

BOND RESOLUTION

Water Supply System Revenue Bonds, Series 2009

Minutes of a special meeting of the Village Council of the Village of Waldron, Hillsdale County, Michigan (the "Village"), held on the 27th day of April, 2009.

PRESENT: Roy Hall, Harold Douglas, Jeff Bernath, Brad Frey, Shawn Barnhart, and President Richard Buck.

ABSENT: None

The following Bond Resolution (this "Resolution") was adopted by the Village Council of the Village at a special meeting duly called and held on Monday, April 27, 2009:

WHEREAS, this Village Council does hereby determine that it is necessary to acquire, construct and install improvements to the Village's existing water supply system; and

WHEREAS, the cost of acquiring, constructing and installing such improvements is estimated to be approximately Two Million Two Hundred Thirty-Seven Thousand Dollars (\$2,237,000); and

WHEREAS, the Village desires to issue bonds, as authorized by the provisions of Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), to pay part of the cost of acquiring, constructing and installing such improvements to serve the Village.

THEREFORE, BE IT RESOLVED by the Village Council of the Village of Waldron, Hillsdale County, Michigan, as follows:

1. DEFINITIONS. Whenever used in this Resolution, except when otherwise indicated by the context:

(a) "Additional Bonds" means any additional bonds issued pursuant to Section 22 of this Resolution and having equal standing with the Series 2009 Bonds.

(b) "Council" means the Village Council of the Village.

(c) "Bonds" means the Series 2009 Bonds, together with any Additional Bonds.

(d) "Revenues" and "Net Revenues" shall be construed as defined in Section 3 of Act 94.

(e) "Series 2009 Bonds" means the Water Supply System Revenue Bonds, Series 2009 of the Village authorized by this Resolution.

(f) "System" means the Village's complete water supply system, both inside and outside the Village, including all plants, works, equipment, instrumentalities and properties used or useful in connection with the generation, transmission and distribution of water, as the same now exist, together with all additions, extensions, repairs and improvements thereto hereafter acquired.

2. NECESSITY; PUBLIC PURPOSE; PROJECT COSTS; PERIOD OF USEFULNESS. It is hereby determined to be a necessary public purpose of the Village to acquire, construct and install improvements to the Village's existing System consisting of the acquisition, construction and installation of water supply facilities in accordance with the plans

and specifications prepared by Wolverine Engineers & Surveyors, Inc. (the "Project"), which plans and specifications are now on file with the Clerk and are hereby approved and adopted. The Village hereby adopts the estimate of 40 years as the period of usefulness of the Project and also the estimate of \$2,237,000, as the cost of the Project, both of which estimates are on file with the Clerk.

3. SERIES 2009 BONDS AUTHORIZED. To pay part of the cost of the Project, including payment of legal, financial and other expenses incidental thereto and incidental to the issuance and sale of the Series 2009 Bonds, the Village shall borrow the sum of One Million Two Hundred Seventy Thousand Dollars (\$1,270,000), and issue the Series 2009 Bonds therefor pursuant to the provisions of Act 94. The remaining cost of Project shall be paid by the Village from federal or state grants and/or from funds on hand and legally available for such use.

4. BOND DETAILS. The Series 2009 Bonds shall be issued in the form of one fully-registered bond in the principal amount of \$1,270,000 that shall be designated "Water Supply System Revenue Bond, Series 2009" and shall be payable out of the Net Revenues, as more fully set forth in Section 5 hereof. The Series 2009 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"). This Council hereby determines that the Program and the delivery of the Bonds directly to the United States of America as provided in this Resolution will provide the Village with the lowest cost of borrowing money for the Project. The Series 2009 Bonds shall be dated as of the date of their delivery to the United States of America. The principal amount of the Series 2009 Bonds shall bear interest from the date a principal payment is received from the purchaser of the Series 2009 Bonds as shown on the registration grid at a rate equal to 4.125% per annum, or such lower rate per annum as approved by the President of the Village, payable on the first day of June and

