

ORDINANCE NO. 6-14-77A

AN ORDINANCE AUTHORIZING THE ISSUANCE OF WATER SUPPLY SYSTEM REVENUE BONDS BY THE TOWNSHIP OF CHASELL, COUNTY OF HOUGHTON, MICHIGAN, FOR THE PURPOSE OF ACQUIRING A WATER SUPPLY SYSTEM AND CONSTRUCTING IMPROVEMENTS AND ADDITIONS THERETO, PRESCRIBING THE FORM OF BONDS; PROVIDING FOR THE COLLECTION OF REVENUE FROM SAID SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE THEREOF, PROVIDING AN ADEQUATE RESERVE FUND THEREFOR, AND PROVIDING FOR THE PAYMENT OF SAID BONDS AND FURTHER PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES; AND, PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS IN ENFORCEMENT THEREOF AND PROVIDING FOR OTHER MATTERS RELATIVE TO SAID BONDS AND SAID SYSTEM.

THE TOWNSHIP OF CHASELL ORDAINS:

Section 1. Necessity; Description of Project. It is hereby determined to be necessary for the public health and welfare of the Township of Chassell (herein sometimes called Township) to proceed to acquire a water supply system and construct improvements and additions thereto as set forth in Exhibit A attached hereto and made part hereof, in accordance with detailed maps, plans and specifications therefor prepared by Lakes Engineering Co., Consulting Engineers of Houghton, Michigan (hereinafter referred to as "Project").

Section 2. Cost; Useful Life. The cost of said public improvements has been estimated by said engineer to be Four Hundred Fifty Thousand (\$450,000.00) Dollars including the payment of incidental expenses as specified in Section 3 of this Ordinance which estimate of cost is hereby approved and confirmed, and the period of usefulness of said public improvements is estimated to be not less than forty (40) years.

Section 3. Payment of Cost. To pay part of the cost of acquiring the Project and constructing improvements and additions thereto including the payment of legal, engineering and financial expenses, and other expenses incident thereto and incident to the issuance and sale of the bonds, it is hereby determined that the Township of Chassell borrow the sum of Two Hundred Seventy-Five Thousand (\$275,000.00) Dollars and that revenue bonds be issued therefor pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended, which bonds are referred to in this Ordinance as "the bonds." The balance of the cost of the Project will be paid from other funds lawfully available to the Township.

Section 4. Definitions. Whenever the words "the System" are referred to in this Ordinance, they shall be understood to mean the Township of Chassell Water Supply System and all extensions and improvements thereto hereafter made.

Whenever the words "public improvements" are used in this Ordinance, they shall be understood to mean the improvements authorized to be acquired and constructed under the provisions of this Ordinance.

Whenever the words "revenues" and "net revenues" are used in this Ordinance, it shall be understood to have the meanings as defined in Section 3, Act 94, Public Acts of Michigan, 1933, as amended.

Whenever the word "acquired" is used in this Ordinance it shall be construed to include acquisition by purchase, construction or by any other method.

Whenever the words "Township" and "Township Board" are used in this Ordinance they shall be understood to mean the Township of Chassell, Michigan and the Township Board of said Township.

Whenever the word "Government" is used in this Ordinance it shall be understood to mean the Government of the United States of America.

Whenever the initials "FmHA" are used in this Ordinance they shall be understood to mean the Farmers Home Administration, an agency of the U.S. Department of Agriculture.

Section 5. Bond Data. Said bonds shall be designated WATER SUPPLY SYSTEM REVENUE BONDS, shall be dated as of the date of delivery, shall be in the denomination of \$5,000.00 each and shall be numbered from 1 upwards.

The bonds will bear interest not exceeding five per cent (5%) per annum, all interest to be payable on January 1, 1978, and semi-annually thereafter on July 1 and January 1 of each year until payment of the principal amount of such bond. Provided if said bonds are not delivered prior to January 1, 1978 said interest shall be payable July 1, 1978 and semi-annually thereafter. Said bonds shall be numbered in direct order of maturity, and shall mature serially on January 1st of each year as follows:

\$ 5,000	1978 to 2005, both inclusive;
\$10,000	2006 to 2014, both inclusive;
\$15,000	2015, 2016 and 2017.

