

CITY OF MARQUETTE

ORDINANCE NO. ____

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM OF THE CITY OF MARQUETTE; TO PROVIDE FOR THE ISSUANCE AND SALE OF JUNIOR LIEN 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; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM.

THE CITY OF MARQUETTE 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) “Authority” means the Michigan Finance Authority, successor to the Michigan Municipal Bond Authority.
- (c) “Authorized Officers” means the Mayor, the City Manager, the Chief Financial Officer, the City Clerk and the City Treasurer of the Issuer.
- (d) “Bonds” mean the Series 2023 Bonds, together with any additional bonds heretofore or hereafter issued of equal standing with the Series 2004 Bonds, Series 2007 Bonds, Series 2010A Bonds, Series 2010B Bonds, Series 2011A Bonds, Series 2011B Bonds and the Series 2014 Bonds.
- (e) “EGLE” means the Michigan Department of Environment, Great Lakes and Energy.
- (f) “Engineers” means Donohue & Associates, Inc., registered engineers of Grand Rapids, Michigan.
- (g) “Issuer” or “City” means the City of Marquette, County of Marquette, State of Michigan.
- (h) “Junior Lien Bonds” means the Series 2004 Bonds, the Series 2007 Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2011A Bonds, the Series 2011B Bonds, the Series 2014 Bonds and the Series 2023 Bonds, together with any additional bonds hereafter issued of equal standing with the Series 2004 Bonds, the

Series 2007 Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2011A Bonds the Series 2011B Bonds, the Series 2014 Bonds and the Series 2023 Bonds.

(i) “Junior Lien Ordinances” means Ordinance Nos. 514, 539, 564, 565, 566, 567, 583. 584 and 617 of the Issuer authorizing the issuance of the Series 2004 Bonds, the Series 2007 Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2011A Bonds, the Series 2011B Bonds and the Series 2014 Bonds, and this ordinance.

(j) “Prior Ordinances” means the Series 2003 Ordinance, the Series 2004 Ordinance, the Series 2006 Ordinance, the Series 2007 Ordinance, the Series 2010A Ordinance, the Series 2010B Ordinance, the Series 2011A Ordinance, the Series 2011B Ordinance and the Series 2014 Ordinance.

(k) “Projects” means the acquisition, construction and equipping of improvements to City’s water supply and sewage disposal system including construction of wastewater treatment facility buildings and concrete basins including sitework, yard piping, structural, architectural, process piping and equipment, plumbing, heating, ventilation, air conditioning, electrical and instrumentation and control, together with all related appurtenances and attachments thereto.

(l) “Revenues” and “Net Revenues” means 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 this ordinance, and other revenues derived from or pledged to operation of the System.

(m) “Series 2003 Bonds” means the Water Supply and Sewage Disposal System Revenue Refunding Bonds, Series 2003, dated November 4, 2003.

(n) “Series 2003 Ordinance” means Ordinance No. 499 of the Issuer authorizing the issuance of the Series 2003 Bonds.

(o) “Series 2004 Bonds” means the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2004A (General Obligation Limited Tax), dated March 25, 2004.

(p) “Series 2004 Ordinance” means Ordinance No. 514 of the Issuer authorizing the issuance of the Series 2004 Bonds.

(q) “Series 2006 Bonds” means the Water Supply and Sewage Disposal System Revenue Bonds, Series 2006, dated December 20, 2006.

(r) “Series 2006 Ordinance” means Ordinance No. 538 of the Issuer authorizing the issuance of the Series 2006 Bonds.

(s) “Series 2007 Bonds” means the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2007, dated March 29, 2007.

(t) “Series 2007 Ordinance” means Ordinance No. 539, as amended, of the Issuer authorizing the issuance of the Series 2007 Bonds.

(u) “Series 2010A Bonds” means the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2010A, dated January 22, 2010.

(v) “Series 2010A Ordinance” means Ordinance No. 564, as amended by Ordinance No. 566, of the Issuer authorizing the issuance of the Series 2010A Bonds.

