ORDINANCE NO. 349

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE SEWAGE DISPOSAL SYSTEM OF THE CITY OF BESSEMER; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY THE COST THEREOF; TO PRESCRIBE THE FORM OF THE BONDS; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON BONDS OF THE SYSTEM; TO PROVIDE AN ADEQUATE RESERVE ACCOUNT FOR THE BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE SYSTEM; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM.

THE CITY OF BESSEMER ORDAINS:

Section 1. Definitions. In addition to the words and terms defined elsewhere in this Ordinance, the following words and terms as used in this Ordinance shall have the meanings assigned in this Section, unless the context or use clearly indicates another or different meaning or intent.

The word "acquired," as used in this Ordinance, shall be construed to include acquisition by purchase, construction or by any other method.

"Act 94" shall mean Act 94, Public Acts of Michigan, 1933, as amended.

"Additional Bonds" shall mean additional bonds issued pursuant to Section 17 of this Ordinance.

"Bond Reserve Account" shall mean the subaccount in the Bond and Interest Redemption Account established in accordance with Section 12 of this Ordinance.

"Depository Bank" shall mean First National Bank of Wakefield, in Wakefield, Michigan, a member of the Federal Deposit Insurance Corporation, or other financial institution qualified to serve as depository bank and designated by the Issuer.

"Engineer" shall mean C2AE, Escanaba, Michigan.

"Fiscal Year" shall mean the fiscal year of the Issuer and the operating year of the System, commencing July 1 and ending June 30 of the subsequent year, as such year may be changed from time to time.

"Government" shall mean the government of the United States of America or any agency thereof.

"Issuer" shall mean the City of Bessemer, County of Gogebic, State of Michigan.

"Ordinance" shall mean this Ordinance and any ordinance or resolution of the Issuer amendatory or supplemental to this Ordinance.

"Project" shall mean the acquisition, construction and equipping of improvements to the System, consisting generally of the replacement of sanitary sewer lines and manholes at various locations in the Issuer, together with related improvements, structures, equipment and appurtenances, all as described in the plans and specifications prepared by the Engineer.

"Reserve Amount" shall mean, with respect to the Series 2017 Bond, the lesser of (1) the maximum annual debt service due on the Series 2017 Bond in the current or any future year, (2) 125% of the average annual debt service on the Series 2017 Bond, or (3) 10% of the principal amount of the Series 2017 Bond on the date of issuance of the Series 2017 Bond.

"Revenues" and "Net Revenues" shall mean the revenues and net revenues of the Issuer derived from the operation of the System and shall be construed as defined in Section 3 of Act 94, including with respect to "Revenues," the earnings derived from the investment of moneys in the various funds and accounts established by this Ordinance.

"Series 2017 Bond" shall mean the Issuer's Sewage Disposal System Revenue Bond, Series 2017 (Taxable), in the original principal amount of $3,000,000, authorized to be issued pursuant to this Ordinance.

"System" shall mean the Issuer's sewage disposal system, including such facilities thereof as are now existing, are acquired and constructed as the Project, and all enlargements, extensions, repairs and improvements thereto hereafter made.

"Transfer Agent" shall mean the transfer agent and bond registrar for the Series 2017 Bond as appointed from time to time by the Issuer as provided in Section 6 of this Ordinance and who or which shall carry out the duties and responsibilities as set forth in Sections 6 and 7 of this Ordinance.

Section 2. Establishment of System; Necessity; Approval of Plans and Specifications. The Issuer hereby reconfirms the establishment of the System as a "public improvement" under and as defined in Act 94. It is hereby determined to be a necessary public purpose of the Issuer to acquire and construct the Project in accordance with the plans and specifications prepared by the Engineer and on file with the Issuer, which plans and specifications are hereby approved.

Section 3. Costs; Useful Life. The total cost of the Project, including the payment of incidental expenses as specified in Section 4 of this Ordinance, is estimated to be $5,638,000, which estimate of cost is hereby approved and confirmed, and the estimated period of usefulness of the Project is determined to be not less than forty (40) years.

Section 4. Payment of Costs; Series 2017 Bond Authorized. To pay part of the cost of acquiring and constructing the Project, and legal, engineering, financial and other expenses incident to said acquisition and construction, and expenses incident to the issuance and sale of

the Series 2017 Bond, it is hereby determined that the Issuer borrow the aggregate principal sum of not to exceed Three Million Dollars ($3,000,000) and issue the Series 2017 Bond therefor pursuant to the provisions of Act 94. The remaining costs of the Project will be paid from grant funds and Issuer funds on hand and legally available for such use.

