

IMMEDIATE CONSIDERATION, IMMEDIATE EFFECT

Commissioner \_\_\_\_\_, supported by Commissioner

\_\_\_\_\_, moved adoption of the following Ordinance:

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF IMPROVEMENTS TO THE WATER SUPPLY SYSTEM OF THE CITY OF GRAND RAPIDS; TO AUTHORIZE THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF WATER SUPPLY SYSTEM IMPROVEMENT JUNIOR LIEN REVENUE BONDS, SERIES 2024, BY THE CITY, PURSUANT TO THE PROVISIONS OF ACT 94 OF THE PUBLIC ACTS OF MICHIGAN OF 1933, AS AMENDED, FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING AND INSTALLING IMPROVEMENTS TO THE WATER SUPPLY SYSTEM; TO PRESCRIBE THE FORM OF BONDS; TO PROVIDE FOR THE PAYMENT AND SECURITY OF SAID BONDS; AND OTHER MATTERS RELATING THERETO.

ORDINANCE NO. 2024-\_\_\_\_\_

NOW, THEREFORE, THE PEOPLE OF THE CITY OF GRAND RAPIDS DO ORDAIN:

Section 1. Definitions. Whenever used in this Ordinance or in the bonds to be issued hereunder, except when otherwise indicated by context, the following definitions shall apply:

“Act 94” means the Revenue Bond Act, Act 94 of the Public Acts of Michigan of 1933, as amended, MCL 141.101, et seq.

“Authority” means the Michigan Finance Authority created pursuant to Executive Reorganization Order of the Governor of the State of Michigan, E.R.O. 2010-2, and effective May 30, 2010.

“Authorized Officer” means the Mayor, City Manager, Deputy City Manager, or Chief Financial Officer of the City, or any one or more of them.

“City” means the City of Grand Rapids, Kent County, Michigan.

“City Commission” means the City Commission of the City, the governing body thereof.

“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, and the Issuer’s Certificate for each series of the Series 2024 Bonds, and such other closing documents required by the Authority for the issuance of each series of the Series 2024 Bonds.

“Improvements” mean the improvements of Water Supply System described in Section 2.

“Ordinance No. 85-47” means the master bond ordinance of the City providing for the issuance and sale of water revenue bonds under the provisions of Act 94 adopted by the City Commission on August 19, 1985, as amended, and all Series Ordinances (as defined therein) adopted prior hereto, now or hereafter pursuant thereto.

“Outstanding Junior Lien Bonds” means all Junior Lien Bonds (as defined in Ordinance No. 85-47) all or a portion of which are outstanding on the effective date of this Ordinance.

“Water Supply System” means the water supply system of the City as the same is acquired, constructed and installed, all property real and personal, used and useful therefore, all apparatus and equipment used in connection therewith, and all acquisitions, replacements, enlargements, improvements, extensions, additions and betterments that may be made thereto at any time.

“Series 2024 Junior Lien Bonds” means the City of Grand Rapids, Michigan, Water Supply System Improvement Junior Lien Revenue Bonds, Series 2024, issued in one or more series, authorized pursuant to Act 94 and this Ordinance.

Section 2. Necessity; Public Purpose; Description of Project. It is hereby determined to be necessary for the public health, safety and welfare of the City and in the best interest of the City to undertake improvements to the Water Supply System-including, without limitation, (a) the construction of new water main infrastructure in Cascade Township including water services; (b) construction of water main infrastructure and a

pump station in Caledonia Township; (c) construction of upgrades to water main infrastructure along Hall street, Fremont Avenue, Eleanor Street and Valley Avenue, within the City in accordance with regulatory requirements; (d) the replacement of water services comprised of leaded material at various locations throughout the City in accordance with regulatory requirements; (e) the restoration of streets, rights-of-way and easements affected by the improvements and related facilities, as well as all work, equipment, and appurtenances necessary or incidental to these improvements; and (f) other facility upgrades and improvements to the water supply system as may be determined by the City in consultation with the City Engineer (collectively, the "Improvements"), for the benefit of the City and the users of the Water Supply System.