(w) “Series 2010B Bonds” means the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2010B, dated January 22, 2010.

(x) “Series 2010B Ordinance” means Ordinance No. 565, as amended by Ordinance No. 567, of the Issuer authorizing the issuance of the Series 2010B Bonds.

(y) “Series 2011A Bonds” means the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2011A, dated June 24, 2011.

(z) “Series 2011A Ordinance” means Ordinance No. 583 of the Issuer authorizing the issuance of the Series 2011A Bonds.

(aa) “Series 2011B Bonds” means the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2014, dated June 24, 2011.

(bb) “Series 2011B Ordinance” means Ordinance No. 584 of the Issuer authorizing the issuance of the Series 2011B Bonds.

(cc) “Series 2014 Bonds” means the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2014, dated September 17, 2014.

(dd) “Series 2014 Ordinance” means Ordinance No. 617 of the Issuer authorizing the issuance of the Series 2014 Bonds.

(ee) “Series 2023 Bonds” means the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2023, dated June 5, 2023.

(ff) “Sufficient Government Obligations” means direct obligations of the United States of America or obligations the principal and interest on which are 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 Series 2023 Bonds and the principal on the Series 2023 Bonds as it comes due whether on the stated installment payment 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 Series 2023 Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Series 2023 Bonds for redemption shall be given to the paying agent.

(gg) “Supplemental Agreement” means the supplemental agreement among the Issuer, the Authority and EGLE relating to the Series 2023 Bonds.

(hh) “System” means the Water Supply and Sewage Disposal System of the Issuer, including the Projects and all additions, extensions and improvements hereafter acquired.

Section 2. Necessity; Approval of Plans and Specifications. It is hereby determined to be a necessary public purpose of the Issuer to acquire and construct the Projects in accordance with the plans and specifications prepared by the Engineers, which plans and specifications are hereby approved. The Projects qualify for the Clean Water State Revolving Fund financing program being administered by the EGLE and the Authority, whereby bonds of the Issuer are sold to the Authority and bear interest at a fixed rate of one and seven-eighths percent (1.875%) per annum.

Section 3. Costs; Useful Life. The cost of the Projects is estimated to be approximately Thirteen Million One Hundred Eighty Thousand Dollars (\$13,180,000), 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 Projects is estimated to be not less than thirty (30) years.

Section 4. Payment of Cost; Bonds Authorized. To pay part or all of the cost of the Projects, legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2023 Bonds, the Issuer shall borrow the sum of not to exceed Twelve Million Five Hundred Ten Thousand Dollars (\$12,510,000) and issue the Series 2023 Bonds therefor pursuant to the provisions of Act 94. The remaining cost of the Projects, if any, shall be defrayed from Issuer 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 Prior Ordinances shall apply to the Series 2023 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 with the Junior Lien Bonds to finance the cost of acquiring additions, extensions and improvements to the System, additional bonds of such standings and for such purpose being authorized by the provisions of the Prior Ordinances, upon the conditions therein stated, which conditions have been fully met.

Section 5. Issuance of Series 2023 Bonds; Details. The Series 2023 Bonds of the Issuer, to be designated **WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 2023**, are authorized to be issued in the aggregate principal sum of not to exceed Twelve Million Five Hundred Ten Thousand Dollars (\$12,510,000) as finally determined by order of the EGLE for the purpose of paying part of the cost of the Projects, including the costs incidental to the issuance, sale and delivery of the Series 2023 Bonds. The Series 2023 Bonds shall be payable out of the Net Revenues, as set forth more fully in Section 8 hereof. The Series 2023 Bonds shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, payable in principal installments as finally determined by the order of the EGLE at the time of

