

CITY OF REED CITY
REGULAR COUNCIL PROCEEDINGS
August 12, 2024

Mayor Meinert called the meeting to order at 6:00 P.M. in Council Chambers, 227 E. Lincoln Avenue, Reed City, Michigan.

- Present** Mayor, Roger Meinert. Council Members: Trevor Guiles, Nicole Woodside, Russell Nehmer, and Dan Burchett were present. Brad Nixon and David Belden were absent. The City Attorney, David Porteous, was also in attendance. Department heads attending were Kadee Kidd, Rich Rehkopf, and Curt Brackenrich. The meeting was opened with the pledge to the flag. There were citizens in the audience.
- Agenda** Motion by Woodside, seconded by Guiles, **CARRIED**, to approve the agenda as presented with the addition move #15 to number # 1 under new business and change contact to contract on #4. Affirmed by voice vote.
- Minutes** Motion by Burchett, seconded by Woodside, **CARRIED**, to accept the minutes of the July 8, 2024, meeting as presented. Affirmed by voice vote.
- Bills** Motion by Burchett, seconded by Nehmer, **CARRIED**, to approve paying total amount of \$1,125,847.04 as presented. Roll call vote. Voting yes were Woodside, Burchett, Nehmer Meinert, Guiles.
- Presentation Beerfest** Reed City Brewing, Deanna Murphy appeared to present to council the Reed City Brewing annual Oktoberfest 2024, which will be held on Saturday September 21, 2024.
- Motion by Woodside seconded by Nehmer, **CARRIED**, to approve Reed City Brewing Oktoberfest September 21, 2024, as presented from alley at S. Higbee to before W. Upton. Affirmed by voice vote.
- Presentation Halloween Spook** Alanna McBee, Reed City Chamber of Commerce, appeared to update council on the events scheduled for the Halloween Spooktacular Proposal and request approval for Saturday October 26, 2024. Council tabled and would like Alanna to get with the City Manager and Chief of Police before bringing to council to set up logistics.
- Reports** Fire Chief Jeffrey Stein, Police Chief Christopher Lockhart, Rich Rehkopf, DPW, and Curt Brackenrich, WWTP, filed written reports. Kadee Kidd provided by email Financial Reports including a Revenue/Expenditure Report and Balance Sheet as of June 30, 2024. Motion by Woodside, seconded by Nemer, **CARRIED**, to approve the Department Head reports as submitted. Affirmed by voice vote.
- GACC Car Show** Motion by Woodside, seconded by Burchett, **CARRIED**, to allow the GACC Car Show to use Higbee. (North to Franklin/South to Slosson) August 17, 2024, from 7am until 3pm. Roll call vote. Affirmed by voice vote.
- Bond Ordinance** Motion by Guiles, seconded by Nehmer, **CARRIED**, to accept and adopt Ordinance 90-G, and allow City Manager, Mayor, City Treasurer, and City Clerk to sign as presented. Roll call vote. Voting yes were Meinert, Guiles, Woodside, Nehmer, and Burchett.

ORDINANCE NO. 90-G

CITY OF REED CITY
COUNTY OF OSCEOLA, MICHIGAN

AN ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF IMPROVEMENTS TO THE EXISTING WATER SUPPLY SYSTEM OF THE CITY OF REED CITY; TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER SUPPLY SYSTEM JUNIOR LIEN REVENUE BONDS FOR THE PURPOSE OF PAYING THE COSTS OF SAID IMPROVEMENTS UNDER THE PROVISIONS OF ACT 94 OF THE MICHIGAN PUBLIC ACTS OF 1933, AS AMENDED; AND TO PROVIDE FOR OTHER MATTERS RELATIVE TO THE SYSTEM, SAID IMPROVEMENTS AND SAID BONDS.

WHEREAS, on May 31, 2006, the City of Reed City adopted Ordinance No. 90-D entitled "An Ordinance Authorizing the Acquisition, Construction and Installation of Additions, Extensions and Improvements to the Existing Water Supply and Wastewater System in the City of Reed City; To Provide for the Issuance and Sale of Self-Liquidating Water Supply and Wastewater System Revenue Bonds Under the Provisions of Act 94 of the Michigan Public Acts of 1933, as Amended, and Other Matters Related Thereto and to Provide for Other Matters Relative to Said Improvements and Bonds"; and

WHEREAS, pursuant to Ordinance No. 90-D, the City of Reed City has issued its Water Supply and Wastewater System Revenue Bonds, Series 2006, in the original principal amount of One Million Six Hundred Five Thousand Dollars (\$1,605,000); and

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WHEREAS, on March 26, 2012, the City of Reed City adopted Ordinance No. 90-E entitled "An Ordinance Authorizing the Acquisition, Construction and Installation of Additions, Extensions and Improvements to the Existing Water Supply System in the City of Reed City; To Provide for the Issuance and Sale of Self-Liquidating Water Supply System Junior Lien Revenue Bonds Under the Provisions of Act 94 of the Michigan Public Acts of 1933, as Amended, and Other Matters Related Thereto and to Provide for Other Matters Relative to Said Improvements and Bonds"; and

WHEREAS, pursuant to Ordinance No. 90-E, the City of Reed City has issued its Water Supply System Junior Lien Revenue Bonds, Series 2012, in the original principal amount of Five Hundred Eleven Thousand Dollars (\$511,000); and

WHEREAS, it has been determined by the City Council of the City of Reed City that it is in the best interest of the City to acquire, construct and install improvements and renovations to the City's existing water system; and

WHEREAS, plans, specifications and construction bids have been received for the acquisition and construction of the Project (as hereinafter defined); and

WHEREAS, the cost of acquiring and constructing the Project, including engineering, legal, financial and other expenses incident thereto, is estimated to be approximately Nine Million Nine Hundred Fifty Thousand Dollars (\$9,950,000); and

WHEREAS, the City Council has determined that it is in the best interest of the City to issue its junior lien revenue bonds in the aggregate principal amount of not to exceed Six Million Dollars (\$6,000,000), for the purpose of paying a portion of the costs of acquiring and constructing the Project, and the costs related to the issuance of the bonds; and

WHEREAS, the City has been granted qualified status to issue its bonds without prior approval from the Michigan Department of Treasury; and

WHEREAS, the Michigan Finance Authority (the "Authority") has committed to purchase said junior lien revenue bonds; and

WHEREAS, the conditions and requirements set forth in the Outstanding Ordinances for issuance of junior lien revenue bonds have been established according to the financial records and audits of the water system of the City of Reed City; and

WHEREAS, the issuance and sale of the junior lien revenue bonds by the City and the use of the proceeds thereof will serve the intended purposes and in all respects conform to the provisions and requirements of the Constitution and laws of the State of Michigan and the Outstanding Ordinances as supplemented by this Ordinance.