Section 3. Estimated Cost; Period of Usefulness. The cost of the Project has been estimated to be not more than Thirty Three Million Dollars (\$33,000,000), including the payment of eligible engineering, legal, financial, and other expenses related to the Improvements and incidental expenses as are hereafter specified in Section 4 hereof, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the public improvements is estimated to be not less than forty (40) years.

Section 4. Issuance of Bonds. To defray the cost of acquiring, constructing and installing the Improvements, including the payment of eligible engineering, legal, financial, and other expenses related to the Improvements and other expenses incident thereto and incident to the issuance and sale of the Series 2024 Junior Lien Bonds, it is hereby determined that the City borrow the sum of not to exceed Thirty Three Million Dollars (\$33,000,000) and that revenue bonds be issued therefor pursuant to the provisions of Act 94. The remaining cost of the Improvements, if any, shall be paid from City funds on hand and legally available for such use.

During the time funds are being drawn down by the City under the Series 2024 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 each series of the Series 2024 Bonds.

Section 5. Bond Information and Authorization. The Series 2024 Junior Lien Bonds shall be junior lien revenue bonds payable, subject to Ordinance No. 85-47, out of the revenues of the Water Supply System after provisions have been made for the payment of expenses of administration, operation and maintenance of the Water Supply System; shall be on parity with the Outstanding Junior Lien Bonds; shall be initially numbered consecutively in the direct order of their principal maturities from 1 upward or numbered 1 with a schedule of principal maturities attached; shall be in any denominations or whole multiples of such denomination within each maturity or in the form of a single bond equal to the total outstanding principal amount of the Series 2024 Junior Lien Bonds; and shall bear interest at a rate of not to exceed 4% per annum. Pursuant to the provisions of Section 7a(1)(c) of Act 94 and within the limitations of applicable law and this Ordinance, the Mayor, the City Manager, Deputy City Manager, and Chief Financial Officer of the City (or any of their designees) are hereby authorized by this Ordinance to approve the dated date, principal amount, maturities, principal payment dates, interest payment dates and other matters and procedures necessary to complete the issuance of the Series 2024 Junior Lien Bonds by the City and their purchase by the Authority.

The Series 2024 Junior Lien Bonds shall be subject to redemption prior to maturity, at the option of the City (with the prior consent of the Authority and on such terms as may be required by the Authority so long as it is the registered holder of any of the Series 2024 Junior Lien Bonds) in such order as the City shall determine, on any date. Series 2024 Junior Lien Bonds of denomination greater than their authorized denomination may be partially redeemed in the amount of their authorized denomination or any integral multiple thereof within a maturity. If less than all of the Series 2024 Junior Lien Bonds maturing in any year are to be redeemed, the Series 2024 Junior Lien Bonds or portions thereof to be

redeemed shall be by lot. Except as otherwise required by the Authority, if it is the registered holder of any of the Series 2024 Junior Lien Bonds, the redemption price shall be the par value of the Series 2024 Junior Lien Bond or portion thereof called for redemption plus accrued interest to the date of redemption.

Notice of redemption shall be given to the registered holders of the Series 2024 Junior Lien Bonds to be received not less than 30 days prior to the date fixed for redemption (and received not less than 40 days prior to the date of redemption if the Authority is the holder of any of the Series 2024 Junior Lien Bonds) by first-class mail to the address of such registered holders as shown on the bond register on the date such notice is given, kept by or on behalf of the City. Series 2024 Junior Lien Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

The interest on the Series 2024 Junior Lien Bonds shall be payable by check or draft mailed by the paying agent by first-class mail, postage prepaid, to the registered holder(s) thereof at the address shown on the bond register kept by the bond registrar as of the 15th day of the month preceding the month a payment of interest on the Series 2024 Junior Lien Bonds is due. The principal of the Series 2024 Junior Lien Bonds shall be payable to the registered holders thereof, shown on the bond register kept by the bond registrar, on the principal payment dates and maturity dates thereof. Principal of and interest on the Series 2024 Junior Lien Bonds shall be payable in lawful money of the United States of America.