Section 5. Series 2017 Bond Details. The Series 2017 Bond shall be designated "SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2017 (TAXABLE)," shall be dated as of the date of delivery of the first delivery installment (hereinafter defined), shall consist of one fully-registered nonconvertible bond of the denomination of $3,000,000, and shall be payable in principal installments serially on March 1 of each year, as follows:

March 1	Amount	March 1	Amount
2018	$45,000	2038	$ 73,000
2019	46,000	2039	75,000
2020	47,000	2040	77,000
2021	48,000	2041	79,000
2022	49,000	2042	81,000
2023	50,000	2043	83,000
2024	52,000	2044	85,000
2025	53,000	2045	87,000
2026	54,000	2046	89,000
2027	56,000	2047	91,000
2028	57,000	2048	93,000
2029	58,000	2049	96,000
2030	60,000	2050	98,000
2031	61,000	2051	101,000
2032	63,000	2052	103,000
2033	64,000	2053	106,000
2034	66,000	2054	108,000
2035	68,000	2055	111,000
2036	69,000	2056	114,000
2037	71,000	2057	113,000

The Mayor of the Issuer is authorized to decrease the aggregate principal amount of the Series 2017 Bond and/or change the payment dates and the amounts of any of the foregoing installments if determined by the Mayor to be in the best interests of the Issuer; provided, however, that the final principal payment of the Series 2017 Bond shall be due and payable within forty (40) years of the date of issuance of the Series 2017 Bond.

The Series 2017 Bond is expected to be delivered to the Government as initial purchaser thereof in installments (the "delivery installments") and each delivery installment shall be noted on the registration grid set forth on the Series 2017 Bond. The delivery installments shall be deemed to correspond to the serial principal installments of the Series 2017 Bond in direct chronological order of said serial principal installments.

The serial principal installments of the Series 2017 Bond will each bear interest from the date of delivery of the corresponding delivery installment to the registered holder thereof as shown on the registration grid set forth on the Series 2017 Bond at the rate of not to exceed 2.50% per annum, or such lower rate as the Government agrees to provide to the Issuer, payable on the first March 1 or September 1 following the date of delivery of said delivery installment, and semiannually thereafter on March 1 and September 1 of each year until maturity or earlier prepayment of said installment, or such other dates as may be determined by the Mayor of the Issuer at the time the first delivery installment of the Series 2017 Bond is delivered to the Government. Acceptance of the interest rate on the Series 2017 Bond shall be made by execution of the Series 2017 Bond which so designates the rate specified by the Government and accepted in writing by the Issuer. The Series 2017 Bond shall be issued in fully-registered form and shall not be convertible or exchangeable into more than one fully-registered bond.

The Series 2017 Bond or installments thereof will be subject to prepayment prior to maturity on any date on or after the date that the first principal installment of the Series 2017 Bond is due, in the manner specified in the form of the Series 2017 Bond set forth in Section 9 of this Ordinance.

Section 6. Bond Registration and Transfer. The Transfer Agent shall keep or cause to be kept at its principal office sufficient books for the registration and transfer of the Series 2017 Bond, which shall at all times be open to inspection by the Issuer. The Transfer Agent shall transfer or cause to be transferred on said books the Series 2017 Bond if presented for transfer, as hereinafter provided and subject to such reasonable regulations as it may prescribe.

The Series 2017 Bond may be transferred upon the books required to be kept by the Transfer Agent pursuant to this Section, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Series 2017 Bond for transfer, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever the Series 2017 Bond shall be surrendered for transfer, the Transfer Agent shall record such transfer on the registration books and shall register such transfer on the registration grid attached to the Series 2017 Bond. At the time of such transfer the Transfer Agent shall note on the Series 2017 Bond the outstanding principal amount thereof at the time of such transfer. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Issuer shall not be required (i) to issue, register the transfer of, or exchange

the Series 2017 Bond during a period beginning at the opening of business fifteen days before the day of the mailing of a notice of prepayment of the Series 2017 Bond or installments thereof selected for redemption and ending at the close of business on the day of that mailing, or (ii) to register the transfer of or exchange the Series 2017 Bond or portion thereof so selected for prepayment. In the event that the Series 2017 Bond is called for prepayment in part, the Transfer Agent, upon surrender of the Series 2017 Bond, shall note on the Series 2017 Bond the principal amount prepaid and shall return the Series 2017 Bond to the registered owner thereof together with the prepayment amount on the prepayment date.

The Treasurer of the Issuer is hereby appointed to act as Transfer Agent with respect to the Series 2017 Bond. If and at such time as the Series 2017 Bond is transferred to or held by any registered owner other than the Government, the Issuer by resolution may appoint a bank or trust company qualified under Michigan law to act as transfer agent and bond registrar with respect to the Series 2017 Bond, and the Issuer may thereafter appoint a successor Transfer Agent upon sixty (60) days' notice to the registered owner of the Series 2017 Bond.

