

ORDINANCE NO. 2

AN ORDINANCE AUTHORIZING THE CONSTRUCTION OF A WATER SYSTEM FOR CHIKAMING TOWNSHIP, BERRIEN COUNTY, MICHIGAN, AND PROVIDING FOR THE ISSUANCE OF \$480,000 WATER SUPPLY SYSTEM REVENUE BONDS FOR THE PURPOSE OF PAYING THE COST THEREOF, PROVIDING FOR THE SECURITY AND PAYMENT OF SUCH BONDS, MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT TO THE FOREGOING, AND FIXING THE INITIAL SCHEDULE OF RATES AND CHARGES FOR SERVICE PROVIDED BY SUCH WATER SYSTEM.

WHEREAS that part of Chikaming Township, Berrien County, Michigan, commonly known as the "Lakeside-Union Pier Area" and described as follows:

All of the fractional Section 17, Township 7 South, Range 20 West, Northwest of Lake Shore Drive and Southwest of the Northeast boundary line of the Harold Swift Property; also, the triangular portion of said Section 17 bounded on the Northwest by Lakeshore Drive and on the Northeast by the road dividing parcels 13 and 14; also, all of the West Half of Section 20, Township 7 South, Range 20 West; also, all of the Northeast Quarter of the said Section 20, West of the first North and South public road East of Bell Avenue; also, Parcel 10 in the Southeast Quarter of the said Section 20, also, the North Half of the Northwest Quarter of the Northwest Quarter of Section 29, Township 7 South, Range 20 West, and the Northeast Quarter of the Northwest Quarter of said Section 29; also, all of fractional Section 19, Twp. 7 South, Range 20 West, also, all of the North Half of Fractional Section 30, Township 7 South, Range 20 West, also, all of the Southwest Quarter of said Section 30, Township 7 South, Range 20 West, West of the center line of the North and South road on the East side of Eggert's Subdivision; also, all of fractional Section 25, Township 7 South, Range 21 West, all being contained in Chikaming Township, Berrien County, Michigan.

is thickly populated and no part thereof is contained within the boundaries of any incorporated municipal corporation; and

Section 2. That for the purpose of paying the cost of constructing said water system, including engineering, legal, and other expenses incidental thereto and to the issuance of the bonds, there be borrowed upon the credit of the revenues of such water system the sum of \$480,000 and that in evidence thereof there be issued negotiable revenue bonds of the Township in the principal sum of \$480,000.

Section 3. That said bonds shall be designated "Water Supply System Revenue Bonds", shall be dated May 1, 1951, shall be in the denomination of \$1,000 each, shall be numbered 1 to 480, inclusive, and shall bear interest at such rate or rates not to exceed four per cent per annum as may be fixed by resolution of the Township Board adopted at the time the bonds are sold, which interest shall be payable semi-annually on the first day of May and November in each year until the principal has been paid. Said bonds shall be payable both as to principal and interest in lawful money of the United States of America at the Harris Trust and Savings Bank, in the City of Chicago, Illinois, and shall become due serially in numerical order on the first day of May in each year, as follows:

<u>Bond Numbers</u>	<u>Amount</u>	<u>Year</u>
1 to 7	\$ 7,000	1955
8 to 14	7,000	1956
15 to 23	9,000	1957
24 to 32	9,000	1958
33 to 42	10,000	1959
43 to 52	10,000	1960
53 to 62	10,000	1961
63 to 73	11,000	1962
74 to 84	11,000	1963
85 to 95	11,000	1964
96 to 107	12,000	1965
108 to 119	12,000	1966
120 to 132	13,000	1967
133 to 145	13,000	1968
146 to 158	13,000	1969

Bonds, Continued:

<u>Bond Numbers</u>	<u>Amount</u>	<u>Year</u>
159 to 172	\$ 14,000	1970
173 to 186	14,000	1971
187 to 201	15,000	1972
202 to 216	15,000	1973
217 to 232	16,000	1974
233 to 249	17,000	1975
250 to 266	17,000	1976
267 to 283	17,000	1977
284 to 301	18,000	1978
302 to 320	19,000	1979
321 to 340	20,000	1980
341 to 360	20,000	1981
361 to 380	20,000	1982
381 to 400	20,000	1983
401 to 420	20,000	1984
421 to 440	20,000	1985
441 to 460	20,000	1986
461 to 480	20,000	1987

provided, however, that bonds numbered 63 to 480, inclusive, shall be callable for redemption at the option of the Township in inverse numerical order on May 1, 1961, or any interest payment date thereafter at par plus accrued interest to the date fixed for redemption plus a premium for each bond so redeemed prior to maturity of \$40 if redeemed on or prior to May 1, 1966; \$30 if redeemed thereafter on or prior to May 1, 1971; \$20 if redeemed thereafter on or prior to May 1, 1976; \$15 if redeemed thereafter on or prior to May 1, 1981; and \$10 if redeemed thereafter prior to maturity. Notice of the call of any bonds for redemption shall be given not less than thirty days prior to the date fixed for redemption by registered mail addressed to the owner of each bond called for redemption which is then registered as to principal. If any bond called for redemption is not so registered, then such notice shall be given not less than thirty days prior to the date fixed for redemption by mailing notice by registered mail

to the place of payment designated in said bonds and by publication of such notice one time in a paper circulated in the State of Michigan which carries as a part of its regular service notices of sale of municipal bonds.