Section 6. Bond Registrar; Paying Agent; Registration; Execution; and Authentication. The Series 2024 Junior Lien Bonds shall be registered as to both principal and interest on the bond register kept for that purpose by the City Treasurer, as bond registrar, who shall also be the paying agent for the Series 2024 Junior Lien Bonds.

The City may, from time to time, designate a different bond registrar and/or paying agent. Notice of a change in the bond registrar and/or paying agent shall be given in writing by certified mail to each registered holder of the Series 2024 Junior Lien Bonds not less than 60 days prior to a change in bond registrar and/or paying agent.

The Series 2024 Junior Lien Bonds are transferable only upon presentation to the bond registrar with a written authorization of transfer by the registered holder or its attorney-in-fact.

The Series 2024 Junior Lien Bonds shall be signed on behalf of the City by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the City Comptroller, the corporate seal of the City shall be impressed or reproduced thereon and the same shall be attested by the manual or facsimile signature of the City Clerk. The City Treasurer is hereby authorized to authenticate the Series 2024 Junior Lien Bonds. Upon the execution and authentication of said Series 2024 Junior Lien Bonds, the same shall be delivered to the Deputy City Manager or Chief Financial Officer of the City who is hereby authorized and directed to deliver said Series 2024 Junior Lien Bonds to the original purchaser thereof.

Section 7. Bond Form. The form of the Series 2024 Junior Lien Bonds shall be substantially as follows:

R-\_\_\_\_  
UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF KENT  
CITY OF GRAND RAPIDS  
WATER SUPPLY SYSTEM IMPROVEMENT  
JUNIOR LIEN REVENUE BOND, SERIES 2024

INTEREST RATE

%

MATURITY

Exhibit A

DATE OF ORIGINAL  
ISSUE

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: \_\_\_\_\_ Dollars (\$\_\_\_\_\_)

The City of Grand Rapids, County of Kent, State of Michigan (the "City"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above or so much thereof as shall have been advanced to the City pursuant to Contract Documents between the City and the Michigan Finance Authority (the "Authority") and a Supplemental Agreement by and among the City, the Authority and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, on the maturity dates and in the amounts set forth in Exhibit A attached hereto commencing \_\_\_\_\_, 20\_\_\_\_ (as identified in the Contract Documents between the City and the Authority) unless redeemed prior thereto as hereinafter provided, the final payment being made upon presentation and surrender of this Series 2024 Bond at the office of the City Treasurer, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Series 2024 Bonds Series Ordinance identified below; and to pay to the Registered Owner at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest at the rate per annum specified above on such Principal Amount, to the extent advanced to the City pursuant to the Contract Documents and the Supplemental Agreement, from each date so advanced until the City's obligation with respect to the payment of such Principal Amount is discharged. Interest is payable on the first days of April and October in each year, commencing on \_\_\_\_\_, 20\_\_\_\_. Principal and interest are payable in lawful money of the United States of America.

In the event of a default in the payment of principal of 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 Series 2024 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 Series 2024 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 Series 2024 Bond.

During the time funds are being drawn down by the City under this Series 2024 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 Series 2024 Bond.

Principal of this Series 2024 Bond is subject to redemption prior to maturity at the option of the City with the prior written consent of the Authority and on such terms as may be required by the Authority.

Not less than thirty days' (forty days if the Authority is the holder of this Series 2024 Bond) notice of redemption of bond principal shall be given to the Registered Owner of this Bond by mail to the Registered Owner at the registered address. Bond principal called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

Notwithstanding any other provision of this Series 2024 Bond, so long as the Authority is the owner of this Series 2024 Bond: (a) each series of the Series 2024 Bonds shall be payable in lawful money of the United States; (b) each series of the 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"); (c) the City agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on each series of the Series 2024 Bonds in immediately available funds by 12:00 p.m. (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 p.m. (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 (d) written notice of any redemption of each series 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.

