsel:

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND

**VILLAGE OF LAKE ORION
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BOND
SERIES 2025**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	April 1, 20__	_____, 2025	

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____ Dollars (\$_____)

The Village of Lake Orion, County of Oakland, State of Michigan (the “Issuer”), for value received, hereby promises to pay, solely and only out of the hereinafter described Net Revenues of the Issuer’s Water Supply and Sewage Disposal System (hereinafter defined) the Principal Amount shown above in lawful money of the United States of America to the Registered Owner shown above, or registered assigns, on the Maturity Date shown above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue shown above or such later date to which interest has been paid, until paid, at the Interest Rate per annum shown above, first payable on October 1, 2025, and semiannually thereafter. Principal of this bond is payable upon surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan (the “Transfer Agent”) or such other Transfer Agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any interest payment date. Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who is, as of the 15th day of the month preceding the interest payment date, the registered owner of record, at the registered address as shown on the registration books of the Issuer kept by the Transfer Agent. For prompt payment of principal and interest on this bond, the Issuer has irrevocably pledged the revenues of the Water Supply and Sewage Disposal System of the Issuer (the “System”), including all appurtenances, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the “Net Revenues”), and a statutory first lien thereon is hereby recognized and created.

This bond is one of a series of bonds of even Date of Original Issue aggregating the principal sum of _____ Dollars (\$_____), issued pursuant to Ordinances Nos. 38.03 and ____ of the Issuer, duly adopted by the Village Council of the Issuer (together, 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 paying the cost of acquiring and constructing additions, extensions and improvements to the System.

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 as to the Net Revenues may hereafter be issued and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Ordinances. The bonds of this issue are of equal standing and priority of lien as to the Net Revenues with the Issuer's Water Supply and Sewage Disposal System Revenue Bonds, Series 2018 (the "Outstanding Bonds").

Bonds of this issue maturing in the years 2026 to 2035, inclusive, are not subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 2036 and thereafter may be redeemed at the option of the Issuer, in such order as the Issuer shall determine and within any maturity by lot, on any date on or after April 1, 2035 at par and accrued interest to the date fixed for redemption.

[insert any mandatory redemption or extraordinary redemption provisions]

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

Notice of redemption of any bond or portion thereof shall be given by the Transfer Agent at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. Bonds shall be called for redemption in multiples of \$5,000 and any bond of a denomination of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$5,000 and such bond may be redeemed in part. Notice of redemption for a bond redeemed in part shall state that upon surrender of the bond to be redeemed a new bond or bonds in aggregate principal amount equal to the unredeemed portion of the bonds surrendered shall be issued to the registered owner thereof. No further interest on a bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bond or portion thereof.

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 of the Issuer but is payable solely and only, both as to principal and interest, from the Net Revenues of the System. The principal of and interest on this bond are secured by the statutory lien hereinbefore mentioned.

The Issuer has covenanted and agreed, and does hereby covenant and agree, to fix and maintain at all times while any bonds payable from the Net Revenues of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest on and the principal of the bonds of this issue, the Outstanding Bonds and any additional bonds of equal standing as and when the same shall become due and payable, and to create and maintain a bond redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Ordinances.

This bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Transfer Agent by the registered owner hereof in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond 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 Ordinances authorizing the bonds, and the Outstanding Bonds, 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 Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the Village of Lake Orion, County of Oakland, State of Michigan, by its Village Council, has caused this bond to be executed with the facsimile signatures of its President and its Village Clerk, and a facsimile of its corporate seal to be printed on this bond, all as of the Date of Original Issue.

VILLAGE OF LAKE ORION

By: _____
President

(Seal)

Countersigned:

By: _____
Village Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Ordinances.

_____,
_____, Michigan
Transfer Agent

By: _____
Authorized Signatory

Date of Registration: _____

[End of Bond Form]

Section 14. Adjustment of Bond Terms. The Authorized Officers are each hereby authorized to adjust the final bond details as set forth herein to the extent necessary or convenient to complete the sale of the Series 2025 Bonds and in pursuance of the forgoing are each authorized to exercise the authority and make the determinations pursuant to Sections 7a(1)(c)(i) and (v) of Act 94, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, date of issuance, interest payment dates, redemption rights, and other matters within the parameters established by this Ordinance.