Section 4. That said bonds shall be registerable as to principal in the manner and with the effect provided for in the form of bond hereinafter set out.

Section 5. That said bonds shall be signed by the Supervisor of the Township Board and shall be countersigned by the Township Clerk and shall have impressed thereon the official seal of the Township. Interest falling due on the bonds on and prior to maturity shall be evidenced by appropriate interest coupons to be thereto attached, which coupons shall be signed by said Supervisor and Clerk by their facsimile signatures.

Section 6. That said bonds and the coupons to be thereto attached shall be printed on the back thereof, shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF MICHIGAN

COUNTY OF BERRIEN

CHIKAMING TOWNSHIP

WATER SUPPLY SYSTEM REVENUE BOND

Number \_\_\_\_\_

\$ 1,000

KNOW ALL MEN BY THESE PRESENTS that Chikaming Township, in Berrien County, Michigan, for value received hereby promises to pay

to bearer, or if this bond be registered as to principal then to the registered holder hereof, solely from the revenues hereinafter specified, upon surrender of this bond, the sum of One Thousand (\$1,000) Dollars on the first day of May, 19\_\_\_\_, with interest thereon from the date hereof until paid at the rate of \_\_\_\_\_ per cent ( \_\_\_\_\_%) per annum, payable November 1, 1951, and semi-annually thereafter on the first days of May and November of each year, with interest falling due on and prior to maturity being payable only upon presentation and surrender of the annexed interest coupons as they severally mature. Both principal hereof and interest hereon are payable in lawful money of the United States of America at the Harris Trust and Savings Bank, in the City of Chicago, Illinois. For the prompt payment of said principal and interest the gross revenues of the water system of Chikaming Township located in the District thereof known as the "Lakeside-Union Pier District" described in detail in the Ordinance hereinafter referred to, including any future improvements, enlargements, and extensions of said water system, after provision has been made for payment therefrom of the reasonable expenses of administration, operation, and maintenance of said system, are hereby irrevocably pledged and a statutory lien on said revenues is hereby recognized and created.

This bond is one of a series of bonds in the aggregate amount of \$480,000, authorized by Ordinance duly adopted by the Township Board of said Chikaming Township on \_\_\_\_\_, 1951, for the purpose of paying the cost of constructing a water system in the above mentioned District in the Township, in full compliance with the Constitution and Statutes of the State of Michigan, including, specifically, Act 94 of the

Public Acts of Michigan, 1933, as amended. For a more complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this bond, and the general covenants and provisions pursuant to which this bond is issued, reference is hereby made to the above described Ordinance. This bond is a self-liquidating bond and is payable both as to principal and interest solely from the revenues hereinabove mentioned and is not a general obligation of the Township and does not constitute an indebtedness of the Township within any constitutional or statutory limitation. Principal of and interest on this bond are secured by the aforementioned statutory lien. The Township Board of Chikaming Township has covenanted and agreed and does hereby covenant and agree to maintain at all times such rates for services furnished by said water system as shall be sufficient to provide for the payment of the expenses of administration and operation and such expenses for the maintenance of said water system as may be necessary to preserve the same in good repair and working order, to provide for the payment of interest upon and of principal of all bonds payable therefrom, as and when the same become due and payable, and for the creation of a reserve therefor, and to build up a Replacement Fund which shall be used solely and only for the purpose of making major repairs and replacements to the water system for which funds in the Operation and Maintenance Fund are not available or sufficient therefor.

This bond and the interest hereon are exempt from any and all taxation whatsoever by the State of Michigan or by any taxing authority within said State.

This bond is registerable as to principal in the manner for which provision appears on the back hereof.

Bonds numbered 63 to 480, inclusive, of the issue of which this bond is one are callable for redemption at the option of the Township in inverse numerical order on May 1, 1961, or on any interest payment date thereafter at par plus accrued interest to the date fixed for redemption plus a premium for each bond so redeemed prior to maturity of \$40 if redeemed on or prior to May 1, 1966; \$30 if redeemed thereafter on or prior to May 1, 1971; \$20 if redeemed thereafter on or prior to May 1, 1976; \$15 if redeemed thereafter on or prior to May 1, 1981; and \$10 if redeemed thereafter prior to maturity. Notice of the call of any bonds for redemption prior to maturity shall be given not less than thirty days prior to the date fixed for redemption by mailing such notice by registered mail addressed to the owner of each bond called for redemption which is then registered as to principal. If any bond called for redemption is not so registered, then such notice shall be given not less than thirty days prior to the date fixed for redemption by mailing notice by registered mail to the place of payment of principal and interest designated in said bond and by publication of such notice one time in a newspaper circulated in the State of Michigan which carries as a part of its regular service notices of sale of municipal bonds.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of Chikaming Township in accordance with its terms have been done, exist and have been performed in regular and due time, form and manner as required by law.