This Series 2024 Bond is a self-liquidating bond issued pursuant to and in accordance with the Constitution and statutes of the State of Michigan, including particularly the Revenue Bond Act, Act 94 of the Public Acts of Michigan of 1933, as amended ("Act 94"), Ordinance 85-47 adopted by the City Commission of the City on August 13, 1985, as amended (the "Bond Ordinance") and Ordinance No. 2024-\_\_ adopted by the City Commission of the City on \_\_\_\_\_, 2024 (the "Series 2024 Bonds Series Ordinance" and together with the Bond Ordinance, the "Ordinances"), for the purpose of acquiring, constructing and installing certain improvements to the City's Water Supply System and paying certain other costs including engineering costs related thereto and costs related to the issuance of the Series 2024 Bonds.

The revenues derived from the operation of the City's Water Supply System, less the expenses of administration, operation and maintenance of the Water Supply System, are hereby irrevocably pledged and a statutory lien thereon is hereby created for the payment of principal of and interest hereon. Said pledge of and lien upon revenues of the City's Water Supply System shall at all times be and remain subordinate and inferior in all respects to the pledges of and liens upon such revenues (i) made or authorized for any Bonds (as defined in the Bond Ordinance) issued pursuant to the Bond Ordinance and any Series Ordinances (as defined in the Bond Ordinance) adopted in accordance with Bond Ordinance or (ii) given in favor of the providers of Credit Facilities and Reserve Fund Credit Facilities (as those terms are defined in the Bond Ordinance) provided as additional security for Bonds issued pursuant to the Bond Ordinance and any Series Ordinance adopted pursuant thereto. Said pledge of and lien upon the revenues of the City's Water Supply System shall be on a parity with a similar pledge and lien upon such revenues given as security for the City's Outstanding Junior Lien Bonds (as defined in the Series 2024 Bonds Series Ordinance).

So long as a payment default shall exist with respect to any Bonds (as defined in the Bond Ordinance) that are not Junior Lien Bonds (as defined in the Bond Ordinance) (the "Senior Bonds") (i) no payments shall be made on or in respect of such Junior Lien Bonds including the Series 2024 Bonds, (ii) the Trustee (as defined in the Bond Ordinance) acting on behalf of and at the direction and with the consent of a majority of the holders of Senior Bonds (the "Directing Party"), shall have the exclusive right to file claims and proofs of claims, to vote the full amount of any Junior Lien Bonds including this Series 2024 Bond and to direct any actions taken on behalf of the holders of Junior Lien Bonds including this Series 2024 Bond in connection with any plan of reorganization, arrangement or similar action in any bankruptcy proceedings, receivership or similar proceedings, and (iii) no Junior Lien Bonds including this Series 2024 Bond may be accelerated without the prior consent of the Directing Party.

The City hereby covenants and agrees to fix and maintain, at all times that this Series 2024 Bond and other bonds of the same series as this Series 2024 Bond, if any, are outstanding, such rates for services furnished by the City's Water Supply System as shall be sufficient to provide for the payment of the principal of, premium, if any, and interest on all revenue bonds issued pursuant to Act 94 which pledge the revenues of said Water Supply System as security therefor. The City further covenants and agrees to provide for the payment of expenses of administration, operation and 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 such funds as are required by the Ordinances.

Additional bonds may be issued in accordance with the provisions of the Ordinances.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2024 Bond and other bonds of the same series as this Series 2024 Bond, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the City of Grand Rapids, County of Kent, Michigan, has caused this Series 2024 Bond to be signed by the manual or facsimile signature of its Mayor and countersigned by the manual or facsimile signature of the City Comptroller, its corporate seal to be impressed or printed hereon and the same attested to by the manual or facsimile signature of the City Clerk. This Series 2024 Bond shall not be valid unless the Certificate of Authentication has been manually executed by the bond registrar and paying agent.

CITY OF GRAND RAPIDS

(SEAL)

By \_\_\_\_\_  
Rosalynn Bliss,  
Mayor

Countersigned:

By \_\_\_\_\_  
Joel H. Hondorp  
City Clerk

By \_\_\_\_\_  
Charles "Max" Frantz,  
City Comptroller

## CERTIFICATE OF AUTHENTICATION

This Series 2024 Bond is the bond described in the within mentioned Series Ordinance.