Said bonds shall be signed by the Supervisor and countersigned by the Township Clerk and shall have the corporate seal of the Township impressed thereon, and shall have interest coupons attached bearing the facsimile signature of the Supervisor and Township Clerk. After execution, the bonds shall be held by the Township Treasurer for delivery to the purchaser.

Both principal and interest shall be payable in lawful money of the United States of America at the address of the registered holder or if either principal or interest is unregistered at the principal office of Houghton National Bank, Chassell Branch, Chassell, Michigan or at the option of the holder at a bank or trust company located in the City of Marquette, Michigan, to be designated by the original purchaser of the bonds with approval of the Township.

Bonds shall be subject to redemption prior to maturity in the manner and at the times set forth in the bond form.

The bonds and coupons shall be registered as to principal and interest on the books of the Township, kept for that purpose by the Township Treasurer. After registration no transfer shall be valid unless made on said book and similarly noted on the bonds. No charge shall be made for registration.

Transferability by delivery may be restored, at the expense of the holder, surrender of this bond and issuance of a coupon bond with interest coupons representing interest payments not past due attached thereto.

Section 6. Bond Form. The form and tenor of said bonds shall be substantially as follows:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF HOUGHTON
TOWNSHIP OF CHASSELL
WATER SUPPLY SYSTEM REVENUE BOND

No. R

\$5,000

KNOW ALL MEN BY THESE PRESENTS that the Township of Chassell, County of Houghton, State of Michigan, for value received, hereby promises to pay to the registered holder hereof, but only out of the revenues of the Water Supply System of the Township of Chassell; including all appurtenances, additions, extensions and improvements thereto, the sum of

FIVE THOUSAND DOLLARS

on the first day of January, A.D., _____, with interest thereon from the date hereof until paid at the rate of _____ per cent (%) per annum; payable on January 1, 1978, and semi-annually thereafter on the first day of July and January of each year. Both principal of and interest on this bond are payable in lawful money of the United States of America at the address shown on the registration books of the Township and for the prompt payment thereof, the gross revenues of the Water Supply System of the Township, including all appurtenances, additions, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, administration and maintenance are hereby irrevocably pledged and a statutory first lien thereon is hereby created.

This bond is one of a series of fifty-five (55) bonds of even date and like tenor, except as to date of maturity, aggregating the principal sum of \$275,000.00 numbered consecutively in direct order of maturity from one upwards, issued pursuant to Ordinance No. _____, duly adopted by the Township on _____, 1977, and under and in substantial 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 defraying part of the cost of acquiring a water supply system constructing additions, extensions and improvements to said System consisting of a distribution and storage system together with the necessary appurtenances, attachments and equipment related thereto. 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 the 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 above-described Ordinance.

Bonds numbered 1 to 10, inclusive, maturing in the years 1978 to 1986, inclusive, will not be subject to redemption prior to maturity.

Bonds numbered 9 to 55, inclusive, maturing in the years 1987 to 2017, inclusive, will be subject to redemption prior to maturity, in inverse numerical order, at the option of the Township on any interest payment date on or after January 1, 1986, at par and accrued interest to the date fixed for redemption.

Thirty days' notice of the call of any bonds for redemption shall be given by publication in a paper circulated in the State of Michigan which carries, as part of its regular service, notices of sale of municipal bonds, and by mail to the

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registered holder at the registered address. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the paying agent to redeem said bonds.

Said bonds are registered as to principal and interest on the books kept by the Treasurer of the Township as registrar in the name of the holder after which registration they shall be transferable only upon presentation to such registrar with a written transfer by the registered holder or his attorney in fact. Such transfer shall be noted upon the books of the Township kept for that purpose. Said bonds once registered are exchangeable at the request of the registered owner hereof and at his sole expense for a negotiable coupon bond payable to bearer, upon surrender of this bond to the borrower at the office of the Treasurer of the Township.