sale of the Series 2023 Bonds and approved by the Authority and by an Authorized Officer. Principal installments of the Series 2023 Bonds shall be payable in the amounts shown in Schedule A in Section 14 on October 1 of the years 2025 to 2054, inclusive, or such other payment amounts and payment dates as hereinafter provided. Interest on the Series 2023 Bonds shall be payable on April 1 and October 1 of each year, commencing October 1, 2023 or on such other interest payment dates as hereinafter provided. Final determination of the principal amount of and interest on the Series 2023 Bonds and the payment dates and amounts of principal installments of the Series 2023 Bonds shall be specified in and evidenced by execution of a Purchase Contract (the "Purchase Contract") between the Issuer and the Authority providing for sale of the Series 2023 Bonds and each of the Authorized Officers is authorized and directed to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above; provided, however, that the first principal installment shall be due no earlier than October 1, 2024 the total number of principal installments shall not exceed thirty (30), and that the total principal amount shall not exceed \$12,510,000.

The Series 2023 Bonds shall bear interest at a rate of one and seven-eighths percent (1.875%) on the par value thereof or such other rate as specified in and evidenced by execution of the Purchase Contract, but in any event not to exceed the rate permitted by law; provided, however, that the Series 2023 Bonds may also bear "additional interest" on the terms and conditions set forth in Section 14 of this Ordinance.

Any Authorized Officers as shall be appropriate shall deliver the Series 2023 Bonds in accordance with the delivery instructions of the Authority.

The principal amount of the Series 2023 Bonds is expected to be drawn down by the Issuer periodically, and interest on principal amount shall accrue from the date such principal amount is drawn down by the Issuer.

Principal of and interest on the Series 2023 Bonds shall be payable as provided in the form of the Series 2023 Bonds in Section 14 of this Ordinance.

The Series 2023 Bonds shall be subject to optional redemption by the Issuer with the prior approval of the Authority. Final determination of the first optional redemption date shall be evidenced by the execution of the Series 2023 Bonds.

The Series 2023 Bonds shall not be convertible or exchangeable into more than one fully-registered bond.

The City Treasurer shall record on the registration books payment by the Issuer of each installment of principal or interest or both when made and the cancelled checks or other records evidencing such payments shall be returned to and retained by the City Treasurer.

Upon payment by the Issuer of all outstanding principal of and interest on the Series 2023 Bonds, the Authority shall deliver the Series 2023 Bonds to the Issuer for cancellation.

Section 6. Execution of Series 2023 Bonds. The Series 2023 Bonds shall be signed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the City Clerk and shall have the corporate seal of the Issuer or facsimile thereof

impressed thereon. The Series 2023 Bonds bearing the manual or facsimile signatures of the Mayor and the City Clerk sold to the Authority shall require no further authentication.

Section 7. Registration and Transfer. The City Treasurer shall be transfer agent for the Series 2023 Bonds. 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 keep or cause to be kept at its principal office sufficient books for the registration and transfer of the 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.

Section 8. Payment of Bonds; Security. The Series 2023 Bonds and the interest thereon shall be payable from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues which shall be equal in standing and priority of lien to the lien created in connection with the Junior Lien Bonds; and shall be junior in standing and priority of lien to any bonds of superior standing and priority of lien hereafter issued, to continue until payment in full of the principal of and interest on the Series 2023 Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of the Series 2023 Bonds then outstanding, principal and interest, to maturity, or, if called for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. Upon deposit of cash or Sufficient Government Obligations, as provided in this paragraph, the statutory lien shall be terminated with respect to the Series 2023 Bonds, the holders of the Series 2023 Bonds shall have no further

rights under this ordinance except for payment from the deposited funds, and the Series 2023 Bonds shall no longer be considered to be outstanding under this ordinance.

Section 9. Maintenance; Fiscal Year. The operation, repair and maintenance of the System and the acquiring of the Projects shall continue to be under the supervision and control of the City Commission. The City Commission may employ such person or persons in such capacity or capacities as it deems advisable to carry on the efficient maintenance and operation of the System. The City Commission may make such rules and regulations as it deems advisable and necessary to assure the efficient maintenance and operation of the System. The System shall be operated on the basis of an operating year which shall coincide with the City's fiscal year.