December in each year commencing on December 1, 2009. Principal installments shall be due on June 1 in each year as follows:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2010	\$12,000	2030	\$29,000
2011	13,000	2031	30,000
2012	14,000	2032	31,000
2013	14,000	2033	33,000
2014	15,000	2034	34,000
2015	16,000	2035	36,000
2016	16,000	2036	37,000
2017	17,000	2037	39,000
2018	18,000	2038	40,000
2019	18,000	2039	42,000
2020	19,000	2040	44,000
2021	20,000	2041	46,000
2022	21,000	2042	47,000
2023	22,000	2043	50,000
2024	23,000	2044	52,000
2025	24,000	2045	54,000
2026	25,000	2046	56,000
2027	26,000	2047	58,000
2028	27,000	2048	61,000
2029	28,000	2049	63,000

5. PAYMENT OF PRINCIPAL AND INTEREST. The Bonds and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues that 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.

The principal of and interest on the Series 2009 Bonds shall be payable in lawful money of the United States. Principal and interest shall be paid when due through an electronic payment process acceptable to Rural Development or by check or draft that shall be mailed to the registered owner at the address shown on the registration books.

6. PREPAYMENT OF PRINCIPAL. Principal installments may be prepaid prior to maturity without premium and in such order as shall be determined by the Village on any date other than a Saturday, Sunday or holiday. Principal installments that have been prepaid shall be noted on the Series 2009 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 2009 Bonds at the address shown on the registration grid.

7. BOND REGISTRAR AND PAYING AGENT. The Treasurer shall be the bond registrar and paying agent for the Series 2009 Bonds. In the absence of the Treasurer or the inability of the Treasurer to act, the President or Clerk may perform the duties of bond registrar and paying agent.

8. EXECUTION AND DELIVERY OF THE SERIES 2009 BONDS. The Series 2009 Bonds shall be executed in the name of the Village by the signatures of the President and the Clerk of the Village and the seal of the Village (or a facsimile thereof) shall be impressed or imprinted on the Series 2009 Bonds. After the Series 2009 Bonds have been executed, they shall be delivered by the President, 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 Village from the purchaser shall be noted on the registration grids of the Series 2009 Bonds.

9. EXCHANGE AND TRANSFER OF THE SERIES 2009 BONDS. The Series 2009 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 2009 Bonds shall be transferable only upon the

books of the Village, which shall be kept for that purpose by the bond registrar and paying agent. Upon the exchange or transfer of the Series 2009 Bonds, the bond registrar and paying agent shall register the Series 2009 Bonds in the name of the transferee on the registration books of the Village and shall note such registration on the registration grid.

The Village may deem and treat the person in whose name the Series 2009 Bonds shall be registered upon the books of the Village as the absolute owner of the Series 2009 Bonds, whether such Series 2009 Bonds shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Series 2009 Bonds and for all other purposes, and all payments made to such registered owner, or upon his order, in accordance with the provisions of 5 of this Resolution shall be valid and effectual to satisfy and discharge the liability upon such Series 2009 Bonds to the extent of the sum or sums so paid, and the Village shall not be affected by any notice to the contrary. Registration of the Series 2009 Bonds shall not be transferred less than five (5) days prior to an interest payment date.

For every exchange or transfer of the Series 2009 Bonds, the Village 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.

10. BONDHOLDERS' RIGHTS; RECEIVER. The registered owner or owners 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 and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the Village, 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 Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Village 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 Village more particularly set forth herein and in Act 94.

The registered owner or owners of the Bonds shall have all other rights and remedies given by Act 94 for the payment and enforcement of the Bonds and the security therefor.

11. RATES AND CHARGES. The rates and charges for service furnished by and the use of the System and the methods of collection and enforcement of the collection of the rates shall be those in effect on the date of adoption of this Resolution.

12. 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.