THE CITY OF REED CITY ORDAINS:

ARTICLE I DEFINITIONS

Whenever used in this Ordinance or in the Bonds to be issued hereunder, except as otherwise indicated by the context:

- "Acquire" shall be construed to include acquisitions by purchase, construction or by any other method.
- "Act 94" means Act No. 94, Michigan Public Acts of 1933, as amended.
- "Authority" means the Michigan Finance Authority, purchaser of the Series 2024 Bonds, or its successor.
- "Authorized Officer" means any one of the Mayor or City Manager, or any officer, council member or employee of the City designated in writing by either the Mayor or City Manager to act on his behalf.
- "Bonds" or "Senior Lien Bonds" means any bonds or series of bonds so designated and payable from the Net Revenues of the System which are secured by a statutory first lien on the Net Revenues and which are senior and superior in all respects with respect to the Net Revenues pledged to any Junior Lien Bonds secured by a statutory second lien, and includes the Series 2006 Bonds and any additional bonds or refunding bonds of equal standing thereafter issued.
- "BOND FORM APPENDIX" means the bond form appendix attached to this Ordinance.
- "Construction Fund" means the construction fund created pursuant to Section 5.2 of this Ordinance.
- "Contract Documents" means the Purchase Contract between the City and the Authority, the Supplemental Agreement by and among the City, the Authority and the State of Michigan acting through the Department of Environment, Great Lakes and Energy ("EGLE"), the Issuer's Certificate for the Series 2024 Bonds, and such other closing documents required by the Authority for the issuance of the Series 2024 Bonds.
- "Council" or "City Council" means the City Council of the City of Reed City, the legislative and governing body thereof.
- "Depository Bank" means The Huntington National Bank, a member of the Federal Deposit Insurance Corporation, or any other financial institution qualified to serve as a depository bank and designated by resolution of the City Council.
- "Engineer" means Fleis & Vandenbrink.
- "Junior Lien Bonds" means the Series 2012 Bonds, the Series 2024 Bonds and any additional revenue bonds or other obligations of equal standing, including any bonds issued for the purpose of refunding any Junior Lien Bonds, which are secured by a statutory second lien on the Net Revenues of the System which are junior and subordinate to the pledges and liens made to secure Senior Lien Bonds.
- "Outstanding Bonds" means the Series 2006 Bonds and the Series 2012 Bonds, authorized and issued pursuant to Act 94 and the applicable Outstanding Ordinances.
- "Outstanding Ordinances" means Ordinance No. 90-D adopted by the City Council on May 31, 2006 with respect to the Series 2006 Bonds and Ordinance No. 90-E adopted by the City Council on March 26, 2012 with respect to the Series 2012 Bonds.
- For the Series 2024 Bonds, the term "Project" means the acquisition, construction and installation of certain improvements to the City's existing Water System to be made and completed pursuant to this Ordinance, as set forth in the plans prepared by the City's Engineer, and specifically including, but not limited to, the construction and installation of new water mains, the repair, improvement and/or replacement of existing water mains, water service line replacements, replacement of water meters System-wide, replacement of a water supply well, improvements to water storage tanks, restoration and all appurtenant work, together with all necessary interests in lands, rights-of-way, and appurtenances and attachments thereto, and including the payment of engineering, legal, financial and other expenses thereto and to the issuance of the Bonds.
- "Refunding Bonds" means bonds of one or more series issued and delivered pursuant to a supplemental ordinance for purposes of refunding any Bonds or Junior Lien Bonds then outstanding.
- "Registrar" means the transfer agent, paying agent and registrar for the Series 2024 Bonds as appointed from time to time by the City as provided in Section 2.7 of this Ordinance and who or which shall carry out the duties and responsibilities as set forth in this Ordinance.
- "Revenues" and "Net Revenues" of the Water System shall be construed as defined in Section 3 of Act 94, including, with respect to "Revenues," the earnings derived from investment of monies in the various funds and accounts established by the Outstanding Ordinances and this Ordinance.
- "Sale Order" means a written order to be executed by the Authorized Officer approving the sale of the Series 2024 Bonds and making certain determinations regarding the final terms thereof within the parameters of this Ordinance.
- The term "series" or "subseries" means any one of the series or subseries of Bonds or Junior Lien Bonds issued under the Outstanding Ordinances or this Ordinance.
- "Series 2006 Bonds" means the City of Reed City Water Supply and Wastewater System Revenue Bonds, Series 2006.

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- "Series 2012 Bonds" means the City of Reed City Water Supply System Junior Lien Revenue Bonds, Series 2012.
- "Series 2024 Bonds" means the City of Reed City Water Supply System Junior Lien Revenue Bonds, Series 2024, authorized to be issued pursuant to Act 94 and this Ordinance.
- The term "sufficient government obligations" means direct obligations of the United States of America or obligations the principal and interest on which are fully and unconditionally guaranteed by the United States of America, not redeemable at the option of the issuer, the principal and interest payments upon which, without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the interest as it comes due on the Bonds or Junior Lien Bonds to be defeased and the principal and redemption premium, if any, on the Bonds or Junior Lien Bonds as it comes due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations shall be placed in trust with a bank or trust company, as escrow agent, and, if any of the Bonds or Junior Lien Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds or Junior Lien Bonds for redemption shall be given to the escrow agent.
- The term "System" or "Water System" shall be construed to mean the complete water supply system of the City, both inside and outside the City, including all plants, works, instrumentalities and properties, used or useful in connection with the supply and distribution of water and all additions, extensions and improvements hereafter acquired.
- "City" means the City of Reed City, Osceola County, Michigan.

ARTICLE II AUTHORIZATION AND TERMS OF SERIES 2024 BONDS

Section 2.1. Necessity of Project; Approval of Plans and Specifications. It is hereby determined to be necessary for the public health and welfare of the City to acquire, construct and undertake the Project in accordance with the detailed plans and specifications prepared by the Engineer, which plans and specifications are hereby approved. The Project qualifies for the Drinking Water State Revolving Fund financing program being administered by EGLE and the Authority, whereby bonds of the City are sold to the Authority and bear interest at a fixed rate of not to exceed two percent (2.00%) per annum.

Section 2.2. Cost; Useful Life. The cost of the Project, including expenses incident thereto, is estimated by the Engineer to be approximately Nine Million Nine Hundred Fifty Thousand Dollars (\$9,950,000), which estimated cost is hereby approved and confirmed, and the useful life of the Project is estimated by the Engineer and confirmed by the City Council to be not less than forty (40) years.

Section 2.3. Authorization of Series 2024 Bonds. There are hereby authorized to be issued and sold, upon the credit of the revenues of the System, pursuant to the provisions of Act 94 and this Ordinance, junior lien revenue bonds of the City.

The City hereby authorizes the Series 2024 Bonds to be issued and sold to the Authority in the aggregate principal amount of not to exceed Six Million (\$6,000,000), the actual amount to be determined by the Authorized Officer in the Sale Order, or such lesser amount as shall have been advanced to the City pursuant to the Contract Documents, for the purpose of paying a portion of the costs of the Project, including engineering, legal, accounting, financial, and other expenses incident to the issuance and sale of the Series 2024 Bonds. The Series 2024 Bonds shall be designated as "Water Supply System Junior Lien Revenue Bonds, Series 2024."

During the time funds are being drawn by the City under the Series 2024 Bonds, the Authority will periodically provide the City with 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 regard thereto in accordance with the terms of the Series 2024 Bonds.

The balance of the costs of the Project, if any, shall be paid by the City from an appropriation from the State of Michigan, grant funds and/or monies of the System now on hand and legally available for such purpose, and such monies are hereby appropriated therefor.

The Outstanding Ordinances authorize the issuance of additional Junior Lien Bonds without limitation and free and clear of all conditions, except as set forth in the Act. The purpose of this Ordinance is to authorize the issuance of additional Junior Lien Bonds payable from the Net Revenues of the Water System, subordinate and inferior in all respects to the pledge of Revenues and liens upon such Revenues made or authorized for Senior Lien Bonds.

Section 2.4. Series 2024 Bond Details. The Series 2024 Bonds shall be dated the date of their original delivery, or such other date as may be approved by the Authorized Officer in the Sale Order, provided that the dated date shall not be later than the date of issuance of the Series 2024 Bonds; shall be issued in the form of a single fully-registered, non-convertible bond of the denomination of the principal sum issued with an exhibit containing the principal maturity amounts and applicable interest rates and due dates; shall bear interest at a rate or rates to be determined by the Authorized Officer in the Sale Order, but in no event in excess of 2.00% per annum, with interest on the Series 2024 Bonds of any maturity to be at one rate only, payable semi-annually on the dates to be determined by the Authorized Officer in the Sale Order; shall not be subject to redemption prior to maturity except as set forth below; shall be sold at a purchase price not less than 100% of their par value; and shall mature serially on the dates and in the principal amounts to be determined by the Authorized Officer in the Sale Order, all subject to the limitations and requirements set forth on Exhibit A attached hereto.