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John Globensky, City Treasurer  
Bond Registrar and Paying Agent

AUTHENTICATION DATE:

## ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

(please print or type name, address and taxpayer identification number of transferee) the  
within bond and all rights thereunder and does hereby irrevocably constitute and appoint \_\_

attorney to transfer the within bond on the books kept for registration thereof, with full power  
of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

Signature(s) must be guaranteed by an eligible guarantor institution participating in a  
Securities Transfer Association recognized signature guarantee program.

## EXHIBIT A

The principal amounts and maturity dates applicable to the Series 2024 Bond to which this Exhibit A is attached are as follows:

Maturity Date

( )

Principal Amount

Section 8. Revenues as Security. The principal of, premium, if any, and interest on the Series 2024 Junior Lien Bonds shall be payable from the revenues derived from the operation of the Water Supply System. The revenues derived from the operation of the Water Supply System, less expenses of administration, operation and maintenance of the Water Supply System, are hereby irrevocably pledged and a statutory lien thereon is hereby created for the payment of principal of, premium, if any, and interest on the Series 2024 Junior Lien Bonds and any additional bonds of equal standing which have been or may be issued. Said pledge of and lien upon revenues of the Water Supply System shall at all times be and remain subordinate and inferior in all respects to the pledges of and liens upon such revenues (i) made or authorized for any Bonds (as defined in Ordinance No. 85-47) issued pursuant to Ordinance No. 85-47 and any Series Ordinance (as defined in Ordinance No. 85-47) adopted in accordance with Ordinance No. 85-47 or (ii) given in favor of the providers of Credit Facilities and Reserve Fund Credit Facilities (as those terms are defined in Ordinance No. 85-47) provided as additional security for Bonds issued pursuant to Ordinance No. 85-47 and any Series Ordinance adopted pursuant thereto.

Section 9. Rights of Bondholders. The holder or holders of the Series 2024 Junior Lien Bonds representing in the aggregate not less than 20% of the entire issue then outstanding may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce the pledge and lien set forth in Section 8 hereof and enforce and compel the performance of all duties of the officers of the City, including the fixing of sufficient rates, the collection of revenues, the proper segregation of revenues and the proper application thereof, *provided, however*, the holders of such Series 2024 Junior Lien Bonds may not take any action which (a) is inconsistent with the provisions of Ordinance No. 85-47, which jeopardize or diminish the rights of holders of Bonds issued pursuant to Ordinance No. 85-47 and any Series Ordinance (as defined in Ordinance No. 85-47) adopted in accordance with Ordinance No. 85-47 or which would jeopardize or diminish the security or the priority of the security of Bonds issued pursuant to Ordinance No. 85-47 and any Series Ordinance (as defined in Ordinance No. 85-47) adopted in accordance therewith, or (b) jeopardize or

diminish the rights of holders of the Outstanding Junior Lien Bonds. The pledge and lien of revenues of the Water Supply System shall not be construed to give any holder of any Series 2024 Junior Lien Bond authority to compel the sale of the Water Supply System, including the Improvements, the revenues of which are pledged thereto.

The holder or holders, from time to time, of the Series 2024 Junior Lien Bonds shall have all the rights and remedies given by law including particularly Act 94 for the enforcement of the City's obligations under this Ordinance and in the Series 2024 Junior Lien Bonds, *provided, however*, the holder or holders of such Series 2024 Junior Lien Bonds may not take any action which (a) is inconsistent with the provisions of Ordinance No. 85-47, which jeopardize or diminish the rights of holders of Bonds issued pursuant to Ordinance No. 85-47 and any Series Ordinance (as defined in Ordinance No. 85-47) adopted in accordance with Ordinance No. 85-47 or which would jeopardize or diminish the security or the priority of the security of Bonds issued pursuant to Ordinance No. 85-47 and any Series Ordinance (as defined in Ordinance No. 85-47) adopted in accordance therewith or (b) jeopardize or diminish the rights of holders of the Outstanding Junior Lien Bonds.