13. FIXING AND REVISING RATES; RATE COVENANT. Rates shall be fixed and revised from time to time by the Council so as to produce amounts that are 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 pay an amount equal to at least 100% of the principal of and interest on the Bonds as the same become due and payable, and to provide for all other obligations, expenditures and

funds for the System required by law and this Resolution. The Village covenants and agrees to review such rates at least annually and maintain at all times such rates for service furnished by the System as shall be sufficient to provide for the foregoing.

14. OPERATING AND FISCAL YEAR. The System shall be operated on the basis of an operating and fiscal year commencing on March 1 and ending on the last day of the following February.

15. ACCOUNTS; FLOW OF FUNDS. All Revenues of the System shall be set aside as collected and credited to the WATER SUPPLY SYSTEM RECEIVING ACCOUNT (the "Receiving Account") which is hereby established. Moneys on hand in the Receiving Account are pledged for the purpose of the following accounts and shall be transferred from the Receiving Account periodically in the manner and at the times and in the following order of priority:

A. Operation and Maintenance Account: There shall be first set aside in, or credited to, an account designated OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account"), periodically, a sum sufficient to provide for all payment of the expenses of administration and operation of the System and such current expenses for maintenance thereof as may be necessary to preserve the System in good repair and working order.

B. Bond and Interest Redemption Account: There shall be established and maintained a separate depository account designated BOND AND INTEREST REDEMPTION ACCOUNT (the "Redemption Account"), the moneys on deposit therein from time to time to be used solely for the purpose of paying the principal of and interest on the Bonds. The moneys in the Redemption Account shall be accounted for separately.

After provision for the Operation and Maintenance Fund, there shall be set aside in the Redemption Account a sum proportionately sufficient to provide for the payment when due of the current principal of and interest on the Bonds, less any amount in the Redemption Account representing accrued interest or capitalized interest on the Bonds. Commencing the month in which the date of delivery of the Bonds to the initial purchaser thereof (the "Delivery Date") occurs, the amount set aside each month for interest on the Series 2009 Bonds shall be 1/6 of the total amount of interest on the Bonds next coming due. Commencing the month in which the Delivery Date occurs, the amount set aside each month for principal of the Bonds shall be 1/12 of the amount of principal next coming due by maturity. If there is any deficiency in the amounts previously set aside, that deficiency shall be added to the next succeeding month's requirements.

No further payments need to be made into the Redemption Account after enough of the Bonds have been retired so that the amount then held in the Redemption Account is equal to the entire amount of principal and interest that will be payable at the time of maturity of all the then outstanding Bonds.

There shall be established and maintained in the Redemption Account a separate account designated BOND RESERVE ACCOUNT (the "Bond Reserve Account"), into which there shall be paid in equal annual installments from the moneys in the Receiving Account after provision has been made for the operation and maintenance account and the current requirements of the Redemption Account, the sum of at least \$6,550 per year, commencing on June 1, 2010, until there is accumulated in such account the sum of \$65,500. Except as hereinafter provided, no further deposits need be made into the Bond Reserve Account once the sum of \$65,500 has been deposited therein. Moneys in the Bond Reserve Account shall be used solely for the payment of the principal and interest on the Bonds as to which there would otherwise be default.

If at any time it shall be necessary to use moneys in the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the moneys transferred from the Receiving Account thereafter that are not required to be used for operation and maintenance or for current principal and interest requirements.

C. Repair and Replacement Account: There shall be established and maintained an account designated REPAIR, REPLACEMENT AND IMPROVEMENT ACCOUNT (the "Repair and Replacement Account") to be funded by the Village on each June 1, commencing June 1, 2010, in the amount of \$10,000 until the sum of \$65,500 has been deposited in the Bond Reserve Account after which the amount of \$16,550 shall be deposited annually in the Repair and Replacement Account until the Bonds are paid in full. Moneys in the Repair and Replacement Account 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 Bonds.