In order to provide for flexibility in the structure and timing of the bond sale, the Authorized Officer is independently authorized for and on behalf of the City, after consultation with the City's bond counsel and financial advisor, to execute and deliver a Sale Order approving the final terms of the Series 2024 Bonds, including the aggregate principal amount of the Series 2024 Bonds; the interest rate or rates for the Series 2024 Bonds; the dated date for the Series 2024 Bonds (which shall not be later than the date of issuance); the maturity dates and amounts for the Series 2024 Bonds; the redemption dates, amounts and prices; and all other matters necessary or desirable to complete the issuance and sale of the Series 2024 Bonds; all subject to the limitations and requirements set forth on Exhibit A to this Ordinance or as elsewhere provided in this Ordinance, and in pursuance of the foregoing, the Authorized Officer is authorized to exercise the authority and make the determinations authorized by Section 7(a)(1)(c) of Act 94. Within the limitations provided above, the final amount of any maturity and the terms of the Series 2024 Bonds shall be as provided in the Contract Documents and finally determined by the Authorized Officer.

The Series 2024 Bonds shall be signed with the manual or facsimile signature of the Mayor, shall be countersigned with the manual or facsimile signature of the City Clerk, and may (but need not) have impressed thereon the seal (or a facsimile thereof) of the City. The Series 2024 Bonds shall be in substantially the form set forth on in the BOND FORM APPENDIX attached to this Ordinance with such appropriate insertions, omissions, substitutions and other variations as may be necessary or desirable, permitted by law, and not materially adverse to the City as recommended by the City's bond counsel and approved by the officers of the City signing such Series 2024 Bonds.

Section 2.5. Redemption. The Series 2024 Bonds shall be subject to optional redemption prior to maturity with the prior written approval of the Authority and on such terms as may be required by the Authority.

Section 2.6. Use of Proceeds of Series 2024 Bonds. The proceeds of the Series 2024 Bonds shall be used, together with other available funds, as determined by the Authorized Officer, to pay the costs of the Project and the costs and expenses related to the issuance of the Series 2024 Bonds. No proceeds of the Series 2024 Bonds shall be used to pay capitalized interest on the Series 2024 Bonds or to fund a Bond Reserve Account.

Section 2.7. Appointment of Bond Registrar and Paying Agent for the Series 2024 Bonds. The City Treasurer is hereby appointed as initial transfer agent, paying agent and registrar for the Series 2024 Bonds (hereinafter the "Registrar"), with any successor thereto to be appointed by the City. Payment of interest on the Series 2024 Bonds shall be payable in lawful money of the United States of America to those persons whose names appear on the bond register kept by the Registrar as the owners of the Series 2024 Bonds at the close of business on the fifteenth day of the month immediately preceding the payment date by check or draft mailed to the registered owner at the registered address, as shown on the City's bond register to be kept by the Registrar at its principal office. If and at such time as any of the Series 2024 Bonds are transferred or held by any registered owner other than the Michigan Finance Authority, the City by resolution may appoint a successor Registrar by notice mailed to the registered owner of such Series 2024 Bonds not less than sixty (60) days prior to any interest payment date. The date of determination of registered owners for purposes of payment of interest as provided in this section may be changed by the City to conform to market practice in the future. Payments of principal shall be payable at the principal office of the Registrar. No Series 2024 Bonds signed by facsimile signatures shall be valid until authenticated by an authorized officer of the Registrar.

Notwithstanding the foregoing, so long as the Authority is the owner of the Series 2024 Bonds, (a) such Series 2024 Bonds are payable as to principal, premium, if any, and interest at 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 the Series 2024 Bonds 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; and (c) written notice of any redemption of the Series 2024 Bonds 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.

Section 2.8. Negotiated Sale of Series 2024 Bonds. The City Council hereby authorizes the Series 2024 Bonds to be sold through a negotiated sale and the Authorized Officer is authorized, following consultation with bond counsel and the City's financial advisor, to negotiate the final terms for the sale of the Series 2024 Bonds to the Michigan Finance Authority, subject to the limitations set forth in this Ordinance and Exhibit A attached hereto. The City Council determines that it is in the best interest of the City to negotiate the sale of the Series 2024 Bonds to the Authority because the Drinking Water State Revolving Fund financing program provides significant interest savings to the City compared to a competitive sale in the municipal bond market.

Section 2.9. Sale of Series 2024 Bonds. The Mayor, City Clerk, City Treasurer and City Manager are each individually authorized to take all action necessary and convenient to facilitate the issuance, sale and delivery of the Series 2024 Bonds and each of them shall execute, issue and deliver any certificates, statements, representations, warranties or other documents necessary to effectuate the issuance, sale and delivery of the Series 2024 Bonds. The Authorized Officer shall be authorized to pay costs of issuance including but not limited to financial advisor fees, bond counsel fees, and any other costs necessary to accomplish the sale and delivery of the Series 2024 Bonds. The Authorized Officer is authorized to apply for approval to issue the Series 2024 Bonds, if necessary; to request such waivers of the requirements of the Department of Treasury or Act 94 as shall be determined to be necessary or desirable in connection with the sale of the Series 2024 Bonds; and to cause a security report and related fees to be filed with the Department of Treasury following the closing for the sale of the Series 2024 Bonds.

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Baker Tilly Municipal Advisors LLC is hereby appointed as financial advisor to the City for the sale of the Series 2024 Bonds. Varnum LLP is hereby appointed as bond counsel for the City with reference to the Series 2024 Bonds. The sale of the Series 2024 Bonds shall be conditioned on the unqualified approving opinion of Varnum LLP. All or a portion of the fees of Baker Tilly Municipal Advisors LLC and Varnum LLP for such services are anticipated to be paid from the proceeds of the Series 2024 Bonds.

Section 2.10. Additional Interest. In the event of a default in the payment of principal or interest on the Series 2024 Bonds 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 the Series 2024 Bonds, 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 the Series 2024 Bonds 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 the Series 2024 Bonds.

Section 2.11. Approval of Contract Documents. The City Council hereby approves and authorizes the Authorized Officer to execute and deliver the Contract Documents with respect to the Series 2024 Bonds, including without limitation the Purchase Contract, Supplemental Agreement and an Issuer's Certificate, in substantially the forms on file with the City Clerk, with such changes as may be necessary or desirable, permitted by law, and not materially adverse to the City as determined by the Authorized Officer.

Section 2.12. Mutilated, Lost, Stolen and Destroyed Bonds. Subject to the requirements of Act 354, Michigan Public Acts of 1972, as amended, and any other applicable law, in the event any Series 2024 Bond is mutilated, lost, stolen or destroyed, the City shall authorize the execution, authentication and delivery of a new Series 2024 Bond of like date, number, maturity and denomination as that mutilated, lost stolen or destroyed; provided, however, that in the case of any mutilated Series 2024 Bond, such Series 2024 Bond shall first be surrendered to the City or the Registrar, and in the case of any lost, stolen or destroyed Series 2024 Bond, there shall be first furnished to the City and the Registrar evidence of the ownership thereof and of such loss, theft or destruction satisfactory to the City and the Registrar, together with a bond or other indemnity satisfactory to them. The City and the Registrar may charge the owner of the Series 2024 Bond with their reasonable fees and expenses in this connection and shall charge such owner with any amounts provided by the aforesaid Act 354 and any other applicable law. If any such Series 2024 Bond shall have matured or shall be about to mature, instead of issuing a substitute Series 2024 Bond, the City may pay the same without issuance and surrender thereof.

ARTICLE III REVENUES, SECURITY AND SOURCE OF PAYMENT

Section 3.1. Revenue as Sole Security; Creation of Lien. The principal of, premium, if any, and interest on the Series 2024 Bonds shall be payable solely from, and shall be secured by (i) the Net Revenues derived from the operation of the Water System, including the Water System's future improvements, enlargements, extensions or repairs to the improvement, and (ii) any additional security as provided by Act 94, and to secure such payment there is hereby created a statutory lien upon the whole of the Net Revenues, which shall be a second lien, to continue until payment in full of the principal and interest on the Series 2024 Bonds, or until sufficient cash or sufficient government obligations have been deposited in trust for payment in full of said Series 2024 Bonds to be defeased. Upon deposit of cash or sufficient government obligations, as provided in the previous sentence, the statutory lien shall be terminated with respect to the Series 2024 Bonds to be defeased, and the holders of such Series 2024 Bonds shall have no further rights under this Ordinance except for payment from the deposited funds, and such Series 2024 Bonds shall no longer be considered to be Junior Lien Bonds under this Ordinance.

