

BOND RESOLUTION

Special Assessment Bonds, Series 2006

Minutes of a regular meeting of the Township Board of the Township of Wright, Hillsdale County, Michigan (the "Township"), held on the 13<sup>th</sup> day of April, 2006.

PRESENT: Fred Horwath, Lois Hills, Connie Strong, Roger Zimmerman, and William White

ABSENT: None \_\_\_\_\_

The following resolution was offered by William White, and seconded by Roger Zimmerman:

WHEREAS, pursuant to Act No. 188, Public Acts of Michigan, 1954, as amended, the necessary proceedings have been taken for the making of sanitary sewer improvements in the Township, and to defray the cost thereof special assessments have been made on a special assessment roll against lands in the Lime/Lake Prattville Sanitary Sewer Improvements Special Assessment District; and

WHEREAS, the Township Board previously confirmed the Lime/Lake Prattville Sanitary Sewer Improvements Special Assessment Roll in the amount of \$1,284,000, and specified dates on which the installments of assessments would become due; and

WHEREAS, the Township Board desires to issue the bonds of the Township as hereinafter described to finance the improvements, which bonds shall be secured in the first instance by the special assessments against the lands in the Lime/Lake Prattville Sanitary Sewer Improvements Special Assessment District; and

WHEREAS, the special assessments made on the Lime/Lake Prattville Sanitary Sewer Improvements Special Assessment Roll and outstanding on the date hereof have been divided into forty (40) approximately equal annual installments, the first installment being due February 14, 2007, and the subsequent installments being due consecutively on February 14 in each of the years 2008 through 2046, in each case together with interest on installments from time to time remaining unpaid at a rate equal to 5.25% per annum, which rate is not greater than 1% above the average interest rate borne by the bonds to be issued to finance the improvements.

THEREFORE, BE IT RESOLVED by the Township Board of the Township of Wright, Hillsdale County, Michigan, as follows:

1. AUTHORIZATION OF BONDS – PURPOSE. Subject to the provisions of section 14 hereof, bonds of the Township shall be issued in the aggregate principal sum of One Million Two Hundred Eighty-Four Thousand Dollars (\$1,284,000) in anticipation of the collection of an equal amount of the installments of the assessments against lands in the Lime/Lake Prattville Sanitary Sewer Improvements Special Assessment District due in the years 2007 through 2046. The proceeds of the bonds shall be used to defray part of the cost of making sanitary sewer improvements in the Township (the "Project"). The remaining cost of the Project shall be paid by the Township from federal or state grants and/or from funds on hand and legally available for such use.

2. BOND DETAILS. Subject to the provisions of section 14 hereof, the bonds shall be issued in the form of two fully-registered bonds in the principal amounts of \$796,000 (Bond No. 1) and \$488,000 (Bond No. 2) that shall be designated "Special Assessment Bonds, Series 2006" (the "Series 2006 Bonds"). The Series 2006 Bonds shall be sold to and registered in the name of the United States of America acting through the United States Department of Agriculture, Rural Development ("Rural Development") in furtherance of Rural Development's

program to provide low-interest rate, long-term loans for eligible projects (the "Program"). The Township Board hereby determines that the Program and the delivery of the Series 2006 Bonds directly to the United States of America as provided in this resolution will provide the Township with the lowest cost of borrowing money for the Project. The Series 2006 Bonds shall be dated as of the date of their delivery to the United States of America. The principal amount of the Series 2006 Bonds shall bear interest from the date a principal payment is received from the purchaser of the Series 2006 Bonds as shown on the registration grid of each Series 2006 Bond at the rate of 4.375% per annum on Bond No. 1, and 4.25% per annum on Bond No. 2, payable on the first days of March and September in each year commencing on September 1, 2006. Subject to the provisions of section 14 hereof, principal installments shall be due on March 1 in each year as follows:

Bond No. 1

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2007	\$15,000	2027	\$20,000
2008	15,000	2028	20,000
2009	20,000	2029	20,000
2010	20,000	2030	20,000
2011	20,000	2031	20,000
2012	20,000	2032	20,000
2013	20,000	2033	20,000
2014	20,000	2034	20,000
2015	20,000	2035	20,000
2016	20,000	2036	20,000
2017	20,000	2037	20,000
2018	20,000	2038	20,000
2019	20,000	2039	20,000
2020	20,000	2040	20,000
2021	20,000	2041	21,000
2022	20,000	2042	21,000
2023	20,000	2043	21,000
2024	20,000	2044	21,000
2025	20,000	2045	21,000
2026	20,000	2046	21,000