D. Surplus Moneys: Any Revenues remaining in the Receiving Account at the end of any operating year after satisfying the foregoing requirements of this Section shall be deemed to be surplus moneys, and may, at the option of the Village, be used and applied for any purpose related to the System for which the foregoing accounts were established or to improve or extend the System; provided however, that if there should be any deficit in the Operation and Maintenance Account or the Redemption Account, then deposits of surplus moneys shall be made to such accounts in the priority and order named to the extent of any such deficit.

16. DEPOSITARY AND FUNDS ON HAND. Moneys in the several accounts of the System established pursuant to this Resolution and moneys derived from the proceeds of the sale of the Bonds shall be deposited with a bank, savings and loan association, or credit union designated by resolution of the Council. Moneys in the several accounts, except moneys in the

Redemption Account and moneys derived from the proceeds of the sale of the Bonds, may be kept in one account at a bank, savings and loan association or credit union; provided that the moneys in the account shall be allocated on the books and records of the Village in the manner provided in this Resolution. The moneys in the Redemption Account and moneys derived from the proceeds of the sale of the Bonds shall each be kept in a separate depository account.

17. PRIORITY OF ACCOUNTS. In the event the moneys in the Receiving Account are insufficient to provide for the current requirements of the Operation and Maintenance Account or the Redemption Account, any moneys or securities in other funds of the System, except the proceeds of the sale of the Bonds, shall be credited or transferred, first, to the Operation and Maintenance Account and second, to the Redemption Account, to the extent of any deficit therein.

18. INVESTMENTS. Except as herein otherwise provided, moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Bonds may be invested by the Village in accordance with the Village's investment policy adopted by the Village Council pursuant to Act 20, Public Acts of Michigan, 1943, as amended. Profit realized or interest income earned on investment of funds in the Receiving Account, the Operation and Maintenance Account, the Redemption Account, the Bond Reserve Account and the Repair and Replacement Account shall be deposited in or credited as received to the Receiving Account.

19. SERIES 2009 BOND PROCEEDS. From the proceeds of the sale of the Series 2009 Bonds there shall be immediately deposited in the Redemption Account an amount equal to the accrued interest and premium, if any, received on the delivery of the Series 2009 Bonds. The balance of such proceeds together with a cash contribution from the Village in the amount of \$13,000 shall be deposited in a construction fund and used solely to pay all or part of the cost of the Project and any engineering, legal and other expenses incident thereto, and shall be paid out

only upon authorization of the Council; provided that the Council shall not authorize the payment of any such moneys for acquisition, construction and installation until there shall have been first filed with it by the consulting engineer in charge of such work, a written statement to the effect that the sum so to be paid is in full or partial payment of a contractual obligation in connection with such improvements and that the Village has received the consideration for such payment. The statement of the consulting engineer shall also show the cost of acquisition, construction and installation that has theretofore been approved by it for payment and the amount of the balance that will be required for completion of the Project.

20. SERIES 2009 BOND FORM. The Series 2009 Bonds shall be in substantially the following form, with such changes and additions as shall be determined appropriate by the officials signing the Series 2009 Bonds:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF HILLSDALE

VILLAGE OF WALDRON
WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2009

Bond No. 1

\$1,270,000

The Village of Waldron, County of Hillsdale, State of Michigan (the "Village"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner the sum of One Million Two Hundred Seventy Thousand Dollars (\$1,270,000) 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 Village as set forth on the Registration Grid of this bond at the rate of _____ percent (___%) per annum, payable on the first day of June and December of each year commencing on December 1, 2009. Principal and interest shall be payable in lawful money of the United States of America and shall be paid through an electronic payment process or by check or draft mailed to the Registered Owner at the address shown on the Registration Grid.

This bond is issued pursuant to a resolution (the "Resolution") duly adopted by the Village Council of the Village on April 27, 2009, 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, constructing and installing improvements to the existing water supply system of the Village (the "System").