The Series 2024 Bonds shall have equal standing and priority of lien as to the Net Revenues of the System with the Series 2012 Bonds and any additional Junior Lien Bonds to be issued pursuant to a supplemental ordinance. The Series 2024 Bonds shall be junior and inferior with respect to the priority of lien as to the Net Revenues of the System to the Series 2006 Bonds and any additional Senior Lien Bonds to be issued pursuant to a supplemental ordinance.

The Series 2024 Bonds are not a general obligation of the City. The City is not required to levy taxes in an amount to pay the principal of and interest on the Series 2024 Bonds. The Series 2024 Bonds are self-liquidating revenue bonds and do not constitute an indebtedness of the City within any constitutional, statutory or charter limitation. The full faith and credit of the City is not pledged as security for payment of the principal of or interest on the Series 2024 Bonds.

Section 3.2. Bondholders' Rights; Receiver. The holder or holders of the Bonds or Junior Lien Bonds representing in the aggregate not less than 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 Water System and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the City, including the fixing of sufficient rates, the collection of revenues, the proper segregation of the revenues of the Water 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 Water System or any part thereof.

If there is a default in the payment of the principal of or interest upon the Bonds or Junior Lien Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the Water System on behalf of the City and under the direction of the court, and by and with the approval of the court to perform all the duties of the officers of the City more particularly set forth herein and in Act 94.

The holder or holders of the Bonds or Junior Lien Bonds shall have all other rights and remedies given by Act 94 and law for the payment and enforcement of the Bonds and Junior Lien Bonds and security therefor; provided, however, that due recognition shall be given to the priority rights, if any, between issues or series of Bonds.

Section 3.3. No Free Service. No free service, or service at less than cost, shall be furnished by the Water System to any person, firm or corporation, public or private, or to any public agency or instrumentality.

Section 3.4. Fixing and Revising Rates. The rates to be charged for services furnished by the Water System and the methods for collection of the rates shall be those permitted by law and in effect on the date of adoption of this Ordinance, and thereafter as established from time to time by resolution of the City Council.

Section 3.5. Rate Covenant. The City hereby covenants to establish, by separate resolution of the City Council, rates which will be sufficient to provide for the payment of the Water System's administration and operation expenses, such expenses for the Water System's maintenance as may be necessary to preserve it in good repair and working order and expenses incurred in the acquisition and construction of the Water System; to provide for the payment of principal of and interest on all Bonds and Junior Lien Bonds payable therefrom as the same shall become due and payable; and to provide for such other expenditures and funds for the Water System as are required by this Ordinance. In addition, it is agreed that the rates shall be set from time to time so that there shall be produced each fiscal year Net Revenues in an amount not less than 100% of the principal of and interest on all Series 2024 Bonds coming due in each fiscal year. Rates shall be fixed and revised from time-to-time by the City Council so as to produce the foregoing amounts, and the City covenants and agrees to maintain at all times such rates for services furnished by the Water System as shall be sufficient to provide for the foregoing. For purposes of the foregoing covenant, Net Revenues may be augmented by an amount equal to the investment income representing interest on investments in a Bond Reserve Account, if any.

Section 3.6. Additional Bonds. The City may issue additional series of Bonds or Junior Lien Bonds from time to time pursuant to a supplemental ordinance for the purpose of the subsequent enlargement, extension, improvement, or repair of the Project or the Water System and/or for the purpose of refunding all or a portion of any Bonds or Junior Lien Bonds then outstanding and paying costs of issuing such additional bonds including deposits which may be required to be made to a bond reserve account. The issuance of such additional bonds shall be subject to the restrictions contained in the applicable Outstanding Ordinances for so long as any of the Outstanding Bonds remain outstanding. Notwithstanding the foregoing, the City may, at any time, and without limitation and free and clear of all conditions, except as may be provided in Act 94, issue Junior Lien Bonds payable from the revenues of the Water System, provided that the pledge of revenues and any lien upon the revenues granted for the protection of said Junior Lien Bonds shall at all times remain subordinate and inferior in all respects to the pledges of revenues and liens upon such revenues made or authorized for the Bonds which are not Junior Lien Bonds.

ARTICLE IV OPERATION OF WATER SYSTEM

Section 4.1. Management. The operation, repair and management of the Water System and the acquiring of the Project shall be under the immediate supervision and control of the City Council. The City Council may employ such persons in such capacities as it deems advisable to carry on the efficient management and operation of the Water System. The City Council may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the Water System.

Section 4.2. Operating Year. The Water System shall be operated on the basis of an operating year which shall coincide with the City's fiscal year.

ARTICLE V ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATIONS THEREOF

Section 5.1. Funds and Accounts; Flow of Funds. Except as otherwise provided in this Ordinance, all of the provisions established in the Outstanding Ordinances relative to funds and accounts, the flow of funds, priority of funds, investments and other details relating thereto, shall be continued and the applicable sections of the Outstanding Ordinances relating to funds and accounts, flow of funds, priority of funds and investments are incorporated herein by reference as if fully set forth herein.

Section 5.2. Bond Proceeds; Construction Fund. The proceeds of the sale of the Series 2024 Bonds, and no other funds, shall be deposited in a separate depository account which is hereby established with the Depository Bank and designated the "City of Reed City Water Supply System Junior Lien Revenue Bonds – Series 2024 Construction Fund" (the "Construction Fund"). Monies in the Construction Fund shall be used solely to pay Project costs including any engineering, legal, accounting, financial, printing and other costs of issuing the Series 2024 Bonds and other expenses incident thereto and shall be fully expended within three years from the date of delivery of the Series 2024 Bonds.

The Authorized Officer is authorized to approve the payment of costs of issuance of the Series 2024 Bonds, and to request reimbursement from proceeds of the Series 2024 Bonds for preliminary expenditures advanced by the City to pay for the Project. Payments for construction, either on account or otherwise, shall not be made until there shall have been first filed with the City, by the Engineer, a written statement to the effect that the money to be paid is in full or partial payment of a contract obligation in connection with the Project and that the City has received the consideration for such payment. The Engineer's statement shall also show the amounts of the construction estimate that have been previously approved for payment and the amount of the balance required for the completion of the Project. No proceeds of the sale of the Series 2024 Bonds are to be used to pay capitalized interest on the Series 2024 Bonds or to fund any bond reserve account.

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The proceeds of the sale of the Series 2024 Bonds may be invested in whole or in part in the manner provided by Act 94. After completion of the Project, the Construction Fund shall be closed. Any unexpended balance of the proceeds of the sale of the Series 2024 Bonds remaining in the Construction Fund after completion of the Project shall, in the discretion of the City Council, be used for further improvements, enlargements and extensions to the System if, at the time of such expenditures, such use is approved by the Michigan Department of Treasury, if such permission is then required by law, or for the purpose of purchasing the Series 2024 Bonds on the open market at not more than the fair market value thereof, or such funds shall be deposited into the Bond and Interest Redemption Fund established pursuant to the Outstanding Ordinances and used for the purpose of paying principal of the Series 2024 Bonds upon maturity or the call for redemption.