Section 10. No Free Service or Use. No free service or use of the System, or service or use of the System at less than cost, 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 11. Revising Rates; Rate Covenant. The rates now in effect for service by the System and the rate increases to be placed into effect for service by the System 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 Series 2023 Bonds, the Junior Lien Bonds and any additional bonds hereafter issued as the same become due and payable, and the maintenance of the reserves, if any, therefor; and to provide for all other obligations, expenditures and funds for the System required by law, the Prior Ordinances and this ordinance. The rates shall be revised from time to time as may be necessary to produce these amounts, and it is hereby covenanted and agreed to maintain or cause to be maintained rates for services furnished by the System at all times sufficient to provide for the foregoing.

Section 12. Funds and Accounts; Flow of Funds. All funds belonging to the System and all Revenues of the System shall continue to be set aside as collected and credited to the Receiving Fund established by the Series 2003 Ordinance (the "Receiving Fund"), except as provided in this ordinance. The Revenues credited to the Receiving Fund are pledged for the purposes of the funds and accounts established by the Series 2003 Ordinance, the Junior Lien Ordinances and this ordinance and shall be transferred or debited from the Receiving Fund periodically in the manner and at the times and in the order of priority specified in the Series 2003 Ordinance, the Junior Lien Ordinances and this ordinance.

Funding Existing Funds and Accounts. Out of the Revenues in the Receiving Fund there shall be transferred and debited the amounts required by the Prior Ordinances to be deposited into the existing Operation and Maintenance Fund, the existing Bond and Interest Redemption Fund (including Bond Reserve Account) and the existing Junior Lien Bond and Interest Redemption Account created pursuant to the Prior Ordinances.

Junior Lien Bond and Interest Redemption Account. In the Prior Ordinances, the Issuer created a separate account designated *Junior Lien Bond and Interest Redemption Account* (the "Junior Lien Redemption Account"). Out of the Revenues remaining in the Receiving Fund after provision for the transfers and debits described in the previous paragraph, there shall be set aside at the time of delivery of the Series 2023 Bonds and the first day of each fiscal quarter

thereafter in the existing Junior Lien Redemption Account an amount equal to that fraction of the amount of interest due on the next interest payment date the numerator of which is one and the denominator of which is the number of full or partial fiscal quarters to the next interest payment date, less any amount in the Junior Lien Redemption Account representing investment income on amounts on deposit in the Junior Lien Redemption Account. Commencing the first day of the fourth fiscal quarter preceding the first principal installment payment date there shall be set aside in the Junior Lien Redemption Account an amount equal to 1/4 of the amount of principal installment next coming due. If there is any deficiency in the amount previously set aside, that deficiency shall be added to the next succeeding quarterly requirements. The amount to be set aside for the payment of principal and interest on any principal payment shall not exceed the amount which, when added to the money on deposit in the Junior Lien Redemption Account including investment income thereon, is necessary to pay principal and interest due on the Series 2023 Bonds to the next succeeding principal payment date.

Section 13. Bond Proceeds. The proceeds of the sale of the Series 2023 Bonds as received by the Issuer shall be deposited and maintained in a separate account as provided in Section 15 of Act 94 designated 2023 CWSRF PROJECTS CONSTRUCTION ACCOUNT (the "Construction Fund"). Moneys in the Construction Fund shall be applied solely in payment of the cost of the Projects and any engineering, legal and other expenses incident thereto and to the financing thereof, and shall be fully expended on costs of the Projects within three years after the date of delivery of the Series 2023 Bonds. Payments for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with the City Commission a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefore, that it was done pursuant to and in accordance with the contract therefor (including properly authorized change orders), that such work is satisfactory and that such work has not been previously paid for.

Any unexpended balance of the proceeds of sale of the Series 2023 Bonds remaining in the Construction Fund after completion of the Projects shall, in the discretion of the City Commission, be used either for further improvements, enlargements and extension to the System, if, at the time of such expenditures, such use is approved by the EGLE or the Michigan Department of Treasury, if such permission is then required by law, or for the purpose of paying principal installments of the Series 2023 Bonds upon maturity or of calling Series 2023 Bonds for redemption.