This bond is a self-liquidating bond and is not a general obligation of the Village and does not constitute an indebtedness of the Village within any constitutional limitation, but is payable, both as to principal and interest, solely from the net revenues of 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"). The principal of and interest on this bond are secured by a statutory lien on the Net Revenues.

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 may hereafter be issued, the rights and limitations on the owner of this bond and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Resolution.

The Village 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 principal of and interest on this bond and any other bonds payable from the Net

Revenues as and when the same shall become due and payable, and to maintain a bond redemption account and 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 Resolution.

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 Village 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 Village on any one or more dates other than on a Saturday, Sunday or holiday. Principal installments that have been prepared 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 Village, including this bond, does not exceed any constitutional or statutory limitation.

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

VILLAGE OF WALDRON

[SEAL]

By: *Richard Buck*
President

And: *Ruth Hotchkiss*
Clerk

Dated: April 27, 2009

EXHIBIT A

VILLAGE OF WALDRON

Water Supply System Revenue Bond, Series 2009

Due June 1

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2010	\$12,000	2030	\$29,000
2011	13,000	2031	30,000
2012	14,000	2032	31,000
2013	14,000	2033	33,000
2014	15,000	2034	34,000
2015	16,000	2035	36,000
2016	16,000	2036	37,000
2017	17,000	2037	39,000
2018	18,000	2038	40,000
2019	18,000	2039	42,000
2020	19,000	2040	44,000
2021	20,000	2041	46,000
2022	21,000	2042	47,000
2023	22,000	2043	50,000
2024	23,000	2044	52,000
2025	24,000	2045	54,000
2026	25,000	2046	56,000
2027	26,000	2047	58,000
2028	27,000	2048	61,000
2029	28,000	2049	63,000

21. COVENANTS. The Village hereby covenants and agrees with the registered owner, from time to time, of the Series 2009 Bonds herein proposed to be issued, that it will punctually perform all duties with reference to the System and the Series 2009 Bonds required by the Constitution and laws of the State of Michigan and by this Resolution; that it will not sell, lease, mortgage or in any manner dispose of the System or any substantial part thereof, until all Bonds shall have been paid in full; and that it will not, to the extent permitted by law, permit any person, firm or corporation to compete with it in the furnishing of water supply services to premises within its corporate limits. The Village further covenants and agrees with the registered owner of the Series 2009 Bonds that it will maintain the System in good condition and operate the same in an efficient manner and at a reasonable cost, so long as the Series 2009 Bonds are outstanding; that it will maintain insurance on the System for the benefit of the registered owner of the Series 2009 Bonds in an amount that usually would be carried by private companies engaged in a similar type of business; that it will prepare, keep and file such records, statements and accounts as may be required by Act 94; that it will not defease this Resolution with respect to the Series 2009 Bonds so long as the registered owner of the Series 2009 Bonds is the United States of America or an agency or department thereof; and that it will furnish a copy of the foregoing statements and the annual audit of the System prepared by a certified public accountant to the registered owner of the Series 2009 Bonds upon payment of the actual cost of such copy.

22. ADDITIONAL BONDS. In accordance with the provisions of Act 94, the right is reserved to issue Additional Bonds payable from the Revenues of the System that shall be of equal standing and priority of lien on the Net Revenues of the System with the Series 2009 Bonds for the acquisition and construction of repairs, enlargements extensions, additions and improvements to the System, for refunding all or a part of any outstanding Bonds or any other debt incurred by the Village for any purpose for which Bonds may be issued hereunder, for paying costs of issuing such Additional Bonds and for payment of interest on such Additional