Section 5.3 Bond and Interest Redemption Fund. Every quarter, from revenues in the Receiving Fund remaining after deposit to the Operation and Maintenance Fund, there next shall be set aside in a separate depository fund to be designated "Bond and Interest Redemption Fund" a sum proportionally sufficient to provide for the payment of the next maturing principal and interest on the Bonds and Junior Lien Bonds and on each issue of additional bonds then payable from the revenues of the Water System as they become due, and if there shall be any deficiency in the amount previously set aside, then the amount of such deficiency shall be added to the current requirements. Due recognition shall be given to priority rights, if any, between issues or series of outstanding Bonds. After funds have been set aside for such payment of Bonds which are not Junior Lien Bonds, provision shall then be made for payment of any Junior Lien Bonds or other indebtedness which is junior and subordinate to such Bonds in the order of priority contemplated by the proceedings authorizing their issuance.

Any funds deposited to a Bond Reserve Account or Junior Lien Bond Reserve Account pursuant to the Outstanding Ordinances shall be for the benefit of the applicable outstanding Bonds or Junior Lien Bonds and shall not be available to pay for debt service on the Series 2024 Bonds unless provided by a supplemental ordinance.

ARTICLE VI COVENANTS

Section 6.1 Ordinance Shall Constitute Contract. The provisions of this Ordinance shall constitute a contract between the City and the bondholders and, except as provided in Article VII hereof, after the issuance of the Series 2024 Bonds, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the bondholders, nor shall the City adopt any law, ordinance or resolution in any way adversely affecting the rights of the bondholders as long as the Series 2024 Bonds then outstanding, or interest thereon, remain unpaid.

At such time as the applicable Outstanding Bonds shall be paid in full or sufficient government obligations shall have been set aside for payment of such Outstanding Bonds, the Outstanding Ordinance related thereto shall have no further force or effect, except as specifically set forth in this Ordinance.

Section 6.2 General Covenants. The City covenants and agrees with the holders of the Series 2024 Bonds that so long as any of the Series 2024 Bonds remain outstanding and unpaid as to either principal or interest:

- (a) The City will maintain the System in good repair and working order and will operate the same efficiently and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Michigan and this Ordinance.
- (b) The City will keep proper books of record and account separate from all other records and accounts of the City in accordance with applicable law. The City shall cause an annual audit of the books of record and account of the System for the preceding operating year to be made each year by an independent certified public accountant. The auditor shall comment on the manner in which the City is complying with the requirements of the Ordinance and the Outstanding Ordinances with respect to setting aside and investing monies and meeting the requirements for acquiring and maintaining insurance. The audit shall be completed and so made available not later than six months after the close of each operating year, except as such period may be extended in conformance with the rules of the Michigan Department of Treasury.
- (c) The City will maintain and carry, for the benefit of the holders of the Bonds and Junior Lien Bonds, insurance on all physical properties of the system and liability insurance, of the kinds and in the amounts normally carried by municipalities engaged in the operation of water supply systems, including self-insurance. All monies received for losses under any such insurance policies shall be applied solely to the replacement and restoration of the property damaged or destroyed, and to the extent not so used, shall be used for the purpose of redeeming or purchasing Bonds and Junior Lien Bonds.
- (d) The City will not sell, lease, mortgage or otherwise dispose of the System, or any substantial part, until all of the Bonds and Junior Lien Bonds have been paid in full, both as to principal and interest. The City will operate the system as economically as possible, will make all repairs and replacements necessary to keep the System in good repair and working order, and will not do or suffer to be done any act which would affect the System in such a way as to have a material adverse effect on the security for the Bonds or Junior Lien Bonds.
- (e) The City will not grant any franchise or other rights to any person, firm or corporation to operate a system that will compete with the System and the City will not operate a system that will compete with the System.
- (f) The City will cause the Project to be acquired and constructed promptly and in accordance with the plans and specifications therefor.

Section 6.3 Tax Covenants; Designation of Qualified Tax-Exempt Obligations. Except as required by law, the City Council will at no time cause the City to take any action or omit to take any action which, by commission or omission, would cause the Series 2024 Bonds to be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986, as amended, and any successor provision, act or statute and the regulations from time to time promulgated or proposed thereunder (the "Code"), including failing to rebate arbitrage earnings to the federal government if such rebate is required by the Code.

The City Council will not permit at any time or times the proceeds of the Series 2024 Bonds or any other funds of the City to be used directly or indirectly in a manner which would result in the exclusion of the Series 2024 Bonds from the treatment afforded by Section 103(a) of the Code, as from time to time amended, by reason of the classification of such obligations as "private activity bonds" within the meaning of Section 141(a) of the Code, or as obligations guaranteed by the United States of America, as provided in Section 149(b) of the Code; or cause interest on the Series 2024 Bonds to be taxable for federal income tax purposes, or cause the interest on the Series 2024 Bonds to be includable in any alternative minimum tax other than an alternative minimum tax which applies to all tax-exempt bonds generally.

The City Council hereby determines that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof) during the 2024 calendar year is not reasonably expected to exceed \$10,000,000.

The Series 2024 Bonds are hereby designated as "qualified tax-exempt obligations" for purposes of deduction of interest expenses by certain financial institutions under Section 265(b)(3) of the Code.

ARTICLE VII SUPPLEMENTAL ORDINANCES AND RESOLUTIONS

Section 7.1. Supplemental Ordinances and Resolutions Not Requiring Consent of Bondholders. The City may without consent of or notice to any of the bondholders, adopt a supplemental ordinance or resolution as shall not be inconsistent with the terms and provisions hereof, and shall not lessen or in any way impair the security of the Bonds or Junior Lien Bonds, as applicable, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Ordinance;
- (b) To add to the covenants and agreements of the City in the Ordinance, for the benefit of the bondholders, other covenants and agreements thereafter to be observed, including the provision of additional rights, remedies, powers or authority or additional security that may lawfully be granted or conferred upon or for the benefit of the bondholders;
- (c) To provide for the issuance of a series of additional bonds and to prescribe the terms and conditions pursuant to which such additional bonds may be issued, paid or redeemed;
- (d) To prescribe further limitations and restrictions upon the issuance of Bonds or Junior Lien Bonds and the incurring of indebtedness by the City which are not contrary to or inconsistent with the limitations and restrictions thereon which are theretofore in effect; and
- (e) To surrender any right, power or privilege reserved to or conferred upon the City by the terms of this Ordinance.

Section 7.2. Supplemental Ordinances Requiring Consent of Bondholders. The rights and duties of the City and the bondholders and the terms and provisions of this Ordinance may be modified or altered in any respect by an ordinance adopted by the City Council with the consent of the holders of not less than 51% of the principal amount of outstanding Bonds or Junior Lien Bonds, as applicable, such consent to be evidenced by an instrument or instruments executed by such holders and duly acknowledged or proved in the manner of a deed capable of being recorded. Notwithstanding the foregoing, the written consent of the holders of 100% of the principal amount of the affected Bonds or Junior Lien Bonds outstanding shall be required for any modification or alteration which shall:

- (a) Extend the maturity of any payment of principal or interest due upon any such bond;
- (b) Reduce the principal amount of any such bond; or
- (c) Permit a privilege or priority of any such bond or bonds over any other bonds.

The City may rely upon the registration books maintained by the Registrar to determine who are the holders of the Bonds or Junior Lien Bonds for purposes of obtaining consents to modifications of the Ordinance.

ARTICLE VIII MISCELLANEOUS

Section 8.1. Headings. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be a part of this Ordinance.

Section 8.2. Recordation; Publication; Effective Date. This Ordinance shall be recorded in the minutes of the meeting of the City Council at which it was adopted, as soon as practicable after its adoption, which record shall be authenticated by the signatures of the Mayor and City Clerk, and shall be published once in the *Herald Review*, a newspaper of general circulation within the City, promptly after its adoption. In accordance with Act 94, this Ordinance shall become effective immediately upon its adoption on August 12, 2024.

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Section 8.3. Validity. If any section, paragraph, sentence, clause or phrase of this Ordinance shall be held invalid, it shall not affect any other part of this Ordinance.

Section 8.4. Repeal. All ordinances and resolutions and parts thereof, insofar as they same may be in conflict with the provisions of this Ordinance, are hereby repealed.

ORDINANCE ADOPTED AND SIGNED EFFECTIVE AUGUST 12, 2024.