Section 14. Bond Form. The Series 2023 Bonds shall be in substantially the following form with such changes or completion as necessary or appropriate to give effect to the intent of this ordinance and, subject to such modifications which may be required by the Michigan Attorney General and the Authority and approved by bond counsel:

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MARQUETTE**

CITY OF MARQUETTE

**WATER SUPPLY AND SEWAGE DISPOSAL
SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 2023**

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: _____ Dollars (\$ __, __)

DATE OF ORIGINAL ISSUE: June 5, 2023

The CITY OF MARQUETTE, County of Marquette, State of Michigan (the “City”), for value received, acknowledges itself to owe and for value received hereby promises to pay, but only out of the hereinafter described Net Revenues of the System (hereinafter defined), to the Michigan Finance Authority (the “Authority”), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the City pursuant to a Purchase Contract between the City and the Authority and a Supplemental Agreement by and among the City, the Authority and the State of Michigan acting through the Department of Environmental Quality, in lawful money of the United States of America, unless prepaid prior thereto as hereinafter provided.

During the time the Principal Amount is being drawn down by the City under this bond, the Authority will periodically provide to the City a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the City of its obligation to repay the outstanding Principal Amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this bond.

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth on Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$ _____ is disbursed to the City or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of one and seven-eighths percent (1.875%) per annum. Interest is first payable on October 1, 2023, and semiannually thereafter on the first day of April and October of each year, as set forth in the Purchase Contract.

Notwithstanding any other provision of this bond, as long as the Authority is the owner of this bond, (a) this bond is payable as to principal, premium, if any, and interest at the designated office of U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the City by the Authority (the “Authority’s Depository”); (b) the City agrees that it will deposit with the Authority’s Depository payments of the principal of, premium, if any, and interest on this bond in immediately available funds at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; and (c) written notice of any redemption of this bond shall be given by the City and received by the Authority’s Depository at least 40 days prior to the date on which such redemption is to be made.

Additional Interest

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

Principal installments of this bond are subject to prepayment by the City prior to maturity only with the prior written consent of the Authority and on such terms as may be required by the Authority as provided in the ordinance authorizing this bond.

For prompt payment of principal and interest on this bond, the City has irrevocably pledged the revenues of the water supply and sewage disposal system, including all appurtenances, extensions and improvements thereto (the “System”), after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the “Net Revenues”), and a statutory lien thereon is hereby recognized and created that is of equal standing and priority with the lien on the Net Revenues created in favor of the City’s Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2004A, dated March 25, 2004 (the “2004 Bonds”), the City’s Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2007, dated March 29, 2007 (the “2007 Bonds”), the City’s Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2010A, dated January 22, 2010 (the “2010A Bonds”), the City’s Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2010B, dated January 22, 2010 (the “2010B Bonds”), the City’s Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2011A, dated June 24, 2011 (the “2011A Bonds”), the City’s Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2011B, dated June 24, 2011 (the “2011B Bonds”) and City’s Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2014, dated September 17, 2014 (the “2014 Bonds”).

This bond is a single, fully-registered, non-convertible bond in the principal sum indicated above issued pursuant to various ordinances duly adopted by the City Commission of the City, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of paying part of the 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 superior and equal standing may hereafter be issued and the general covenants and provisions pursuant to which this bond is issued, reference is made to the aforementioned ordinances.

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

The City has covenanted and agreed, and does hereby covenant and agree, to 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 upon and the principal of this bond, the 2004 Bonds, the 2007 Bonds, the Series 2010A Bonds, the 2010B Bonds, the 2011A Bonds, the 2011B Bonds, the 2014 Bonds and any additional bonds hereafter issued as and when the same shall become due and payable, and to maintain a bond redemption account (including a bond reserve account for certain bonds) 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 aforementioned ordinances.