IN WITNESS WHEREOF, Chikaming Township, Berrien County, Michigan, acting through its Township Board, has caused this bond to be signed by its Supervisor and countersigned by its Clerk, and the official seal of the Township to be impressed hereon, and has caused the interest coupons hereto attached to be executed by the facsimile signatures of said Supervisor and Clerk, all as of this first day of May, 1951.

Countersigned:

H.P. Johnson  
Twp. Clerk

\_\_\_\_\_  
Supervisor

(Form of Coupon)

Number \_\_\_\_\_ \$ \_\_\_\_\_

On the first day of \_\_\_\_\_, 19\_\_\_\_, \*(unless the bond to which this coupon is attached shall have theretofore been called for redemption as therein provided, and payment made or provided for) Chikaming Township, Berrien County, Michigan, will pay to bearer the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), in the manner and out of the revenues described in the bond to which this coupon is attached, at the Harris Trust and Savings Bank, in the City of Chicago, Illinois, being interest due that day on its Water Supply System Revenue Bond, dated May 1, 1951, of the following number. This coupon is not a general obligation of Chikaming Township and is payable solely from certain revenues as set forth in the bond to which this coupon pertains.

Bond number \_\_\_\_\_.

Countersigned:

H.P. Johnson  
Twp. Clerk

\_\_\_\_\_  
Supervisor

\*The above clause shall be inserted in coupons attached to bonds numbered 63 to 480, inclusive, becoming due after May 1, 1961.

(Provision for Registration)

The within bond may be registered in the name of the holder as to principal only on books to be kept by the Harris Trust and Savings Bank, Chicago, Illinois, as Registrar, such registration to be noted hereon in the registration blank below, after which no transfer shall be valid unless made on said books by the registered holder or his attorney thereunto duly authorized and similarly noted in said registration blank below, but this bond may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery but may be again registered as before. Such registration shall not impair the negotiability by delivery of the coupons attached to the bond.

(No writing in this blank except by Registrar)

<u>Name of Registered Holder</u>	<u>Date of Registration</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 7. That from and after the issuance of any of the bonds herein provided for, all income and revenue of every nature derived from the operation of the said water system, including any and all future improvements, enlargements, and extensions and/or repairs thereto, are hereby pledged for the purpose of the following funds and shall be set aside as collected and be deposited into a separate fund which is hereby created and designated as the Receiving Fund and shall be transferred therefrom

periodically and at the times hereinafter specified into the following special funds.

(a) Operation and Maintenance Fund: Out of the revenues in the Receiving Fund there shall be first set aside during each operating year (the operating year for the purpose of this Ordinance being the twelve months commencing on May 1 of each year and ending on April 30 of the following year) amounts sufficient to provide for the payment of all current expenses of administration and operation of the system and such current expenses for the maintenance thereof as may be necessary to preserve the system in good repair and working order. The transfers made pursuant to this paragraph shall be made on the first day of each month and shall be in an amount estimated to be sufficient to provide for all expenses which will be payable out of the Operation and Maintenance Fund during the remainder of such month. If by reason of an under-estimate the amount so transferred on the first day of any month shall prove to be insufficient, additional money may be transferred from the Receiving Fund during the month.

(b) Bond and Interest Redemption Fund: From the remaining revenues in the Receiving Fund not required to be set aside in each operating year for operation and maintenance as above provided, there shall next be set aside into a fund to be known as the "Bond and Interest Redemption Fund", such amount as will be fully sufficient to pay all principal and interest falling due on November 1 of such operating year and on the May 1 following on all bonds and obligations payable therefrom, including the bonds herein authorized and such obligations as may be issued in the future on a parity

with the bonds herein authorized under the conditions hereinafter prescribed. Payments into such fund shall be made on the first day of each month in an amount equal to one-sixth of the amount of interest which will be payable on the next date (interest payment date) plus one-twelfth of the amount of principal which will be payable on the next date when principal payments on the bonds shall be due. In addition, from the proceeds of the sale of the bonds herein authorized, there shall be paid into such fund all accrued interest received from the purchaser of the bonds, plus an amount equal to two years interest on said bonds, which is hereby estimated and declared to be the amount of interest to be capitalized as interest to accrue on the bonds during the period covered by the construction of the system, and to the extent that money is so placed into said fund for interest, the amounts hereinabove otherwise required to be paid into said fund for accruing interest shall be abated. From said fund periodic transfers shall be made to the paying agent hereinabove named in sufficient amounts and in ample time to provide for the prompt payment of bonds and interest coupons as the same mature.