Bond No. 2

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2007	\$ 9,000	2027	\$12,000
2008	9,000	2028	12,000
2009	12,000	2029	12,000
2010	12,000	2030	12,000
2011	12,000	2031	12,000
2012	12,000	2032	12,000
2013	12,000	2033	13,000
2014	12,000	2034	13,000
2015	12,000	2035	13,000
2016	12,000	2036	13,000
2017	12,000	2037	13,000
2018	12,000	2038	13,000
2019	12,000	2039	13,000
2020	12,000	2040	13,000
2021	12,000	2041	13,000
2022	12,000	2042	13,000
2023	12,000	2043	13,000
2024	12,000	2044	13,000
2025	12,000	2045	13,000
2026	12,000	2046	13,000

3. PAYMENT OF PRINCIPAL AND INTEREST. The principal of and interest on the Series 2006 Bonds shall be payable in lawful money of the United States. Principal and interest shall be paid when due by check or draft that shall be mailed to the registered owner at the address shown on the registration books.

4. PREPAYMENT OF PRINCIPAL. Principal installments may be prepaid prior to maturity without premium and in such order as shall be determined by the Township on any date other than a Saturday, Sunday or holiday. Principal installments that have been prepaid shall be noted on the Series 2006 Bonds and such installments no longer shall be considered outstanding for any purpose. Thirty days' notice of the prepayment of any principal installment shall be given to the registered owner of the Series 2006 Bonds at the address shown on the registration grid.

5. BOND REGISTRAR AND PAYING AGENT. The Treasurer shall be the bond registrar and paying agent for the Series 2006 Bonds. In the absence of the Treasurer or the inability of the Treasurer to act, the Supervisor or Clerk may perform the duties of bond registrar and paying agent.

6. EXECUTION AND DELIVERY OF THE SERIES 2006 BONDS. The Series 2006 Bonds shall be executed in the name of the Township by the signatures of the Supervisor and the Clerk of the Township and the seal of the Township (or a facsimile thereof) shall be impressed or imprinted on the Series 2006 Bonds. After the Series 2006 Bonds has been executed, they shall be delivered by the Supervisor, the Clerk or the Treasurer to the purchaser upon receipt of the first principal payment from the purchaser. The first and each subsequent principal payment received by the Township from the purchaser shall be noted on the registration grids of the Series 2006 Bonds.

7. EXCHANGE AND TRANSFER OF THE SERIES 2006 BONDS. The Series 2006 Bonds, upon surrender thereof to the bond registrar and paying agent with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney, at the option of the registered owner thereof, may be transferred to another party. The Series 2006 Bonds shall be transferable only upon the books of the Township, which shall be kept for that purpose by the bond registrar and paying agent. Upon the exchange or transfer of the Series 2006 Bonds, the bond registrar and paying agent shall register the Series 2006 Bonds in the name of the transferee on the registration books of the Township and shall note such registration on the registration grid therefor.

The Township may deem and treat the person in whose name the Series 2006 Bonds shall be registered upon the books of the Township as the absolute owner of the Series 2006 Bonds, whether such Series 2006 Bonds shall be overdue or not, for the purpose of receiving payment of

the principal of and interest on such Series 2006 Bonds and for all other purposes, and all payments made to such registered owner, or upon his order, in accordance with the provisions of section 3 of this resolution shall be valid and effectual to satisfy and discharge the liability upon such Series 2006 Bonds to the extent of the sum or sums so paid, and the Township shall not be affected by any notice to the contrary. Registration of the Series 2006 Bonds shall not be transferred less than five (5) days prior to an interest payment date.

For every exchange or transfer of the Series 2006 Bonds, the Township may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

8. SECURITY. The principal of and interest on the Series 2006 Bonds shall be payable primarily out of the collections of the special assessments in anticipation of which they are issued but the full faith and credit of the Township are pledged to the payment of such principal and interest. If the receipts from the special assessments in anticipation of which the Series 2006 Bonds are issued shall not be sufficient to pay such principal and interest as the same shall become due, then an amount sufficient to pay the deficiency shall be advanced from the general funds of the Township as a first budget obligation. The Township's ability to raise such funds is subject to applicable constitutional and statutory limitations on the taxing power of the Township.