Section 15. Notice of Sale; Sale Order; Award of Sale of Series 2025 Bonds. The Authorized Officers are each hereby authorized to fix a date of sale for the Series 2025 Bonds and to publish a notice of sale of the Series 2025 Bonds in ***The Bond Buyer***, New York, New York, which notice of sale shall be in the form as recommended by the Village's Bond Counsel. The Authorized Officers are each hereby authorized on behalf of the Village to execute a Sale Order awarding the sale of the Series 2025 Bonds to the bidder whose bid meets the requirements of law and the terms of the Official Notice of Sale as published; *provided* that the interest rate on the Series 2025 Bonds shall not exceed 6.00%, the final maturity of the Series 2025 Bonds shall not exceed twenty-one (21) years from the date of issuance and the minimum price shall be not less than 99% of the par value of the Series 2025 Bonds..

The Authorized Officers are each hereby authorized on behalf of the Village to execute a Sale Order evidencing the final terms of the Series 2025 Bonds, and to take all other necessary actions required to effectuate the sale, issuance and delivery of the Series 2025 Bonds within the parameters authorized in this Ordinance.

Section 16. Tax Covenant; Qualified Tax-Exempt Obligations. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Series 2025 Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of the proceeds of the Series 2025 Bonds and moneys deemed to be proceeds of the Series 2025 Bonds. The Issuer may, at the time of sale, designate the Series 2025 Bonds as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

Section 17. Additional Bonds. The Issuer may issue additional Bonds of equal standing with the Bonds under the conditions set forth in the Outstanding Ordinance.

Section 18. Continuing Disclosure. The Village covenants to enter into a continuing disclosure undertaking for the benefit of the holders and beneficial owners of the Series 2025 Bonds in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, and the Authorized Officers are each hereby authorized to execute such undertaking prior to delivery of the Series 2025 Bonds.

Section 19. Other Matters. The Authorized Officers are each authorized and directed to (a) approve the circulation of a preliminary official statement describing the Series 2025 Bonds and to deem the preliminary official statement "final" for purposes of Rule 15c2-12 of the SEC; (b) solicit bids for and approve the purchase of a municipal bond insurance policy for the Series

2025 Bonds; (c) apply for ratings on the Series 2025 Bonds; and (d) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Series 2025 Bonds.

Section 20. Appointment of Bond Counsel. The appointment of the law firm of Miller, Canfield, Paddock and Stone, P.L.C. of Detroit, Michigan, as Bond Counsel for the Series 2025 Bonds is hereby confirmed, notwithstanding its periodic representation in unrelated matters of potential parties to the Bonds.

Section 21. Appointment of Municipal Advisor. Bendzinski & Co. Municipal Finance Advisors, Grosse Pointe, Michigan, is hereby appointed as municipal advisor for the Series 2025 Bonds.

Section 22. Savings Clause. The Outstanding Ordinance shall continue in effect, except as specifically supplemented or altered herein.

Section 23. Severability; Paragraph Headings; and Conflict. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be part of this Ordinance.

Section 24. Publication and Recordation. This Ordinance shall be published in full in the *Lake Orion Review*, a newspaper of general circulation in the Village, qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the Ordinance Book of the Issuer and such recording authenticated by the signatures of the President and Village Clerk.

Section 25. Effective Date. Pursuant to the provisions of Section 6 of Act 94, this Ordinance shall be approved on the date of first reading and accordingly this Ordinance shall immediately be effective upon its adoption.

Adopted and signed this 28th day of October, 2024.

Signed: _____
President

Signed: _____
Village Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the Village Council of the Village of Lake Orion, County of Oakland, Michigan, at a Regular Meeting held on October 28th, 2024, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following Members were present at said meeting: _____
and that the following Members were absent: _____.

I further certify that Member _____ moved adoption of said Ordinance, and that said motion was supported by Member _____.

I further certify that the following Members voted for adoption of said Ordinance: _____
and that the following Members voted against adoption of said Ordinance: _____.

The above ordinance was passed at the regular meeting of the Council of the Village of Lake Orion held Monday, October 28th, 2024 at 7:30 p.m.

Sonja Stout, Village Clerk

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