This bond is a self-liquidating bond, and is not a general obligation of the Township and does not constitute an indebtedness of said Township within any constitutional or statutory limitation, but is payable, both as to principal and interest, solely from the revenues of the Water Supply System of the Township. The principal of and interest on this bond are secured by the statutory lien hereinbefore mentioned.

The Township hereby covenants and agrees to fix and maintain at all times while any of such bonds shall be outstanding, such rates for service furnished by said Water Supply System as shall be sufficient to provide for payment of the interest upon and the principal of all such bonds as and when the same become due and payable, and to create a bond and interest redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of said Water Supply System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for said System as are required by said Ordinance.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond and the series of bonds of which this is one have been done and performed in regular and due time and form as required by law.

IN WITNESS WHEREOF, the Township of Chassell, County of Houghton, State of Michigan, by its Township Board has caused this bond to be signed in the name of said Township by its Supervisor and to be countersigned by its Township Clerk, and its corporate seal to be hereunto affixed all as of _____, 1977.

TOWNSHIP OF CHASSELL
COUNTY OF HOUGHTON
STATE OF MICHIGAN

By _____
Supervisor

(SEAL)

Countersigned;

Township Clerk

REGISTRATION
NOTHING TO BE WRITTEN HEREON EXCEPT BY
THE TOWNSHIP TREASURER AS REGISTRAR

Date of Registration	:	Name of Registered Owner	:	Registrar
	:		:	
	:		:	
	:		:	

(Form of Coupon if Requested)

No. _____ \$ _____

On the first day of _____, A.D., 19____, the Township of Chassell, County of Houghton, State of Michigan, will pay to the bearer hereof the sum of _____ Dollars, in the manner and out of the revenues described in said bond at _____ being the semi-annual interest due that date on its Water Supply System Revenue Bonds, dated _____, No. _____.

This coupon is not a general obligation of the Township, but is payable out of certain revenues as set forth in the bond to which it pertains.

Supervisor

Township Clerk

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Section 7. Security for Bonds. The bonds hereby authorized, together with interest thereon, shall not be a general obligation of the Township but shall be payable solely from the net income and revenues to be derived from the operation of the System. To pay such principal and interest as and when the same shall become due, there is hereby created a statutory first lien upon the whole of the net revenues of said System to continue until the payment in full of the principal and interest on said bonds and said revenues and shall be set aside for the purpose and identified as the "Water Supply System Revenue Bond - Bond and Interest Redemption Fund Account," as hereinafter specified.

Section 8. Custodian of Funds; Supervised Bank Accounts; Funds. The Treasurer of said Township shall be custodian of all funds belonging to and/or associated with the Township's System and such funds shall be deposited in Houghton National Bank - Chassell Branch, Michigan (hereinafter called "depository bank"), which bank is a member of the Federal Deposit Insurance Corporation. In the event that the government is a holder of any of the bonds herein authorized, all monies in excess of \$15,000 in the supervised bank account shall be secured by the depository bank in advance in accordance with United States Treasury Department Circular No. 176 and the Township Treasurer shall execute a fidelity bond in an amount not less than \$20,000.00 with a surety company approved by the government, and the United States and the Township shall be named as coobligees in such bond and the amount thereof shall not be reduced without the prior written consent of the government. The Township Treasurer is hereby directed to create the following funds and accounts into which the bond proceeds and the revenues and income from the System shall be deposited, which account shall be established and maintained except as otherwise provided, so long as any of the bonds hereby authorized remain unpaid.

A. CONSTRUCTION ACCOUNT. The proceeds of the bonds hereby authorized and a sum from funds on hand of not less than the amount necessary to complete the cost of the Project shall be deposited in the Construction Account in the depository bank. In the event the Government is a holder of any of the bonds herein authorized, then said account shall be established

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as a supervised bank account and such proceeds shall be withdrawn on the orders of the Township of Chassell only on checks signed by the Treasurer of the Township and countersigned by the County Supervisor of the FmHA. Said monies shall be used solely for the purposes for which the bonds were issued.