Bonds. Additional Bonds for such purposes shall not be issued unless the actual or augmented (as hereinafter detailed in this Section) Net Revenues of the System for the then last preceding audited fiscal year shall be equal to at least 100% of the maximum annual principal and interest requirements on any outstanding Bonds and Additional Bonds then being issued. If the Additional Bonds are to be issued in whole or in part for refunding of outstanding Bonds, the annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each fiscal year the annual principal and interest requirements of any Bonds or Bonds to be refunded from the proceeds of the Additional Bonds. For purposes of this Section, the Village may elect to use as the last preceding fiscal year any fiscal year ending not more than sixteen months prior to the date of delivery of the Additional Bonds for which an audit is available. If any change in the rates, fees or charges of the System shall be authorized at or prior to the time of the resolution authorizing the sale of any Additional Bonds, the Net Revenues for the preceding fiscal year shall be augmented by an amount reflecting the effect of such change had the System's billings during such fiscal year been at the adopted rates. In addition, the actual Net Revenues for the preceding audited fiscal year may be augmented by 70% of the estimated increase in Net Revenues to accrue as a result of the acquisition and construction of the repairs, enlargements, extensions, additions and improvements to the System to be paid for in whole or in part from the proceeds of the Additional Bonds and 100% of the increase in Net Revenues resulting from any repair, enlargement, extension, addition or improvement that was made subsequent to the end of the last audited fiscal year. Determination by the Council as to existence of conditions permitting the issuance of Additional Bonds shall be conclusive; provided, however, that with respect to augmentation of Net Revenues, the Village shall engage the services of and receive the certificate of a consulting engineer (with experience in advising municipalities with respect to setting rates and charges for the use of water supply systems) regarding the existence of such conditions or, if no augmentation is required, Council may rely only on audited financial statements. No Additional Bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in this

Section if the Village shall then be in default in making its required payments to any accounts created hereunder.

23. QUALIFIED TAX EXEMPT OBLIGATION. The Series 2009 Bonds are designated as "Qualified Tax Exempt Obligations" as described in 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

24. TAX COVENANT. The Village covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, necessary to assure that the interest on the Series 2009 Bonds will be and will remain excludable from gross income for federal income tax purposes. The President, the Clerk and the Treasurer, and other appropriate officials of the Village, are to be authorized to do all things necessary to assure that the interest on the Series 2009 Bonds will be and will remain excludable from gross income for federal income tax purposes.

25. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF BONDS. The President, the Clerk and the Treasurer, and other officers and employees of the Village, are authorized to do all things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Series 2009 Bonds in accordance with the provisions of this resolution.

26. APPROVAL OF MICHIGAN DEPARTMENT OF TREASURY. The issuance and sale of the Series 2009 Bonds is subject to approval being granted therefor by the Department of Treasury of the State of Michigan in accordance with Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and the President or the Treasurer of the Village is authorized to file an application with the Department of Treasury for permission to issue the Series 2009 Bonds as provided in Act 34.

27. REPEAL, SAVINGS CLAUSE. All resolutions and parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, repealed.

28. SEVERABILITY; PARAGRAPH HEADINGS; AND CONFLICT. If any paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such paragraph, clause or provision shall not affect any of the other provisions of this Resolution. The paragraph headings in this Resolution are furnished for convenience of reference only and shall not be considered to be part of this Resolution.

29. PUBLICATION AND RECORDATION. This Resolution shall be published in full once in a newspaper of general circulation in the Village promptly after its adoption and shall be recorded in the minutes of the meeting of the Council at which this Resolution was adopted. Such recording shall be authenticated by the signatures of the President and the Clerk.

30. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

Adopted and signed on the 27th day of April, 2009.

VILLAGE OF WALDRON

By: *Richard Buck*
President

And: *Ruth Hetchkiss*
Clerk

STATE OF MICHIGAN)
)ss
COUNTY OF HILLSDALE)

I hereby certify that the foregoing constitutes a true and complete copy of a Resolution duly adopted by the Village Council of the Village of Waldron, County of Hillsdale, Michigan, at a special meeting held on the 27th day of April, 2009, 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"), including posting of notice of the meeting at least 18 hours before the meeting in accordance with Section 5 of the Act, and that the minutes of the meeting were kept and will be or have been made available as required by the Act.

Ruth Hetchkiss
Clerk
Village of Waldron