Section 10. Management of System. The management and operation of the Water Supply System shall be under the control of the City Commission. The City Commission may employ such persons in such capacities as it deems advisable to carry on the efficient management and operation of the Water Supply System. The City Commission may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the Water Supply System and not inconsistent with the provisions of Ordinance No. 85-47.

Section 11. Establishment of Funds and Disposition and Investment of System Revenues. Funds of the Water Supply System shall be established and revenues of the Water Supply System shall be disposed of and invested as provided in Ordinance No. 85-47, *provided, however*, there shall be no Reserve Requirement (as defined in Ordinance No. 85-47) required for the Series 2024 Junior Lien Bonds and the City shall not be required to deposit the payments of principal of and interest on the Series 2024 Junior Lien Revenue

Bonds on a monthly basis in the Bond and Interest Redemption Fund (as defined in Ordinance No. 85-47) as provided in Ordinance No.85-47.

Section 12. Rates and Charges. The City hereby covenants and agrees to fix and maintain, at all times that the Series 2024 Junior Lien Revenue Bonds are outstanding, such rates for services furnished by the Water Supply System as shall be sufficient to pay (i) the expenses of administration and the costs of operation and maintenance of the Water Supply System; (ii) principal of, premium, if any, and interest on the Series 2024 Junior Lien Bonds and any bonds issued or that may be issued pursuant to Ordinance No. 85-47; and (iii) the cost of replacement, repairs and improvements to the Water Supply System and the cost of all other requirements provided herein, and otherwise comply with the covenants herein provided.

Section 13. Lien. By Section 21 of Act 94 and this Ordinance, the rates and charges for services furnished to premises by the Water Supply System are made liens thereon, and those rates and charges delinquent for six months or more shall be certified by the City annually on March 1 of each year to the City tax assessing officer who shall enter the same upon the next tax roll against the premises to which the service shall have been rendered, and the rates and charges shall be collected and the lien shall be enforced in the same manner as provided for the collection of *ad valorem* property taxes assessed upon such roll and the enforcement of the lien therefor. However, in all cases where a tenant is responsible for the payment of the charges and the City is so notified in writing (including a true copy of any lease), then the charges shall not become a lien against the premises from and after the date of the notice. From and after such notice, no further service shall be rendered to the premises until a cash deposit of not less than three months service shall have been made as security for payment of the charges.

Section 14. No Free Service. No free service shall be furnished by the Water Supply System to the City or to any individual, firm or corporation, public or private, or to any agency or instrumentality.

Section 15. Covenants. The City covenants and agrees, so long as any of the Series 2024 Junior Lien Bonds remain outstanding, as follows:

A. That, with reference to the Water Supply System, it will punctually perform all duties and comply with applicable State of Michigan laws, rules and regulations and continually operate and maintain the Water Supply System in good condition.

B. That it will acquire, construct and install the Improvements, and that it will not sell, lease, mortgage or in any manner dispose of the Water Supply System, including the Improvements, or any substantial part thereof, until all bonds payable from the revenues of the Water Supply System shall have been paid in full or provision has been made for the payment of such bonds.

C. That it will maintain complete books and records relating to the operation of the Water Supply 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 furnish any holder of any Series 2024 Junior Lien Bonds a copy of such report upon written request.

D. That it will prepare, keep and file such records, statements and accounts as may be required by law and that it will file with the Authority and the Local Audit Division of the Michigan Department of Treasury each fiscal year a report or audit made in accordance with the accounting methods of the City, completely setting forth the financial operations of such fiscal year.

E. That it will maintain and carry insurance or a program of self-insurance on all physical properties of the Water Supply System, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar systems. All moneys received for losses under any such insurance policies shall be applied first to the repair, replacement and restoration of the property damaged or destroyed.