Roger Meinert
Mayor

Amye Hensel
City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of an Ordinance adopted by the City Council of the City of Reed City, County of Osceola, Michigan, at a meeting held on August 12, 2024, the original of which is on file in my office and available to the public. Public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, Act 267 of the Michigan Public Acts of 1976, including in the case of a special or rescheduled meeting, notice by posting at least 18 hours prior to the time set for said meeting.

I hereby certify that the following Members of the City Council were present at said meeting: Nicole Graham, Roger Meinert, Dan Burchett, Trevor Guiles, Russ Nehmer, and the following Members were absent: David Belden and Bmd Nixon.

I hereby certify that Council Member Trevor Guiles moved for adoption of this Ordinance, and that said motion was supported by Council Member Russ Nehmer.

I further certify that the vote for adoption of said Ordinance was as follows:

YEAS: Nicole Graham, Roger Meinert, Dan Burchett, Trevor Guiles, Russ Nehmer

NAYS: None

I further certify that this Ordinance has been recorded in the Ordinance book and that such recording has been authenticated by the signatures of the Mayor and City Clerk.

DATED: September 6, 2024

Amye Hensel
City Clerk

I further certify that this Ordinance was published in full in the *Herald Review* on August 21, 2024.

DATED: September 6, 2024

Amye Hensel
City Clerk

#25519955

BOND FORM APPENDIX FORM OF SERIES 2024 BOND

R-1

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OSCEOLA
CITY OF REED CITY
WATER SUPPLY SYSTEM
JUNIOR LIEN REVENUE BOND, SERIES 2024

INTEREST RATE

MATURITY DATE

DATE OF ORIGINAL ISSUE

See Schedule 1

See Schedule 1

_____, 2024

REGISTERED OWNER: MICHIGAN FINANCE AUTHORITY

PRINCIPAL AMOUNT: _____ DOLLARS

CITY OF REED CITY, County of Osceola, State of Michigan (the "City"), for value received, promises to pay to the Registered Owner specified above, or registered assigns, solely from the collections of the hereinafter described Net Revenues of the City of Reed City Water Supply System (the "System"), in lawful money of the United States of America, the Principal Amount specified above, or so much thereof as shall have been advanced to the City pursuant to a Purchase Contract (the "Purchase Contract") between the City and the Michigan Finance Authority (the "Authority") and a Supplemental Agreement (the "Supplemental Agreement") by and among the City, the Authority and the State of Michigan acting through the Department of Environment, Great Lakes and Energy, in the principal amounts and on the Maturity Dates specified on Schedule 1, as such schedule may be adjusted if less than \$_____ is disbursed to the City or if a portion of the Principal Amount is prepaid or reduced as hereinafter provided, and in like manner to pay interest on the unpaid principal balance outstanding from time to time from and after the date or dates on which principal is disbursed to the City by the Authority pursuant to the Purchase Contract and the Supplemental Agreement, or such later date as to which interest has been paid, until paid, at the interest rate of two percent (2.00%) per annum, on the basis of a 360-day year comprised of twelve 30-day months, first payable on [April 1, 2025,] and semi-annually thereafter on the first day of October and April of each year and continuing thereafter until said Principal Amount is paid.

During the time funds are being drawn down by the City under this Bond, the Authority will periodically provide 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.

Principal of this Bond is payable at the office of the City Treasurer in Reed City, Michigan (the "Registrar") or such other paying agent as the City may hereafter designate by notice mailed to the Registered Owner of this Bond not less than 60 days prior to any interest payment date. Interest is payable by check or draft mailed to the Registered Owner at the address shown on the City's registration books kept by the Registrar.

Notwithstanding any other provision of this Bond, so long as the Authority is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at 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 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 an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; 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.

This Bond is issued as one fully-registered, non-convertible bond of even Date of Original Issue in the aggregate principal amount of _____ Dollars (\$_____), pursuant to and in full compliance with Act No. 94 of the Michigan Public Acts of 1933, as amended, and pursuant to Ordinance No. _____, duly adopted by the City Council of the City and effective August 12, 2024 (the "Ordinance") for the purpose of acquiring and constructing certain improvements to the System, and to pay costs and expenses incidental to the issuance of the Bonds.

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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.

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, and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Ordinance.

This Bond may be subject to redemption prior to maturity by the City only with the prior written consent of the Authority and on such terms as may be required by the Authority.

Notice of the call for any redemption, which shall identify the Bonds or portions thereof to be redeemed, shall be given by first class mail, not less than 30 days and not more than 60 days prior to the redemption date, to the Registered Owner of this Bond at the address shown on the bond register kept by the Registrar, provided, however, that failure to give such notice by mailing or any defect therein shall not effect the validity of any proceedings for the redemption of Bonds; and further provided that such notice may be waived by the registered owner of this Bond. Bonds or portions of Bonds called for redemption shall not bear interest after the redemption date specified in such notice, provided funds for the payment thereof are then on deposit with the Registrar.

This Bond is transferable only upon the bond register of the City kept at the office of the Registrar by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar, duly endorsed for assignment by the Registered Owner, and thereupon a new registered Bond or Bonds of authorized denominations in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance, and upon payment of the charges, if any, therein prescribed. No registration of transfer or exchange of this Bond shall be made by the Registrar between the 15th day of the calendar month immediately preceding an interest payment date and the interest payment date, nor after this Bond has been called for redemption. The City and the Registrar may treat the Registered Owner hereof as the absolute owner for the purpose of receiving payment on this Bond and for all other purposes, and shall not be affected by any notice to the contrary.

This Bond is not a general obligation of the City. The City is not required to levy taxes in an amount to pay the principal of and interest on this Bond. This Bond is a self-liquidating revenue bond and does not constitute an indebtedness of the City within any constitutional or statutory limitation. The full faith and credit of the City is not pledged as security for the payment of the principal of or interest on this Bond.

The principal of and interest on this Bond is payable solely from the revenues of the System (including future improvements, enlargements and extensions thereof) after provision has been made for reasonable expenses of operation, maintenance and administration (the "Net Revenues"). The Bonds of this Issue are subordinate as to the lien on the Net Revenues of the System pledged for payment of the City's outstanding Water Supply and Wastewater System Revenue Bonds, Series 2006 and are of equal standing and priority of lien as to the Net Revenues of the System and are equally secured with the City's outstanding Water Supply System Junior Lien Revenue Bonds, Series 2006 (collectively, the "Outstanding Bonds"). The payment of the principal of and interest on this Bond is secured by a statutory lien on the Net Revenues of the System. Such lien upon the Net Revenues of the System shall at all times be and remain subordinate and inferior in all respects to the lien on such revenues made for the issuance of any bonds previously or hereafter authorized to be issued as first lien revenue bonds. The City has reserved the right to issue additional revenue bonds of prior or superior standing and security, as well as additional revenue bonds of equal standing and security with this Bond. Purchasers of this Bond, by their acceptance thereof, shall be deemed to have consented to the subordination of their interest in the lien upon the Net Revenues of the System upon the issuance of senior lien bonds subsequent to the delivery of this Bond.

The City hereby covenants and agrees that at all times while any of the Bonds of this issue shall be outstanding, it will maintain such rates for services furnished by the System as shall be sufficient to provide for the payment of the expenses of administration and operation of the System and such expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order and to cover the costs of expansion of the System; to provide for the payment of the principal of, premium, if any, and the interest on the bonds payable therefrom, as and when the same become due and payable; and to provide for such other expenditures and funds for the System as are required by the Ordinance. Rates shall be fixed or revised from time to time by the City Council to produce the foregoing amounts.

It is hereby certified that all acts, conditions and things necessary to be done by the City precedent to and in issuing this Bond have been done and performed and have happened in regular and due form as required by law, and that the total indebtedness of the City, including this Bond, does not exceed any constitutional or statutory debt limitation.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been executed by the Registrar.