Any unexpended balance of the proceeds of sale remaining after completion of the Project herein authorized may in the discretion of the Township Board, to the extent of fifteen per cent (15%) of the amount of the bonds authorized by this Ordinance, be used for further improvements, enlargements and extensions to the System, provided that at the time of such expenditure such use be approved by the Municipal Finance Commission. Any remaining balance after such expenditure shall be paid into the Bond and Interest Redemption Fund and shall be used for such purposes as allowed by law.

In the event that the Government is a holder of any or all of the bonds any unexpended balance of the proceeds of the sale remaining after completion of the Project herein authorized shall be paid immediately into the bond and interest redemption fund as hereinafter specified and shall be used only for the redemption, or purchase at not more than the fair market value, of outstanding bonds issued pursuant to the provisions of this Ordinance.

After completion of the Project and disposition of remaining bond proceeds, if any, pursuant to the provisions of this Section, the Construction Account shall be closed.

B. WATER SUPPLY SYSTEM RECEIVING FUND ACCOUNT.

Upon acquisition of the System, the gross income and revenue generated thereby shall be set aside into a separate account to be designated the Water Supply System Receiving Fund Account, and monies so deposited therein shall be expended and used only in the manner and order as follows:

1) Operation and Maintenance Account. Prior to the

beginning of each fiscal year the Township will prepare an annual budget of said system for the ensuing fiscal year itemized on the basis of monthly requirements, a copy of such budget shall be mailed without request to the FmHA as long as the Government is holder of any of said bonds prior to adoption for review and upon

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written request to any other bond holders. Upon the effective date of this Ordinance, there shall be set aside and deposited each quarter pursuant to the budget a sufficient portion of the income and revenue in the Operation and Maintenance Account to pay the reasonable and necessary current expenses of administration, operating and maintaining said system for the ensuing quarter.

2) Water Supply System Revenue Bond - Bond and Interest Redemption Fund. After the transfer required in (1) above, there shall be transferred each quarter from the Water Supply System Receiving Fund Account, before any other expenditures or transfer therefrom, and deposited in the Water Supply System Revenue Bond - Bond and Interest Redemption Fund Account for payment of principal and interest on the bonds a sum equal to at least 1/2 of the amount equal to the interest due on the next ensuing interest due date and not less than 1/4 of the principal maturing on January 1, 1979 and January 1st of each year thereafter. A sufficient amount shall be set aside to pay principal due January 1, 1978. If for any reason there is a failure to make such quarterly deposit then an amount equal to the deficiency shall be set aside and deposited in the Redemption Fund Account of the net revenues in the ensuing quarter or quarters, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters.

There is hereby established in the Bond and Interest Redemption Fund a separate account to be known as the Bond Reserve Account, into which there shall be paid in equal quarterly installments from the revenues of the System after provision has been made for the Operation and Maintenance Fund and the current requirements of the Bond and Interest Redemption Fund, the sum of at least \$300.00 per quarter until there is accumulated in such fund the sum of \$19,000.00. Except as hereinafter provided, no further deposits need be made into the Bond and Interest Redemption Fund for the purposes of the Bond Reserve Account once the sum of \$19,000.00 has been deposited therein. The moneys in the said Bond Reserve Account shall be used solely for the payment of the principal and interest on said bonds as to which there would otherwise be default.

If at any time it shall be necessary to use moneys in the Bond Reserve

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Account for such payment, then the moneys so used shall be replaced from the net revenues first received thereafter which are not required by this Ordinance to be used for operation and maintenance or for current principal and interest requirements.

No further payments need be made into the Bond and Interest Redemption Fund after enough of the bonds have been retired so that the amount then held in said Fund (including the Bond Reserve Account), is equal to the entire amount of principal and interest which will be payable at the time of maturity of all the bonds then remaining outstanding.