Section 7. Payment of the Series 2017 Bond. Principal of and interest on the Series 2017 Bond shall be payable in lawful money of the United States of America by check or draft mailed by the Transfer Agent to the registered owner at the address of the registered owner as shown on the registration books of the Issuer kept by the Transfer Agent. If the Government shall no longer be the registered owner of the Series 2017 Bond, then the principal of and interest on the Series 2017 Bond shall be payable to the registered owner of record as of the fifteenth day of the month preceding the payment date by check or draft mailed to the registered owner at the registered address. Such date of determination of the registered owner for purposes of payment of principal or interest may be changed by the Issuer to conform to future market practice. The Treasurer of the Issuer is hereby authorized to execute an agreement with any successor Transfer Agent.

The Transfer Agent shall record on the registration books the payment by the Issuer of each installment of principal or interest or both on the Series 2017 Bond when made and the canceled checks or drafts representing such payments shall be returned to and retained by the Treasurer of the Issuer, which canceled checks or drafts shall be conclusive evidence of such payments and the obligation of the Issuer with respect to such payments shall be discharged to the extent of such payments.

Upon payment by the Issuer of all outstanding principal of and interest on the Series 2017 Bond, the registered owner thereof shall deliver the Series 2017 Bond to the Issuer for cancellation.

Section 8. Execution and Delivery of the Series 2017 Bond. The Series 2017 Bond shall be manually signed by the Mayor and countersigned by the Clerk of the Issuer and shall have the corporate seal of the Issuer impressed thereon. After execution, the Series 2017 Bond shall be held by the Treasurer of the Issuer for delivery to the Government. Neither the Series 2017 Bond nor any installment thereof shall be valid until registered by the Treasurer of the Issuer or by another person designated in writing by the Treasurer to act as bond registrar, or upon transfer by the Government and thereafter, by an authorized representative of the Transfer Agent.

Section 9. Series 2017 Bond Form. The Series 2017 Bond shall be in substantially the following form, with such completions or other changes as are necessary to conform the Series 2017 Bond to the terms established at the time of sale of the Series 2017 Bond to the Government, as determined by the Mayor of the Issuer:

REGISTERED

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF GOGEBIC

CITY OF BESSEMER
SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2017 (TAXABLE)

No. R-1 $3,000,000

The City of Bessemer, County of Gogebic, State of Michigan (the "Issuer"), for value received, hereby promises to pay to the registered owner hereof, but only out of the hereinafter described Net Revenues of the Issuer's sewage disposal system, including all appurtenances, additions, extensions and improvements thereto (the "System"), the sum of

Three Million Dollars

on the dates and in the principal installment amounts set forth in Exhibit A attached hereto and made a part hereof, with interest on said installments from the date each installment is delivered to the Issuer and as set forth on the registration grid hereon until paid at the rate of _____% per annum, first payable on September 1, 2017, and semiannually thereafter; provided that the principal repayments required herein to the registered owner shall not exceed the total of the principal installments set forth on the registration grid attached hereto from time to time hereafter to acknowledge receipt of payment of the purchase price of this bond up to a total of $3,000,000. Both principal of and interest on this bond are payable in lawful money of the United States of America to the registered owner at the address shown on the Issuer's registration books by check or draft mailed to the registered owner at the address shown on the registration books of the Issuer.

For prompt payment of principal and interest on this bond, the revenues of the System, after provision has been made for reasonable and necessary expenses of operation, administration and maintenance thereof (the "Net Revenues"), are hereby irrevocably pledged and a statutory first lien thereon is hereby recognized and created.

This bond is a single, fully-registered, non-convertible bond in the principal sum of $3,000,000, issued pursuant to Ordinance No. _____ of the Issuer adopted on March 6, 2017 (the "Ordinance"), and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of acquiring and constructing improvements to the System, as described in the Ordinance. 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 as to the Net Revenues may hereafter be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Ordinance.

The Issuer has reserved the right to issue additional bonds of equal standing and priority of lien as to the Net Revenues with this bond on conditions stated in the Ordinance.

This bond is a self-liquidating bond and is not a general obligation of the Issuer and does not constitute an indebtedness of the Issuer within any constitutional, statutory or charter debt limitation, but is payable, both as to principal and interest, solely from the Net Revenues of the System. The principal of and interest on this bond is secured by the statutory first lien hereinbefore mentioned.

The Issuer has covenanted and agreed, and does hereby covenant and agree, to fix and maintain at all times while any bonds payable from the Net Revenues of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest upon and the principal of this bond and any Additional Bonds hereafter issued, as and when the same become due and payable, and to create a bond and interest redemption account (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Ordinance.

Principal installments of this bond are subject to prepayment prior to maturity, in inverse chronological order, at the Issuer's option, on any date on or after March 1, 2018, at par and accrued interest to the date fixed for prepayment.