IN WITNESS WHEREOF, the City of Reed City, County of Osceola, Michigan, by its City Council, has caused this Bond to be executed on its behalf with the manual or facsimile signature of its Mayor and countersigned with the manual or facsimile signature of its City Clerk, all as of the Date of Original Issue.

[SEAL]

CITY OF REED CITY
County of Osceola
State of Michigan

By: Exhibit Only – Not for Execution
Roger Meinert
Mayor

COUNTERSIGNED

By: Exhibit Only – Not for Execution
Amye Hensel
City Clerk

CERTIFICATION OF AUTHENTICATION

This Bond is one of the Series 2024 Bonds described in the within-identified Ordinance and has been registered in the name of the Registered Owner designated on the face hereof in the registration books of the City maintained by the City Treasurer.

DATED: _____, 2024

By: Exhibit Only – Not for Execution
Kadee Kidd
City Treasurer

SCHEDULE 1

UNITED STATES OF AMERICA
STATE OF MICHIGAN
CITY OF REED CITY
COUNTY OF OSCEOLA
WATER SUPPLY SYSTEM
JUNIOR LIEN REVENUE BONDS, SERIES 2024

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 Environment, Great Lakes and Energy (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, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the City.

Due Date

Amount of Principal Installment Due

Interest on the Bond shall accrue on principal disbursed by the Authority to the City from the date principal is disbursed, until paid, at the rate of 2.00% per annum, payable [April, 2025,] and semi-annually thereafter.

EXHIBIT A

1. The Series 2024 Bonds shall be dated the date of their delivery, or such other date that is approved by the Authorized Officer, provided that the dated date shall not be later than the date of issuance of the Series 2024 Bonds.
2. The maximum interest rate on the Series 2024 Bonds shall not exceed 2.00% per annum.
3. The total number of principal installments of the Series 2024 Bonds shall not exceed forty (40).
4. The aggregate principal amount of the Series 2024 Bonds shall not exceed \$6,000,000.

Application Fee. Except as otherwise provided by the Act, the application shall be accompanied by a one-time non-refundable application fee in the amount of \$300.00.

- Insurance** Motion by Guiles, seconded by Burchett, **CARRIED**, for MML liability & property insurance quoted at \$80,623.00 and allow City Manager to sign as presented. Roll call vote. Voting yes were Nehmer, Meinert, Guiles, Woodside, and Burchett.
- Change Order #1** Motion by Guiles, seconded by Nehmer, **CARRIED**, to approve DWSRF change order #1 for exploratory digging as presented. Roll call vote. Voting yes were Meinert, Guiles, Nehmer, Woodside, and Burchett.
- Change Order #4** Motion by Guiles, seconded by Nehmer **CARRIED**, to approve change order 04 DWSRF 23’CJ’s Excavating as presented. Roll call vote. Voting yes were Meinert, Nehmer, Guiles, Woodside and Burchett.
- MI Deal Salt** Motion by Woodside, seconded by Burchett, **CARRIED**, to approve MI Deal salt contract for \$13,062.00 as presented. Roll call vote. Voting yes were Meinert, Nehmer, Guiles, Woodside, and Burchett.
- BS&A** Motion by Guiles, seconded by Woodside, **CARRIED**, to approve BS&A contract for subscription of \$12,950.00 annually and up to \$40,015.00 for professional services and allow City Manager to sign as presented. Roll call vote. Voting yes were, Meinert, Nehmer, Guiles, Woodside, and Burchett.
- MML Meeting** Motion by Meinert, seconded by Guiles, **CARRIED**, to approve Trevor Guiles to be the City representative/trustee for the Annual MML meeting on September 11, 2024 and Rich Saladin or Russ Nehmer as alternatives. Voting yes were Nehmer, Meinert, Guiles, Burchett, and Woodside.
- Election Pay** Motion by Guiles, seconded by Nehmer, **CARRIED**, to approve a pay increase for Election Workers to \$15.00 per hour and Election Chair Workers to \$16.00 per hour on Resolution 2024-08 as presented. Voting yes were Meinert, Nehmer, Guiles, Burchett, and Woodside.

CITY OF REED CITY
WAGE AND SALARY RESOLUTION
Effective July 1, 2024 REVISED August 12, 2024
Resolution 2024-08

WHEREAS, the City Council of the City of Reed City, Michigan, pursuant to the provisions of Section 5.15 of the City Charter has heretofore established the positions and designated wages of the City, and;

WHEREAS, it is appropriate and necessary to amend wages of those positions from time to time:

NOW, THEREFORE BE IT RESOLVED by the Council of the City of Reed City, Michigan that the salaries/hourly/yearly rates be hereby established as follows: Note: Council did not make any provisions for the step system to increase annually with the rate of inflation.

	<u>Current Step</u>	<u>July 1, 2024</u>
City Clerk	Step 4	
City Treasurer/Finance Dir.	Step 1	
Chief of Police	Step 6	
Supt. W.W.T.P.	Step 7	
Supt. DPW	Step 8	

Step System – Fiscal Year 24/25

	Minimum			Midpoint					Maximum
Position Title	Base 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9
City Clerk	\$49,000	\$50,960	\$52,998	\$55,118	\$57,323	\$59,616	\$62,001	\$64,481	\$67,060
Treasurer/Finance Director	\$50,799	\$52,831	\$54,944	\$57,142	\$59,427	\$61,805	\$64,277	\$66,848	\$69,522
DPW Superintendent	\$56,311	\$58,564	\$60,906	\$63,342	\$65,876	\$68,511	\$71,252	\$74,102	\$77,066
Chief of Police	\$56,855	\$59,129	\$61,494	\$63,954	\$66,512	\$69,172	\$71,939	\$74,817	\$77,809
WWTP Superintendent	\$63,478	\$66,017	\$68,657	\$71,404	\$74,260	\$77,230	\$80,319	\$83,532	\$86,873

<u>Effective July 1, 2024 Hourly</u>				
Deputy Clerk/Treasurer	\$17.60/hour			
Seasonal Part Time parks maintenance	\$13.00/hour			
<u>Effective July 1, 2024 Hourly</u>				
Election Worker	\$11.50/hour	\$15.00/hour		
Election Chairperson	\$12.50/hour	\$16.00/hour		
Police				
School Liaison	\$18.00/hour	\$18.00-\$20.00/hour	Based on school approval	** Paid by Reed City Schools
Snowmobile Enforcement	\$13.00/hour			
Part Time Officer	\$18.00/hour			
P.T. Front office	\$13.98/hour			
<u>2024-2025 Budget Year</u>				
Board of Review Member(s)	\$300/Budget yr.	\$300/Budget yr.	\$ 75/meeting	

Fire Department

All paid part time firefighters shall receive an hourly call rate of minimum wage plus training, years of service and command officer status increments according to the following schedule:

Base Rate-Min Wage - Rate	\$10.33/Hr.	Increase set by Federal & State government.		
<u>Years of Service</u>			<u>Command Training</u>	
3 yrs. Continuous Service	+ \$.50	Fire Officer 1 [FO1]		+ \$.50
7 yrs. Continuous Service	+ \$.50	Fire Officer 2 [FO2]		+ \$.50
10 yrs. Continuous Service	+ \$.50	Fire Officer 3 [FO3]		+ \$.50
15 yrs. Continuous Service	+ \$.50			
<u>Training</u>			<u>Command Officer</u>	
Fire Fighter 1 [FF1]	+ \$.75	Fire Chief		+ \$1.50
Fire Fighter 2 [FF2]	+ \$.75	Assist. Chief		+ \$1.00
		Captain/Lieutenant		+ \$.75
		Medical First Responder [MFR]		+ \$1.50

All previous provisions inconsistent with the provisions of this resolution are hereby superseded.

Adopted at a regular meeting of the Reed City Council on August 12, 2024.

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Reed City, County of Osceola, State of Michigan, at a regular meeting held on August 12, 2024, the original of which is on file in my office and available to the public. Public notice of said meeting was given pursuant to and in compliance with the Open Meetings Act, Act No. 267 of the Public Acts of Michigan of 1976, including in the case of a special or rescheduled meeting, notice by posting at least eighteen (18) hours prior to the time set for said meeting.