This bond is transferable only upon the books of the City by the registered owner in person or 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 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 aforementioned ordinances, and upon payment of the charges, if any, therein prescribed.

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 City of Marquette, County of Marquette, State of Michigan, by its City Commission has caused this bond to be executed with the manual or facsimile signatures of its Mayor and its City Clerk and the corporate seal of the City to be impressed or printed hereon, all as of the Date of Original Issue.

CITY OF MARQUETTE

By _____
Mayor

(Seal)

Countersigned:

By _____
City Clerk

DEQ Project No.: 5731-01
 DEQ Approved Amt: \$ _____
 Loan Amount Forgiven:
 Loan Amount to be repaid:

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the bond shall be made until the full amount advanced to the City is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the City and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the City by the Authority, or (3) that any portion of the principal amount of assistance approved by the Order and disbursed to the City is forgiven pursuant to the Order, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the City.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
October 1, 2025	\$315,000	October 1, 2040	\$415,000
October 1, 2026	320,000	October 1, 2041	425,000
October 1, 2027	325,000	October 1, 2042	430,000
October 1, 2028	330,000	October 1, 2043	440,000
October 1, 2029	340,000	October 1, 2044	445,000
October 1, 2030	345,000	October 1, 2045	455,000
October 1, 2031	350,000	October 1, 2046	465,000
October 1, 2032	360,000	October 1, 2047	475,000
October 1, 2033	365,000	October 1, 2048	480,000
October 1, 2034	370,000	October 1, 2049	490,000
October 1, 2035	380,000	October 1, 2050	500,000
October 1, 2036	385,000	October 1, 2051	510,000
October 1, 2037	395,000	October 1, 2052	520,000
October 1, 2038	400,000	October 1, 2053	530,000
October 1, 2039	410,000	October 1, 2054	540,000

Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the City from the date such portion is disbursed, until paid, at the rate of 1.875% per annum, payable October 1, 2023, and semi-annually hereafter.

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

Section 15. Bondholders' Rights; Receiver. The holder or holders of the Bonds representing in the aggregate not less than twenty per cent (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 upon the Series 2023 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 2023 Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Series 2023 Bonds and the security therefor.

Section 16. Additional Bonds. Except as hereinafter provided, the Issuer shall not issue additional bonds of equal standing with the Series 2023 Bonds.

The right is reserved in accordance with the provisions of Act 94 to issue additional bonds payable from the Revenues of the System which shall be of equal standing and priority of lien on the Net Revenues of the System with the Junior Lien Bonds and the Series 2023 Bonds but only for the following purposes and under the following terms and conditions:

(a) To complete the Projects in accordance with the plans and specifications therefor. Such bonds shall not be authorized unless the engineers in charge of construction shall execute a certificate evidencing the fact that additional funds are needed to complete the Projects in accordance with the plans and specifications therefor and stating the amount that will be required to complete the Projects.

(b) For subsequent repairs, extensions, enlargements and improvements to the System or for the purpose of refunding part of any Bonds then outstanding and paying costs of issuing such additional bonds including deposits that may be required to be made to the Bond Reserve Account, if any. Bonds for such purposes shall not be issued pursuant to this subparagraph (b) unless the Adjusted Net Revenues of the System for the preceding twelve month operating year shall be at least equal to the maximum amount of principal and interest thereafter maturing in any operating year on the then outstanding Bonds and on the additional bonds then being issued. If the additional bonds are to be issued in whole or in part for refunding outstanding Bonds, the annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each operating year the annual principal and interest requirements of any Bonds to be refunded from the proceeds of the additional bonds. For purposes of this subparagraph (b) the Issuer may elect to use as the last preceding operating year any

operating year ending not more than sixteen months prior to the date of delivery of the additional bonds. Determination by the Issuer as to existence of conditions permitting the issuance of additional bonds shall be conclusive. No additional bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in this subparagraph if the Issuer shall then be in default in making its required payments to the Operation and Maintenance Fund, the Bond and Interest Redemption Fund (including the Bond Reserve Account) or the Junior Lien Redemption Account.