Thirty days' notice of the call of any principal installments for prepayment shall be given by mail to the registered owner at the registered address. The principal installments so called for prepayment shall not bear interest after the date fixed for prepayment, provided funds are on hand to prepay said installments.

This bond shall be registered as to principal and interest on the books of the Issuer kept by the Treasurer of the Issuer or successor or written designee as bond registrar and transfer agent (the "Transfer Agent") and noted hereon, after which it shall be transferable only upon presentation to the Transfer Agent with a written transfer by the registered owner or his attorney in fact. Such transfer shall be noted hereon and upon the books of the Issuer kept for that purpose by the Transfer Agent.

Capitalized terms used in this bond and not defined herein have the meaning set forth in the Ordinance.

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

IN WITNESS WHEREOF, the City of Bessemer, County of Gogebic, State of Michigan, by its City Council, has caused this bond to be signed in its name by its Mayor and to be countersigned by its City Clerk, and its corporate seal to be hereunto affixed, all as of March 6, 2017.

CITY OF BESSEMER

By _____
Its: Mayor

(Seal)

Countersigned:

By _____
Its: City Clerk

REGISTRATION
NOTHING TO BE WRITTEN HEREON EXCEPT
BY THE BOND REGISTRAR/TRANSFER AGENT

Date of Registration of Delivery	Name of Registered Owner	Principal Installment Delivered	Signature of Bond Registrar/ Transfer Agent
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		
	United States of America		

EXHIBIT A

March 1	Amount	March 1	Amount
2018	$45,000	2038	$ 73,000
2019	46,000	2039	75,000
2020	47,000	2040	77,000
2021	48,000	2041	79,000
2022	49,000	2042	81,000
2023	50,000	2043	83,000
2024	52,000	2044	85,000
2025	53,000	2045	87,000
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2027	56,000	2047	91,000
2028	57,000	2048	93,000
2029	58,000	2049	96,000
2030	60,000	2050	98,000
2031	61,000	2051	101,000
2032	63,000	2052	103,000
2033	64,000	2053	106,000
2034	66,000	2054	108,000
2035	68,000	2055	111,000
2036	69,000	2056	114,000
2037	71,000	2057	113,000

Section 10. Security for Series 2017 Bond. The Series 2017 Bond and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues of the System, which shall be a first lien, to continue until payment in full of the principal of and interest on the Series 2017 Bond.

Section 11. Budget. Immediately upon the effective date of this Ordinance for the remainder of the current Fiscal Year, and thereafter prior to the beginning of each Fiscal Year, the Issuer shall prepare an annual budget for the System for the ensuing Fiscal Year itemized on the basis of monthly requirements. A copy of such budget shall be mailed to the Government without request from the Government for review prior to adoption (as long as the Government is the registered owner of the Series 2017 Bond).

Section 12. Custodian of Funds; Funds. The Treasurer of the Issuer shall be the custodian of all funds belonging to or associated with the System and such funds shall be deposited in the Depository Bank. The Treasurer of the Issuer shall execute a fidelity bond with a surety company in an amount at least equal to the minimum amount required by the Government.

The Treasurer of the Issuer is hereby directed to maintain a SEWAGE DISPOSAL SYSTEM FUND, with the following accounts, into which the proceeds of the Series 2017 Bond and the Revenues from the System shall be deposited in the manner and at the times provided in this Ordinance, which accounts shall be established and maintained, except as otherwise provided, so long as the Series 2017 Bond herein authorized remains unpaid.

(A) CONSTRUCTION ACCOUNT. The proceeds of the Series 2017 Bond, and no other funds, shall be deposited with the Depository Bank in a separate deposit account to be designated the 2017 SEWAGE DISPOSAL SYSTEM CONSTRUCTION ACCOUNT (the "Construction Account"). Moneys in the Construction Account shall be transferred, expended and used only for the following purposes:

(1) To pay all legal, engineering, financial and other expenses incident to the acquisition and construction of the Project, and incident to the issuance, sale and delivery of the Series 2017 Bond.

(2) To pay the costs of the acquisition, construction, furnishing and equipping of the Project, or to reimburse the Issuer for funds expended in connection with the foregoing.

Any unexpended balance of the proceeds of sale of the Series 2017 Bond remaining after completion of the Project herein authorized may in the discretion of the Issuer be used for further improvements, enlargements or extensions to the System, provided that at the time of such expenditure such use be approved by the Department of Treasury (if such approval is then required by law). Any remaining balance after such expenditures shall be paid into the Bond and Interest Redemption Account and used as soon as is practical for the prepayment of installments of the Series 2017 Bond.

After completion of the Project and disposition of remaining proceeds, if any, of the Series 2017 Bond pursuant to the provisions of this Section, the Construction Account shall be closed.