3) General Purpose Account. The balance of income and revenue after the transfers required in (1) and (2) above have been made, shall be deposited to a General Purpose Account which Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the system which may be caused by any unforeseen catastrophe, for making extensions or improvements to the system, and when necessary for the purpose of making payments of principal and interest on the bonds hereby authorized if the amount in the Redemption Fund Account and Bond Reserve Account is not sufficient to meet such payments, then these funds shall be transferred to the Redemption Fund. The total of such deposits to the General Purpose Account and balance of said account need not exceed the sum of \$15,000.00. The funds in the General Purpose Account may be invested in obligations of the United States. Any such investment will be a part of the General Purpose Account.

4) Surplus Monies. Whenever there shall accumulate in the Redemption Fund Account amounts in excess of the requirements during the next eighteen months for paying the principal of bonds falling due and interest on outstanding bonds, and in excess of the requirements of the Operation and Maintenance Account and the Reserve Account hereinafter established, such excess may be used by the Township for redemption of bonds in the manner set out below.

All monies remaining in the Receiving Fund at the end of any operating year after satisfying the above requirements shall be transferred to the Bond and Interest Redemption Fund and used to call bonds for redemption, or at the

option of the Township transferred to the General Purpose Account and used for the purpose of which said Account was established: Provided, However, that if there should be a deficit in the Operation and Maintenance Fund, Bond and Interest Redemption Fund or the General Purpose Account, on account of defaults in setting aside therein the amounts hereinbefore required, then transfers shall be made from such funds remaining in the Receiving Fund to such funds in the priority and order named, to the extent of such deficits. Monies remaining in the General Purpose Account may be used to retire junior bond issues.

Section 9. Rates and Charges. Prior to the issuance of the bonds, rates and charges for the services of said utility will be fixed in an amount sufficient to pay the costs of operation and maintaining the said System and to leave an amount of revenues adequate for the principal and interest, debt services, reserve, replacements and improvements requirements and all other requirements provided herein, and otherwise comply with the covenants herein provided. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the costs and value of said System and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all bonds and accruing interest on all bonds, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this and the preceding section. The charges for water service which are, under the provisions of Section 21, Act 94, Public Acts of Michigan, 1933, as amended, made a lien on all premises served thereby, unless notice is given that a tenant is responsible, are hereby recognized to constitute such lien and whenever any such charges against any piece of property shall be delinquent for six (6) months, the Township official or officials in charge of the collection thereof shall certify annually, on September 1st of each year to the Township tax assessing officer the fact of such delinquency, whereupon such delinquent charge shall be entered upon the next tax roll as a charge against such premises and the lien thereof enforced in the same manner as general Township taxes against such premises are collected and the lien thereof enforced in the same manner as general Township taxes against such premises are collected and the lien thereof enforced:

Provided, However, where notice is given that a tenant is responsible for such charges and service as provided by said Section 21, no further service shall be rendered such premises until a cash deposit of not less than one full year's service shall have been made as security for payment of such charges and service.

Section 10. No Free Service. No free service shall be furnished by said System to any individual, firm or corporation, public or private or to any public Agency or instrumentality.

Section 11. Covenants. The Township covenants and agrees that so long as any of the bonds hereby authorized remain unpaid as follows:

a) It will comply with applicable State laws and regulations and continually operate and maintain the system in good condition.

b) (i) It will maintain complete books and records relating to the operation of the System and its financial affairs and will cause such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and as long as the Government is the holder of any of the bonds, will (1) furnish FmHA without request, a copy of each audit report and will furnish any other holder of any bonds a copy of such report upon written request and (2) FmHA shall have the right to inspect the System and the records, accounts, and data relating thereto at all reasonable times.

(ii) It will file with the Municipal Finance Commission each year, as soon as is possible, not later than ninety days after the close of the fiscal year, a report, on forms prepared by the commission, made in accordance with the accounting method of the municipality, completely setting forth the financial operation of such fiscal year for its own purposes. A copy of such report shall be concurrently furnished the FmHA as long

as the Government is a holder of any of the bonds herein authorized.