(c) For refunding a part of the outstanding Bonds and paying costs of issuing such additional bonds including deposits which may be required to be made to the Bond Reserve Account. No additional bonds shall be issued pursuant to this subsection unless the maximum amount of principal and interest maturing in any operating year after giving effect to the refunding shall be less than the maximum amount of principal and interest maturing in any operating year prior to giving effect to the refunding.

Section 17. Negotiated Sale; Application to EGLE and Authority; Execution of Documents. The City Commission determines that it is in the best interest of the Issuer to negotiate the sale of the Series 2023 Bonds to the Authority because the Clean Water State Revolving Fund financing program provides significant savings to the Issuer compared to competitive sale in the municipal bond market. The Authorized Officers are hereby authorized to make application to the Authority and to the EGLE for placement of the Series 2023 Bonds with the Authority. The actions taken by the Authorized Officers with respect to the Series 2023 Bonds prior to the adoption of this Ordinance are ratified and confirmed. The Authorized Officers are authorized to execute and deliver the Purchase Contract and the Supplemental Agreement. Any Authorized Officer is further authorized to execute and deliver such contracts, documents and certificates as are necessary or advisable to qualify the Series 2023 Bonds for the Clean Water State Revolving Fund. Prior to the delivery of the Series 2023 Bonds to the Authority, any Authorized Officer is hereby authorized to make such changes to the form of the Series 2023 Bonds contained in Section 14 of this Ordinance as may be necessary to conform to the requirements of Act 227, Public Acts of Michigan 1985, as amended (“Act 227”), including, but not limited to changes in the principal maturity and interest payment dates and references to additional security required by Act 227.

Section 18. Covenant Regarding Tax Exempt Status of the Series 2023 Bonds. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exemption of the interest on the Series 2023 Bonds from general federal income taxation (as opposed to any alternative minimum or other indirect taxation) under the Internal Revenue Code of 1986, as amended, including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of proceeds of the Series 2023 Bonds and moneys deemed to be proceeds.

Section 19. Approval of Bond Counsel. The representation of the Issuer by Miller, Canfield, Paddock and Stone, P.L.C. (“Miller Canfield”), as bond counsel is hereby confirmed and approved notwithstanding the representation by Miller Canfield of the Authority in connection with the Clean Water State Revolving Fund program which may include advising the Authority with respect to this borrowing.

Section 20. Approval of Bond Details. The Authorized Officers are each hereby authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing is authorized to exercise the authority and make the determinations authorized pursuant to Section 7a(1)(c) of Act 94, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, and other matters, provided that the principal amount of Series 2023 Bonds issued shall not exceed the principal amount authorized in this ordinance, the interest rate per annum on the Series 2023 Bonds shall not exceed one and seven-eighths percent (1.875%) per annum, and the Series 2023 Bonds shall mature in not more than thirty (30) annual installments.

Section 21. Savings Clause. All ordinances, resolutions or orders, or part thereof, in conflict with the provisions of this ordinance are, to the extent of such conflict, repealed.

Section 22. 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 23. Publication and Recordation. This ordinance shall be published in full in *The Mining Journal*, a newspaper of general circulation in the City, qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the Ordinance Book of the City and such recording authenticated by the signatures of the Mayor and the City Clerk.

Section 24. Effective Date. This ordinance shall be effective upon its adoption and publication.

ADOPTED AND SIGNED THIS 8th day of May, 2023.

Signed _____
Mayor

Signed _____
City Clerk

I HEREBY CERTIFY that the foregoing constitutes a true and complete copy of an ordinance duly adopted by the City Commission of the City of Marquette, County of Marquette, State of Michigan, at a regular meeting held on the 8th day of May, 2023, 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 were present at said meeting: _____ and that the following were absent: _____.

I further certify that Commissioner _____ moved for adoption of said ordinance, and that said motion was supported by Commissioner _____.

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

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 Mayor and the City Clerk.

City Clerk