Dated: August 12, 2024


Amye Hensel, City Clerk

DDA DDA Boundary map was discussed, Bob Toland, City Manager Rich Saladin and Mayor Meinert drove the city and looked at all properties to set up boundaries and reported findings to council. The City Council would like the map brought back and have Bob Toland come next month with updates.

Sesquicentennial Motion by Guiles, seconded by Burchett, **CARRIED**, to approve the budget of \$51,000 for the Sesquicentennial Celebration for July 2025. Voting yes were Meinert, Guiles, Burchett, Nehmer and Woodside.

Motion by Guiles, seconded by Woodside, **CARRIED**, to approve Resolution 2024-15 creation of funds for sesquicentennial as presented. Voting yes were Meinert, Nehmer, Guiles, Burchett, and Woodside.

City of Reed City
Resolution 2024-15
August 12, 2024

WHEREAS, in accordance with Chapter 8 of the Charter of the City of Reed City governing budget procedure and general finance, and in compliance with the requirements of the Michigan Uniform Accounting and Budgeting Act, and

WHEREAS, the City of Reed City will be celebrating their 150 year anniversary as a City, through various events and activities for the public, to be held summer of 2025, and

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Reed City that the required fund be established, and BE IT FURTHER RESOLVED, that the following sums are approved for the 2024/2025 fiscal year for the purposes set forth below:

FUND #496- Sesquicentennial Celebration Fund

Revenues:			
Contributions from private sources		\$51,000	
	Total Revenues	\$51,000	
Expenditures:			
Operating Supplies	\$51,000	Total Expenditures	\$51,000

Upon motion of Council Member, Guiles, Supported by Council Member, Woodside.

Present: Guiles, Woodside, Burchett, Meinert and Nehmer.

Absent: Nixon and Belden

AYES: Woodside, Guiles, Burchett, Meinert and Nehmer.

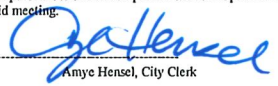
Nays: NONE

Resolution declared adopted.

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Reed City, County of Osceola, State of Michigan, at a meeting held on August 12, 2024. The original of which is on file in my office and available to the public. Public notice of said meeting was given pursuant to and in compliance with the Open Meetings Act, Act No. 267 of the Public Acts of Michigan of 1976, including in the case of a special or rescheduled meeting, notice by posting at least eighteen (18) hours prior to the time set for said meeting.

Dated:


Amye Hensel, City Clerk

Motion by Guiles, seconded by Nehmer, **CARRIED**, to Resolution 2024-16 Advance funds for Sesquicentennial as presented. Voting yes were Nehmer, Meinert, Guiles, Burchett, and Woodside.

City of Reed City
Resolution 2024-16
August 12, 2024

RESOLVED BY: The Reed City Council;

WHEREAS, the City of Reed City will be holding its Sesquicentennial Celebration in the summer of 2025, and,

WHEREAS, the budget for the celebration is estimated to be \$51,000 and will be offset by donations, merchandise sales, and expenses will be incurred prior to donations, and

NOW, THEREFORE BE IT RESOLVED, that the Treasurer is authorized to advance up to \$51,000, as needed, from Fund #101 General Fund to Fund #496 Sesquicentennial Celebration Fund. Said advance is to be repaid as funds are available but no later than December 31, 2025.

Upon motion of Council Member, Guiles, Supported by Council Member, Nehmer.

Present: Guiles, Woodside, Burchett, Meinert and Nehmer.

Absent: Nixon and Belden

AYES: Woodside, Guiles, Burchett, Meinert and Nehmer.

Nays: NONE

Resolution declared adopted.

I, Anye Hensel duly qualified and City Clerk of the City of Reed City, Michigan, do certify that the foregoing is a true copy of a resolution adopted by the City Council of the City of Reed City, County of Osceola, State of Michigan, at its regular meeting held on August 12, 2024.


Anye Hensel, City Clerk

WWTP Tractor Motion by Woodside, seconded by Burchett, **CARRIED**, to accept sealed bids for the WWTP 2001 John Deer tractor minimum bid of \$3,000 as presented. Voting yes were Guiles, Nehmer, Meinert, Burchett, and Woodside.

Resolution 2024-14 Motion by Burchett, seconded by Nehmer, **CARRIED**, to approve Resolution 2024-14 MDOT contract and allow City Manager to sign as presented. Voting yes were Nehmer, Meinert, Guiles, Burchett, and Woodside.

**CITY OF REED CITY
RESOLUTION 2024-14
RESOLUTION OF MUNICIPAL TRUNKLINE MAINTENANCE CONTRACT MICHIGAN DEPARTMENT
OF TRANSPORTATION AND CITY OF REED CITY**

BE IT RESOLVED that the Municipal Trunkline Maintenance Contract between the Michigan Department of Transportation and the City of Reed City for fiscal years 2024 to 2029, is hereby accepted.

BE IT FURTHER RESOLVED that Rich Rehkopf, Department of Public Works Superintendent, is designated as Highway Maintenance Superintendent and will supervise all work on the section of State Trunkline US-10 covered by this contract.

NOW, THEREFORE, BE IT FINALLY RESOLVED THAT:

Rich Saladin, City Manager, is authorized to sign said maintenance contract on behalf of the City of Reed City.

Upon motion of Council Member, Burchett, Supported by Council Member, Nehmer.

PRESENT: Meinert, Burchett, Woodside, Guiles, & Nehmer

ABSENT: Nixon & Belden


AYES: Woodside, Guiles, Burchett, Meinert and Nehmer.

Nays: NONE

Resolution declared adopted.

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution duly adopted by the Reed City Council of Reed City, Osceola County, Michigan at a regular meeting held on August 12, 2024, and that public notice of said meeting was given under Act Number 267, Public Acts of Michigan, 1976, including in the case of a special or rescheduled meeting noticed by publication or posting at least 18 hours prior to the time set for the meeting.


Anye Hensel, City of Reed City Clerk

Ord 004-2024 Trevor Guiles introduced Ordinance No. 0004-2024, an ordinance payment in lieu of taxes for Crossroads Apartments.

Consent Agenda Motion by Guiles, seconded by Woodside, **CARRIED**, to approve consent agenda as presented. Affirmed by voice vote.

City Manager Rich Saladin submitted a written report. Also reported:

- The City received a 2nd tree grant from Consumers Energy and will use on Upton and Slosson.
- Currently interviewing for City Clerk.
- Congratulations to Russ Nehmer (County Commissioner) and David Belden (County Drain Commissioner) on their nomination for County seats.

Mayor Report Brad Nixon has bills for September meeting.

Attorney Report None

Council Trevor Guiles: On 9/7/24 Liberty Baptist Church is hosting a get ready for hunting season sight in day. Everyone is welcome for the upcoming hunting season.
Dan Burchett: Disc Golf this weekend for GACC. Thanks to the City for the shed. Thanks to DPW Crew for their assistance.
Russ Nehmer: Car Show this Saturday for GACC. Enjoyed working with all on Council he will be a County Commissioner for the City of Reed City and will miss being on City Council. Good things have happened while working with all Council members.

Audience Donna Wheeler, gave a summary on Art in the Park, had up to 72 people in attendance at the park. It was great weather for all events. People are very appreciative of this yearly activity. Shout out to Mark and Vikki Maples, they sanded and painted all the picnic tables at Rambadt Park this summer, this really was nice for Art in the Park. They really do a great job as hosts at Rambadt Park, they are helpful and thoughtful good working people.

Council Thanked Donna for the hard work on Art in the Park.

Charles Lupo thanked the team of Gail Bailey and Patty James for all the hard work they have put into the sesquicentennial celebration. Their knowledge was so helpful for getting things ready to send out.

Adjourn Mayor Meinert adjourned the meeting at 8:28 PM.



Amye Hensel, City Clerk