9. ESTIMATES OF PERIOD OF USEFULNESS AND COST. The estimated period of usefulness of the improvements for which the Series 2006 Bonds is to be issued is hereby determined to be 40 years and upwards and the estimated cost of the improvements, in the amount of \$4,031,500, is approved.

10. PRINCIPAL AND INTEREST FUND; CAPITALIZED INTEREST. There shall be established for the Series 2006 Bonds a Principal and Interest Fund that shall be kept in a separate bank account. From the proceeds of the sale of the Series 2006 Bonds there shall be set aside in the Principal and Interest Fund the sum of \$55,000 which will be used to pay interest on the Series 2006 Bonds on September 1, 2006, and the immediately succeeding interest payment dates until such sum is exhausted, which interest is hereby capitalized. All collections (including principal, interest and penalties) on the special assessments in anticipation of the collection of which the Series 2006 Bonds are issued shall be placed in the Principal and Interest Fund and so long as the principal of or interest on the Series 2006 Bonds shall remain unpaid, no moneys shall be withdrawn from such fund except to pay such principal and interest.

11. CONSTRUCTION FUND. Subject to the provisions of section 14 hereof, the remainder of the proceeds of the sale of the Series 2006 Bonds shall be set aside in a construction fund and used to acquire and construct the sanitary sewer system improvements heretofore described including any engineering, legal and other expenses incidental thereto. Any unexpended proceeds of the sale of the bonds remaining after completion of the construction of the improvements shall be deposited in the Principal and Interest Fund.

12. INVESTMENTS. Except as herein otherwise provided, moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Series 2006 Bonds may be invested by the Township in United States of America obligations or in obligations the principal of and interest on which is fully guaranteed by the United States of America, and moneys derived from the proceeds of sale of the Series 2006 Bonds may also be invested in certificates of deposit of any bank whose deposits are insured by the Federal Deposit Insurance Corporation. Profit realized or interest income earned on investment of funds in the Principal and Interest Fund and the Construction Fund shall be deposited in or credited as received to the Construction Fund.

13. SERIES 2006 BONDS FORM. The Series 2006 Bonds shall be in substantially the following form, with such changes and additions as shall be determined appropriate by the officials signing the Series 2006 Bonds:

UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF HILLSDALE

TOWNSHIP OF WRIGHT  
SPECIAL ASSESSMENT BOND, SERIES 2006

Bond No. \_ \$ \_\_\_\_\_

The Township of Wright, County of Hillsdale, State of Michigan (the "Township"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner the sum of \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_) on the dates and in the amounts set forth on Exhibit A, attached hereto and made a part hereof, with interest on such principal sum from the date each principal payment is received by the Township as set forth on the Registration Grid of this bond at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum, payable on the first days of March and September of each year commencing on September 1, 2006. Principal and interest shall be payable in lawful money of the United States of America and shall be paid by check or draft mailed to the Registered Owner at the address shown on the Registration Grid.

This bond is issued as one of a series of bonds in the aggregate principal amount of One Million Two Hundred Eight-Four Thousand Dollars (\$1,284,000) pursuant to a resolution (the "Resolution") duly adopted by the Township Board of the Township on April 13, 2006, and under and in full compliance with the Constitution and Statutes of Michigan (especially Act No. 188, Public Acts of 1954, as amended), for the purpose of paying part of the cost of making sanitary sewer system improvements in the Township. This bond is issued in anticipation of the collection of an equal amount of special assessments assessed against lands in the Lime/Lake Prattville Sanitary Sewer Improvements Special Assessment District as assessed on a correspondingly designated special assessment roll.

The full faith and credit of the Township have been pledged for the payment of the principal of and interest on this bond as the same become due. If receipts from the special assessments in anticipation of which the bonds are issued shall not be sufficient to pay the principal of and interest on the bonds, when due, moneys sufficient to pay the deficiency shall be advanced from the general funds of the Township as a first budget obligation. The Township's ability to raise such moneys is subject to applicable constitutional and statutory limitations on the taxing power of the Township.