(iii) The Township Board will also cause an annual audit of such books of record and account for the preceding operating year to be made each year by a recognized independent certified public accountant, and will cause such accountant to mail a copy of such audit to the FmHA if the Government is the holder of the bonds or to the manager of the syndicate or account purchasing the bonds. Such audit shall be completed and so made available not later than three (3) months after the close of each operating year, and said audit may, at the option of the Township Board be used in lieu of the statement on forms prepared by the Municipal Finance Commission and all purposes for which said forms are required to be used by this Ordinance.

c) The Township will maintain and carry, for the benefit of the holders of the bonds, insurance on all physical properties of the System, of the kinds and in the amounts normally carried by municipalities engaged in the operation of water supply systems. All moneys 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 calling bonds. As long as the government is a holder of any of the bonds herein authorized, said insurance will be in an amount not less than such amounts as may be specified by LETTER OF INTENT TO MEET CONDITIONS, Form FmHA 442.46 and said insurance shall be approved by the FmHA.

d) It will not borrow any money from any source or enter into any contract or agreement to incur any other liabilities that may in any way be a lien upon the revenues or otherwise encumber the System so as to impair revenues therefrom, without obtaining the prior written consent of the Government if the government is a holder of any of the bonds authorized herein, nor shall it transfer or use any portion of the revenues derived in the operation of the system for any purpose not herein specifically authorized.

e) It will not voluntarily dispose of or transfer its title to the System or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of the Government if the Government is a holder of any of the bonds herein authorized.

f) Any extensions or improvements of the System shall be made according to sound engineering principals and specifications shall be submitted to the Government for prior review, only so long as it is holder of any of the bonds.

Section 12. Additional Bonds. The Township may issue additional bonds of equal standing for the following purposes and on the following conditions:

(a) To complete construction of the Project according to the plans set forth in Section 1, bonds in the amount necessary may be issued.

(b) For the purpose of making reasonable repair, replacement or extension of the System additional bonds of equal standing may be issued if:

(i) The net revenues of the System for the fiscal year preceding the year in which such additional

bonds are to be issued were 120 percent of the average annual debt service requirements on all bonds then outstanding and those proposed to be issued; or,

(ii) The holders of at least 75 percent of the then outstanding indebtedness consent to such issue in writing.

The funds herein established shall be applied to all additional bonds issued pursuant to this section as if said bonds were part of the original bond issue and all revenue from any such extension or replacement constructed by the proceeds of an additional bond issue shall be paid to the Water Supply Receiving Fund Account mentioned in this ordinance.

Except as otherwise specifically provided so long as any of such bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said System shall be incurred or issued by the Township unless the same shall be junior and subordinate in all respects to the bonds herein authorized.

Section 13. Ordinance Shall Constitute Contract. The provisions of the ordinance shall constitute a contract between the Township and the bond holders and after the issuance of such bonds this ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holders nor shall the Township adopt any law, ordinance or resolution in any way adversely affecting the rights of the holders so long as said bonds or interest thereon remains unpaid.

Section 14. Refunding of Bonds. If at any time it shall appear to the Government that the Township is able to refund, upon call for redemption or with consent of the Government the then outstanding bonds by obtaining a loan for such purposes for responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and period of time, the Township will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government, and will take all such actions as may be required in connection with such loans.

Section 15. Default of Township. If there shall be default in the Redemption Fund, provisions of this ordinance or in the payment of principal or interest of any of the bonds, upon the filing of a suit by twenty percent of the holders of the bonds any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the Township with power to charge and collect rates sufficient to provide for the payment of the bonds and for the payment of operation expenses and to apply income and revenues in accordance with this ordinance and the laws of Michigan.

The Township hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of Township obligations, all contracts and other rights of the Township conditionally, for such time only as such receiver or operation shall operate by authority of the court.

The holders of twenty percent of the bonds in the event of default may require by mandatory injunction the raising of rates in a reasonable amount.

Section 16. Ordinance Subject to Michigan Law and Farmers Home Administration Regulations. The provisions of this ordinance are subject to the laws of the State of Michigan and to the present and future regulations of the FmHA not inconsistent with the express provisions hereof and Michigan Law.