(B) SEWAGE DISPOSAL SYSTEM RECEIVING ACCOUNT. Upon and after the effective date of this Ordinance, the Revenues of the System shall be set aside into a separate account to be maintained and designated as the SEWAGE DISPOSAL SYSTEM RECEIVING ACCOUNT (the "Receiving Account"), and moneys so deposited therein shall be transferred, expended and used only in the manner and order as follows:

(1) Operation and Maintenance Account. There is hereby established and there shall be maintained a separate account to be designated the OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account"). Revenues shall be transferred each quarter of the Fiscal Year, commencing upon the effective date of this Ordinance, from the Receiving Account to the Operation and Maintenance Account to pay the reasonable and necessary current expenses of administration and operating and maintaining the System for the ensuing quarter.

(2) Sewage Disposal System Bond and Interest Redemption Account. There is hereby established and there shall be maintained a separate deposit account to be held by the Depository Bank and designated as the SEWAGE DISPOSAL SYSTEM BOND AND INTEREST REDEMPTION ACCOUNT (the "Bond and Interest Redemption Account"). After the transfer required in (1) above, Revenues shall be transferred each quarter of the Fiscal Year from the Receiving Account, before any other expenditures or transfer therefrom, and deposited in the Bond and Interest Redemption Account for payment of principal of and interest on the Series 2017 Bond and to fund the Bond Reserve Account, in the amounts and at the times specified below.

Upon any delivery of an installment of the Series 2017 Bond, there shall be set aside at the time of delivery and on the first day of each quarter of the Fiscal Year thereafter to the next interest payment date an amount equal to that fraction of the amount of interest due on the next interest payment date on said installment so delivered, the numerator of which is 1 and the denominator of which is the number of full and partial Fiscal Year quarters from the date of said delivery to the next interest payment date. There also shall be set aside on the first day of each Fiscal Year quarter after the delivery of the first principal installment an amount not less than 1/2 of the amount of interest due on the next interest payment date on all outstanding installments of the Series 2017 Bond not delivered during the then current interest payment period.

Commencing with the Fiscal Year quarter beginning on April 1, 2017, there shall be set aside on the first day of each Fiscal Year quarter an amount not less than 1/4 of the amount of principal due on the Series 2017 Bond on the next principal payment date. Except as hereinafter provided, no further deposits shall be made into the Bond and Interest Redemption Account (excluding the Bond Reserve Account) for the Series 2017 Bond once the aforesaid sums have been deposited therein. Any amount on deposit in the Bond and Interest Redemption Account (excluding the Bond Reserve Account) in excess of (a) the amount needed for payment of principal installments of the Series 2017 Bond for the then current principal payment period, plus (b) interest on the Series 2017 Bond for the then current interest payment period, shall be used by

the Issuer for redemption of principal installments of the Series 2017 Bond or, in the alternative, shall be deposited in or credited to the Receiving Account.

If for any reason there is a failure to make such quarterly deposit in the amounts required, then the entire amount of the deficiency shall be set aside and deposited in the Bond and Interest Redemption Account out of the Revenues first received thereafter which are not required by this Ordinance to be deposited in the Operation and Maintenance Account or the Bond and Interest Redemption Account, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters.

There is hereby recognized in the Bond and Interest Redemption Account a separate account designated as the BOND RESERVE ACCOUNT (the "Bond Reserve Account"). Commencing with the Fiscal Year quarter beginning on April 1, 2017, there shall be withdrawn from the Receiving Account on the first day of each Fiscal Year quarter and set aside in and transferred to the Bond Reserve Account, after provision has been made for the Operation and Maintenance Account and the current requirements of the Bond and Interest Redemption Account, the sum of at least $3,000 per quarter ($12,000 annually) until there is accumulated in such account the lesser of the sum of $120,000 or the Reserve Amount for the Series 2017 Bond. Except as hereinafter provided, no further deposits shall be made into the Bond Reserve Account pursuant to the requirements of this Ordinance once the lesser of the sum of $120,000 or the Reserve Amount for the Series 2017 Bond has been deposited therein. The moneys in the Bond Reserve Account shall be used solely for the payment of the principal installments of and interest on the Series 2017 Bond as to which there would otherwise be default; provided, however, that in the event the amount on deposit in the Bond Reserve Account exceeds the amount then required to be on deposit therein pursuant to the requirements of this Ordinance, the moneys in excess of such requirements shall be used to pay principal installments of and interest on the Series 2017 Bond on the next payment date.

If at any time it shall be necessary to use moneys in the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required by this Ordinance to be deposited to the Operation and Maintenance Account or to the Bond and Interest Redemption Account for current principal and interest requirements for the Series 2017 Bond.