This bond shall be registered as to principal and interest, as provided in the Resolution, in the name of the owner upon the books of the Township kept for that purpose by the Treasurer as bond registrar and paying agent, and such registration shall be noted on the Registration Grid. This bond may be transferred only by submitting the same, together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the Registered Owner or his attorney duly authorized in writing, to the bond registrar and paying agent for

registration in the name of the transferee on the registration books and for notation of such registration on the Registration Grid. This bond may not be transferred less than five (5) days prior to an interest payment date.

Principal installments may be prepaid prior to maturity without premium and in such order as shall be determined by the Township on any one or more dates other than on a Saturday, Sunday or holiday. Principal installments that have been prepaid shall be noted on Exhibit A and such installments no longer shall be considered outstanding for any purpose. Thirty days' notice of prepayment shall be given to the Registered Owner by mail to the address shown on the Registration Grid.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of the Township, including this bond, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Township of Wright, County of Hillsdale, State of Michigan, by its Township Board, has caused this bond to be executed in its name by the signatures of the Supervisor and the Clerk of the Township and its corporate seal (or facsimile thereof) to be impressed or imprinted hereon, all as of the date set forth below.

TOWNSHIP OF WRIGHT

[SEAL]

By: \_\_\_\_\_  
Supervisor

And: \_\_\_\_\_  
Clerk

Dated: \_\_\_\_\_, 2006

EXHIBIT A

TOWNSHIP OF WRIGHT

Special Assessment Bonds, Series 2006

Due March 1

Bond No. 1

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
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14. REDUCTION OF PRINCIPAL AMOUNT OF BONDS. If the Supervisor determines that it is not necessary or advisable to issue any series of the Bonds in the full principal amount authorized in this resolution, then the Supervisor is hereby authorized to reduce such principal amount and to reduce the principal amounts maturing in any years of such series as set forth in a written order of the Supervisor. In each case the corresponding Exhibit A to the Bond shall reflect such reductions. In such case, the Supervisor's order shall indicate the special assessments that will not be pledged to the payment of the Series 2006 Bonds.

15. REPAIR AND REPLACEMENT FUND: There shall be established and maintained an account designated REPAIR, REPLACEMENT AND IMPROVEMENT FUND (the "Repair and Replacement Fund") to be funded by the Township annually on each March 1, commencing March 1, 2007, in the amount of \$10,000 until the Series 2006 Bonds are paid in full. Moneys in the Repair and Replacement Fund may be withdrawn to pay the cost of emergency maintenance of the Project, extensions to Project facilities and replacement of Project assets having useful lives ending prior to the final maturity of the Series 2006 Bonds.

16. TAX COVENANT. The Township covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, necessary to assure that the interest on the Series 2006 Bonds will be and will remain excludable from gross income for federal income tax purposes. The Supervisor, the Clerk and the Treasurer, and other appropriate officials of the Township, are to be authorized to do all things necessary to assure that the interest on the Series 2006 Bonds will be and will remain excludable from gross income for federal income tax purposes.

17. COVENANT REGARDING DEFEASANCE. The Township hereby covenants and agrees that it will not defease this resolution with respect to the Series 2006 Bonds so long as

the registered owner of the Series 2006 Bonds is the United States of America or an agency or department thereof.

18. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF BONDS.

The Supervisor, the Clerk and the Treasurer, and other officers and employees of the Township, are authorized to do all things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Series 2006 Bonds in accordance with the provisions of this resolution.

19. CONFLICTING RESOLUTIONS. All resolutions and parts of resolutions insofar as they may be in conflict herewith are hereby rescinded.

YEAS: William White, Connie Strong, Roger Zimmerman, Lois Hills, and Fred Horwath\_

\_\_\_\_\_

NAYS: None\_\_\_\_\_

ABSENT: None\_\_\_\_\_

RESOLUTION DECLARED ADOPTED.

STATE OF MICHIGAN     )  
  )ss  
COUNTY OF HILLSDALE )

I hereby certify that the foregoing constitutes a true and complete copy of a Bond Resolution duly adopted by the Township Board of the Township of Wright, County of Hillsdale, Michigan, at a regular meeting held on the 13<sup>th</sup> day of April, 2006, and that the meeting was conducted and public notice was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976 (the "Act"), and that the minutes of the meeting were kept and will be or have been made available as required by the Act.

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Lois J. Hills, Clerk  
Township of Wright

Date: April 14, 2006