Section 17. Fiscal Year of System. The fiscal year for operating the System shall be from January 1st to and including December 31st of each year.

Section 18. Township Subject to Loan Agreement. So long as the Government is holder of any of the bonds, the Township shall be subject to the loan agreement, form FmHA 442-47, with the FmHA and shall comply with all provisions thereof.

Section 19. Municipal Finance Commission Approval. The Township Clerk is authorized and directed to make application to the Municipal Finance Commission for authority to issue and sell said bonds and for approval of the form of notice of sale of said bonds in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended.

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Section 20. Conflict and Severability. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this ordinance are to the extent of such conflict hereby repealed, and each section of this ordinance and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivision of this ordinance.

Section 21. Paragraph 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 22. Publication and Recordation. This Ordinance shall be published in full in Daily Mining Gazette, a newspaper of general circulation in the Township qualified under State law to publish legal notices, promptly after its adoption, and the same shall be recorded in the Ordinance Book of the Township and such recording authenticated by the signatures of the Supervisor and Township Clerk.

Section 23. Effective Date. This Ordinance is hereby determined by the Township Board to be immediately necessary for the preservation of the peace, health and safety of the Township and shall be in full force and effect from and after its passage and publication as required by law.

Passed and adopted by the Township of Chassell, Michigan, on June 14, 1977, and approved by me on June 14, 1977.

(SEAL)

Dale R. Armes
Supervisor
Township of Chassell

Attest:

Dorothy J. Smith
Township Clerk

YEAS Edwin Henderson
Charles Thelton
Kenneth J. Kraft

NAYS None

EXHIBIT A

The Township of Chassell intends to acquire the water supply and distribution system located within its borders, which system is presently owned and operated by the Northern Michigan Water Company. The system presently services approximately 328 individual users.

The present source of supply to the system is a spring located approximately 3/4 of a mile west of Chassell. Previous studies have shown that the capacity of this spring was 118 gpm, however, there have been occasions when records indicate the spring capacity has dropped to 22 gpm. The existing reservoir at the spring has a capacity of approximately 6,000 gallons. The spring can normally produce the required water demanded by the system. However, to insure reliability, additional wells have been constructed to supplement the spring, should demand exceed supply.

During the summer of 1976, there were several days when the demand was 190,000 gallons. In the past, there have been other occasions when the maximum day has approached this demand.

At the present time, there are no fire hydrants in Chassell. The Village has been contacted by several industries who have indicated they would locate in the area if adequate fire protection were available. Because of this interest and desire to provide better protection for existing business and residents, Chassell intends to improve the fire protection when they take over the system. To do this, a storage reservoir of 500,000 gallons capacity is proposed. This size reservoir would be able to supply 200,000 gallons per day for domestic demands and 300,000 gallons for fire demands. It is proposed that the reservoir be filled by gravity from the spring source and to be supplemented by the existing well field as demand may require.

A new chlorination station is also proposed to be located ahead of the storage reservoir. This arrangement will

assure a more even distribution of chlorine in the water before distribution.

The existing transmission main from the spring source to the distribution system consists of 4", 5", and 6" pipe. Lengths and types of material for each size are not known. Inadequate supply and pressure have been experienced by users, particularly at the end or near the ends of the distribution system. Additional study of the distribution system will be required to make recommendations for improvement of that portion of the system. However, a new transmission main can be expected to improve quantity and pressure in addition to providing an adequate quantity of water for fire protection. Approximately 3000 feet of new 10" cast iron transmission main is therefore proposed as a part of this project.

MILLER, CANFIELD, PADDOCK AND STONE, 2500 DETROIT BANK & TRUST BUILDING, DETROIT, MICHIGAN 48226

I hereby certify that the foregoing is a true and complete copy of an Ordinance adopted by the Township Board of the Township of Chassell, County of Houghton, State of Michigan, at a regular meeting held on June 14, 1977, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976.

I further certify that said Ordinance has been recorded in the Ordinance Book of the Township and such recording has been authenticated by the signatures of the Supervisor and Township Clerk.


Township Clerk