No further payments need be made into the Bond and Interest Redemption Account for the Series 2017 Bond after enough of the principal installments of the Series 2017 Bond have been retired so that the amount then held in the Bond and Interest Redemption Account (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 principal installments of the Series 2017 Bond then remaining outstanding.

The moneys in the Bond and Interest Redemption Account and the Bond Reserve Account shall be invested in accordance with Section 13 of this Ordinance, and profit realized or income earned on such investment shall be used or transferred as provided in Section 13 of this Ordinance.

(3) Repair, Replacement and Improvement Account. There is hereby established and there shall be maintained a separate account designated REPAIR, REPLACEMENT AND IMPROVEMENT ACCOUNT (the "RRI Account"). After the transfers required in (1) and (2) above, and so long as any principal installments of the Series 2017 Bond remain outstanding, commencing April 1, 2017, Revenues shall be transferred on the first day of each Fiscal Year quarter from the Receiving Account and deposited in the RRI Account in an amount not less than $3,000 ($12,000 annually), less the amount, if any, deposited in the Bond Reserve Account for the Series 2017 Bond at the beginning of the same Fiscal Year quarter in satisfaction of the requirements of Section 12(B)(2) of this Ordinance. Moneys in the RRI Account shall be used and disbursed only for the purpose of paying the cost of (a) repairing any damage to and emergency maintenance of the System, (b) repairing or replacing obsolete, deteriorating, deteriorated or worn out portions of the System, (c) acquiring and constructing extensions and improvements to the System and (d) when necessary, for the purpose of making payment of principal and interest on the Series 2017 Bond. If the amount in the Bond and Interest Redemption Account and the Bond Reserve Account is not sufficient to pay the principal of and interest on the Series 2017 Bond when due, the moneys in the RRI Account shall be transferred to the Bond and Interest Redemption Account and used for that purpose. Moneys in the RRI Account may be invested in accordance with Section 13 of this Ordinance.

(4) General Obligation Debt Account. After the transfers required in (1), (2) and (3) above, Revenues may be transferred from the Receiving Account to a General Obligation Debt Account established by the Issuer (the "G.O. Account") and utilized by the Issuer to pay debt service on presently existing or future general obligation bond issues of the Issuer or general obligations or contractual obligations of the Issuer incurred or to be incurred for System purposes.

(5) Reverse Flow of Funds; Surplus Money. In the event the moneys in the Receiving Account are insufficient to provide for the current requirements of the Operation and Maintenance Account or the Bond and Interest Redemption Account (including the Bond Reserve Account), any moneys and/or securities in the accounts of the System described by this Ordinance shall be transferred, first, to the Operation and Maintenance Account, second, to the Bond and Interest Redemption Account, and third, to the RRI Account.

All moneys remaining in the Receiving Account at the end of any Fiscal Year after satisfying the above requirements for the deposit of moneys into the Operation and Maintenance Account, the Bond and Interest Redemption Account (including the Bond Reserve Account) and the RRI Account may be transferred to the Bond and Interest Redemption Account and used to call the Series 2017 Bond or portions thereof for redemption, or at the option of the Issuer, transferred to the G.O. Account or the RRI Account and used for the purpose for which such accounts were established; provided, however, that if there should be a deficit in the Operation and Maintenance Account, the Bond and Interest Redemption Account (including the Bond Reserve Account) or the RRI Account, on account of defaults in setting aside therein the amounts hereinbefore required, then transfers shall be made from such moneys remaining in the Receiving Account to such accounts in the priority and order named in this Section, to the extent of such deficits.

Section 13. Investments. Moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Series 2017 Bond may be invested by the Issuer in the obligations and instruments permitted for investment by Section 24 of Act 94, as the same may be amended from time to time; provided, however, that as long as the Series 2017 Bond is held by the Government, then the investment may be limited to the obligations and instruments authorized by the Government. Investment of moneys in the Bond and Interest Redemption Account being accumulated for payment on the next maturing principal or interest payment on the Series 2017 Bond shall be limited to obligations and instruments bearing maturity dates prior to the date of the next maturing principal or interest payment on the Series 2017 Bond. Investment of moneys in the Bond Reserve Account shall be limited to direct obligations of the United States of America or obligations the timely payment of which are fully guaranteed by the United States of America and bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than five (5) years from the date of the investment. In the event investments are made, any securities representing the same shall be kept on deposit with the Depository Bank. Interest income earned on investment of funds in the Receiving Account, the Operation and Maintenance Account and the Bond and Interest Redemption Account (except the Bond Reserve Account) shall be deposited in or credited to the Receiving Account. Interest income earned on the investment of funds in the Bond Reserve Account shall be deposited in the Bond and Interest Redemption Account.