Section 16. Additional Bonds. The City may issue Additional Bonds (as defined in Ordinance No. 85-47) prior and superior to the Series 2024 Junior Lien Bonds in accordance with Ordinance No. 85-47 and may issue additional Junior Lien Bonds (as defined in Ordinance No. 85-47) of equal standing as the Series 2024 Junior Lien Bonds provided such additional Junior Lien Bonds may be issued only if the Net Revenues (as defined in Act 94) of the Water Supply System for the fiscal year next preceding the year in which such additional bonds are to be issued, adjusted to reflect any rate increases currently adopted and to be in effect prior to or coincident with the issuance of such additional Junior Lien Bonds, and determined *pro forma*, as though such rate increases had been in continuous effect during the preceding fiscal year, were 100% of the average annual debt service requirements on all bonds then outstanding payable principally from the revenues of Water Supply System and those proposed to be issued.

Section 17. Ordinance Shall Constitute Contract. The provisions of this Ordinance shall constitute a contract between the City and the holders of the Series 2024 Junior Lien Bonds and after the issuance of such Series 2024 Junior Lien Bonds this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holders of the Series 2024 Junior Lien Bonds, nor shall the City adopt any law, ordinance or resolution which in any way adversely affects the rights of the holders of the Series 2024 Junior Lien Bonds so long as the Series 2024 Junior Lien Bonds or interest thereon remains outstanding.

Section 18. Sale of Series 2024 Junior Lien Bonds to Authority. The Series 2024 Junior Lien Bonds are hereby authorized to be sold to the Authority pursuant to Contract Documents between the City and the Authority.

Each series of the Series 2024 Bonds shall be sold to the Authority by means of a negotiated sale. The City determines that a negotiated sale to the Authority is in the best interest of the City because the terms offered by the Authority are more favorable than those available from other sources of funding.

The Mayor, City Manager, or Deputy City Manager of the City is hereby authorized to execute said Contract Documents on behalf of the City consistent with the provisions of this Ordinance and in the form approved by bond counsel.

Section 19. Report of Sale of Series 2024 Junior Lien Bonds. The Deputy City Manager of the City or a designee, prior to the issuance of the Series 2024 Junior Lien Bonds authorized by this Ordinance, shall file a report with the City Commission with respect to the sale of the Series 2024 Junior Lien Bonds. Such report shall include (i) the date of issue, principal amount and manner of sale, (ii) the interest rate or rates, (iii) the Reserve Requirement, if any, and (iv) the use and disposition of the proceeds thereof.

Section 20. Execution of Documents, Retention of Municipal Advisor. The Mayor, City Clerk, City Comptroller, City Treasurer, City Manager, the Deputy City Manager or Chief Financial Officer of the City are hereby authorized to execute and deliver such documents, certificates, instruments and other papers as may be necessary to effect the sale and delivery of the Series 2024 Junior Lien Bonds including a Supplemental Agreement between the City, the Authority and the State of Michigan acting through the Department of Environment, Great Lakes and Energy, and an Issuer's Certificate both in the form approved by bond counsel. In connection with the issuance and sale of the Series 2024 Junior Lien Bonds the Deputy City Manager or Chief Financial Officer is authorized to retain the services of a municipal advisor to assist the City.

Section 21. Ordinance Subject to Michigan Law. The provisions of this Ordinance are subject to the laws of the State of Michigan.

Section 22. Tax Covenant. If any of the Series 2024 Bonds are issued as Tax-Exempt Bonds, the City covenants to comply with all requirements of the Code necessary to assure that the interest on such Series 2024 Bonds will be and will remain excludable from gross income for federal income tax purposes. The Authorized Officer and other appropriate officials of the City are authorized to do all things necessary to assure that the interest on the applicable series of the Series 2024 Bonds will be and will remain excludable from gross income for federal income tax purposes.

Section 23. Operating Year of System. The operating year of the Water Supply System shall coincide with the fiscal year of the City which currently begins July 1 and ends June 30.

Section 24. 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 25. Publication and Recordation. This Ordinance shall be published once in full in *The Grand Rapids Press*, a newspaper of general circulation in the City, promptly after its adoption and the same shall be recorded in the ordinance book of the City and such recording authenticated by the signatures of the Mayor of the City and City Clerk.

Section 26. Severability. If any section, paragraph, sentence, clause or phrase of this Ordinance shall be held invalid, the same shall not affect any other part of this Ordinance.

Section 27. Effective Date. This Ordinance is effective immediately upon its adoption.