Section 14. Rates and Charges. Rates and charges for the services of the System have been established by the Issuer in an amount sufficient to pay the costs of operating, maintaining and administering the System, to pay the principal of and interest on the Series 2017 Bond and to meet the requirements for repair, replacement, reconstruction and improvement of the System and all other requirements provided herein, and otherwise comply with the covenants herein provided. The Issuer hereby covenants and agrees to fix and maintain at all times while the Series 2017 Bond shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for the foregoing expenses, requirements and covenants, and to create a Bond and Interest Redemption Account (including a Bond Reserve Account) for the Series 2017 Bond. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of the Series 2017 Bond, and accruing interest on the Series 2017 Bond, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this Section and Section 12 of this Ordinance.

Section 15. No Free Service. No free service shall be furnished by the System to any individual, firm or corporation, public or private or to any public agency or instrumentality.

Section 16. Covenants. The Issuer covenants and agrees, so long as the Series 2017 Bond herein authorized remain unpaid, as follows:

(a) It will comply with applicable laws and regulations of the State of Michigan and continually operate and maintain the System in good condition.

(b) (i) It will maintain complete books and records relating to the operation and financial affairs of the System. If the Government is the holder of the Series 2017 Bond,

the Government shall have the right to inspect the System and the records, accounts, and data relating thereto at all reasonable times.

(ii) It will cause an annual audit of such books of record and account for the preceding Fiscal 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 Government, without request of the Government. Such audit shall be completed and so made available not later than one hundred eighty (180) days after the close of each Fiscal Year.

(c) It will maintain and carry, for the benefit of the holder of the Series 2017 Bond, insurance on all physical properties of the System, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar systems. The amount of said insurance shall be acceptable to the Government. 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 principal installments of the Series 2017 Bond.

(d) It will not voluntarily dispose of or transfer its title to the System or any part thereof, including lands and interest in land, sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of the Government.

(e) Any extensions to or improvements of the System shall be made according to sound engineering principles, and plans and specifications shall be submitted to the Government for prior review.

Section 17. Additional Bonds. The Issuer may issue additional bonds payable from the Net Revenues of the System and secured by a statutory first lien on the Net Revenues (the "Additional Bonds"), which shall be of equal standing and priority of lien as to the Net Revenues with the Series 2017 Bond and any Additional Bonds then outstanding, for the following purposes and on the following conditions:

(a) To complete construction of the Project according to the plans referred to in Section 2 of this Ordinance, Additional Bonds may be issued in the amount necessary therefor; or

(b) For the purpose of making extensions, enlargements or improvements to the System or refunding in whole or in part the Series 2017 Bond or any Additional Bonds then outstanding if:

(i) The augmented net revenues (hereinafter defined) of the System for the Fiscal Year preceding the year in which such Additional Bonds are to be issued were equal to at least one hundred percent (100%) of the average annual debt service requirements on the Series 2017 Bond and any Additional Bonds then outstanding and the Additional Bonds proposed to be issued, net of any bonds to be refunded by the Additional Bonds proposed to be issued; or

(ii) The holders representing not less than seventy-five percent (75%) of the aggregate principal amount of the Series 2017 Bond and the Additional Bonds then outstanding consent to such issue in writing.

For purposes of this Section, the term "augmented net revenues" shall mean the Net Revenues of the System for a year, adjusted to reflect the effect of any rate increase placed in effect during that year (but not in effect for the whole year), placed in effect subsequent to the year or scheduled, at the time the Additional Bonds are authorized, to be placed in effect before principal of and interest on the Additional Bonds become payable from Revenues of the System, and augmented by any increase in Revenues or decrease in expenses estimated to accrue from the improvements to be acquired from the Additional Bonds. The adjustments and augmentations provided for in the preceding sentence shall be established by certificate of an independent consulting engineer filed with the Clerk of the Issuer. If Additional Bonds are issued within 4 months of the end of a Fiscal Year, the determination made in subsection (b)(i) of this Section may be based upon the results of a Fiscal Year ending within 16 months of the date of issuance of the Additional Bonds.

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 Revenues from any such extension, enlargement, improvement or replacement constructed by the proceeds of any Additional Bonds shall be paid to the Receiving Account established pursuant to this Ordinance.

Except for the issuance of Additional Bonds as provided in this Section 17, so long as the Series 2017 Bond herein authorized is outstanding, no bonds or other obligations pledging any portion of the Revenues of the System shall be incurred or issued by the Issuer unless the same shall be junior and subordinate in all respects to the Series 2017 Bond herein authorized. The Issuer reserves the right to issue, without limit, bonds of junior and subordinate standing and priority of lien as to the Net Revenues with the Series 2017 Bond and any Additional Bonds then outstanding.

Section 18. Ordinance Shall Constitute Contract. The provisions of this Ordinance shall constitute a contract between the Issuer and the holder of the Series 2017 Bond and after the issuance of the Series 2017 Bond this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holder of the Series 2017 Bond without the consent of such holder, nor, except as specifically provided herein, shall the Issuer adopt any law, ordinance or resolution in any way adversely affecting the rights of the holder so long as the Series 2017 Bond or interest thereon remains unpaid.

Section 19. Refunding of Series 2017 Bond. If at any time it shall appear to the Government that the Issuer is able to refund upon call for redemption or with consent of the Government the then outstanding Series 2017 Bond by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Issuer 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 20. Default of Issuer. The holder of the Series 2017 Bond may, by proper suit, action, mandamus or other proceeding, protect and enforce the statutory lien upon the Net Revenues of the System, and may, by proper suit, action, mandamus or other proceeding, enforce and compel performance of all duties of the officers of the Issuer, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the System and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the System or any part thereof. If there shall be any default in the payment of the principal of or interest on the Series 2017 Bond, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Issuer, under the direction of the court, and by and with the approval of the court, to perform the duties of the officers of the Issuer more particularly set forth herein and in Act 94.

The Issuer 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 the Issuer's obligations, all contracts and other rights of the Issuer, conditionally, for such time only as such receiver or operator shall operate by authority of the court.

Section 21. Ordinance Subject to Michigan Law and Government 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 Government not inconsistent with the express provisions hereof and Michigan law.

Section 22. Fiscal Year of System. The fiscal year for operating the System shall be the Fiscal Year.

Section 23. Issuer Subject to Loan Resolution. So long as the Government is holder of the Series 2017 Bond, the Issuer shall be subject to the loan resolution (RUS Bulletin 1780-27) and shall comply with all provisions thereof.

Section 24. Covenant Not to Defease. So long as the Government is the holder of the Series 2017 Bond, the Issuer covenants that it will not defease the Series 2017 Bond or any portion thereof.

Section 25. Certain Determinations. The Mayor and the Clerk of the Issuer are each hereby individually authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transactions authorized herein, and in pursuance of the foregoing each is authorized to exercise the authority and make the determinations authorized pursuant to Section 7a(1)(c) of Act 94, including, but not limited to, determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, and other matters necessary to effectuate the sale and issuance of the Series 2017 Bond authorized hereby, all within the parameters established by this Ordinance. The Mayor and the Clerk are each hereby authorized to confirm the final terms and details of the Series 2017 Bond by execution of the Series 2017 Bond.

Section 26. Negotiated Sale to the Government. The Issuer has considered the option of selling the Series 2017 Bond through a competitive sale and a negotiated sale and determines to sell the Series 2017 Bond to the Government in a negotiated sale in order to obtain interest rates and other terms not generally available from conventional municipal bond market sources and for the opportunities provided by a negotiated sale to the Government to select and adjust the terms of the Series 2017 Bond, including the prepayment of the principal of the Series 2017 Bond at any time without premium.

The Mayor and the Clerk of the Issuer are each hereby authorized and directed to negotiate the sale of the Series 2017 Bond to the Government at an interest rate not to exceed 2.50% per annum. The sale of the Series 2017 Bond to the Government at an interest rate of not to exceed 2.50% per annum and at the par value thereof is hereby approved. The Treasurer of the Issuer is hereby authorized to deliver the Series 2017 Bond in accordance with the delivery instructions of the Government.

Section 27. Authorization of Other Actions. The Mayor and the Clerk/Treasurer of the Issuer are each authorized and directed to execute and deliver all other agreements, documents and certificates and to take all other actions necessary to complete the issuance and delivery of the Series 2017 Bond in accordance with this Ordinance.

Section 28. 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 hereof 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 29. 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 30. Publication and Recordation. This Ordinance shall be published in full in a newspaper of general circulation in the Issuer qualified under State law to publish legal notices promptly after its adoption, and the same shall be recorded in the Ordinance Book of the Issuer and such recording authenticated by the signatures of the Mayor and the City Clerk.

Section 31. Effective Date. This Ordinance is hereby determined by the City Council to be immediately necessary for the preservation of the peace, health and safety of the Issuer and shall be in full force and effect from and after its passage and publication as required by law.

Passed and adopted by the City Council of the City of Bessemer, County of Gogebic, State of Michigan, on March 6, 2017.

Mayor

(Seal)

Attest:

City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Bessemer, County of Gogebic, State of Michigan, at a regular meeting held on the 6th day of March, 2017, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following Members were present at said meeting: Whitburn, Frello, Gaiss, Nelson, and that the following Members were absent: Coleman.

I further certify that Member Frello moved adoption of said Ordinance, and that said motion was supported by Member Gaiss.

I further certify that the following Members voted for adoption of said Ordinance: Whitburn, Gaiss, Nelson, Frello, and that the following Members voted against adoption of said Ordinance: None.

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

City Clerk

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