There is hereby established in the Bond and Interest Redemption Fund a separate account to be known as the "Bond and Interest Reserve Account" into which there shall be paid at the end of each operating year all money in the Receiving Fund not otherwise required to be paid into the Operation and Maintenance Fund and into the Bond and Interest Redemption Fund, until such time as there has been accumulated in said Bond and Interest Reserve Account an amount equal to the largest amount of principal of and interest falling due in any subsequent consecutive twenty-four months' period. Payments into the Bond and Interest Reserve Account

shall be made in such minimum amounts as will assure the existence in such Bond and Interest Reserve Account by the end of the period of six years following the commencement of the operation of the system, of the full amount herein required to be accumulated in such account. Money shall be taken from the Bond and Interest Reserve Account to pay principal of or interest on bonds as to which there would otherwise be default, and all sums so taken from the Bond and Interest Reserve Account shall be restored from the first money thereafter available in the Receiving Fund and not required to be paid into the Operation and Maintenance Fund and the Bond and Interest Redemption Fund. The money in the Bond and Interest Reserve Account shall not be regarded as moneys otherwise appropriated or pledged for the purpose of determining the sufficiency of funds available for the redemption of callable bonds.

(c) Replacement Fund: From the remaining revenues in the Receiving Fund in each operating year after the payments above required to be made have been made and after all deficits which may exist in payments from previous years have been remedied, there shall next be set aside into a fund to be known as the "Replacement Fund" all money remaining in the Receiving Fund at the end of each operating year until there shall have been accumulated in such fund the sum of \$25,000. Thereafter there shall be so placed in said fund such sum in each year as may be necessary to replace any payments made therefrom, in order that after there has been accumulated in said fund the sum of \$25,000, the fund may be maintained at that level. The money in the fund shall be used solely for the purpose of making major repairs and replacements to the system for which the money in the Operation and Maintenance Fund is not sufficient.

(d) Surplus: - All money remaining in the Receiving Fund at the end of each operating year after all payments hereinabove required to be made from such fund have been made and after all deficits which may exist from previous years have been remedied shall be deemed to be surplus, and not less than one-half of such surplus shall be paid into the Bond and Interest Redemption Fund and shall be used for the purpose of retiring prior to maturity as many of the bonds herein authorized as can be retired with such surplus; provided, that no bonds representing a par value of less than all outstanding bonds of this issue shall be called for redemption unless there is on hand in the Bond and Interest Redemption Fund, including the Bond and Interest Reserve Account, sufficient moneys therefor not otherwise appropriated or pledged in excess of the amount of interest and principal maturing within the next 24 months from the redemption date. Such retirements shall be made either through calling for redemption on the next interest payment date such bonds as may be then redeemable or, if no bonds are then redeemable and if purchases can be made on the open market at prices not greater than 104% of principal plus accrued interest, through purchase on the open market. The remaining one-half of the surplus may be either similarly used, or shall be transferred into a separate account to be held in the custodian bank and designated as a Construction Fund and used or held for making extensions and improvements to the system.

Money in the Replacement Fund and in the Construction Fund shall be used for the payment of operation and maintenance expenses and for the payment of principal of and interest on the bonds at any time at which the

money in the Operation and Maintenance Fund and in the Bond and Interest Redemption Fund is not sufficient for such purposes.

The Bank of Three Oaks, in Three Oaks, Michigan, is hereby designated as custodian of the revenues for all the purposes of this Ordinance, except for money hereinabove required to be held by the paying agent. The money in said funds shall be held and secured in the manner required by the laws of Michigan pertinent thereto. The money held in the Bond and Interest Redemption Fund, including the money held therein as a reserve, shall be held as a trust fund to be used solely for the purpose of paying principal of and interest and redemption premiums on the bonds payable therefrom.

Money in the funds hereinabove established, except the Receiving Fund and the Operation and Maintenance Fund, and except money in the Bond and Interest Redemption Fund which is being accumulated for the payment of the next maturing principal and interest, may at the request of the Board be invested in direct obligations of the United States of America. All such obligations shall be kept on deposit in the bank or trust company having on deposit the funds from which the purchase was made, and shall be assigned to the proper funds and may be liquidated from time to time at prevailing market prices as the proceeds thereof may be needed for the purposes for which such funds are herein established.

Section 8. That the Township hereby covenants and agrees with the successive holders from time to time of the bonds and the coupons representing interest thereon, that so long as any of the bonds remain outstanding and unpaid as to either principal or interest:

A. The Township will maintain the system in good repair and working order and will operate it efficiently and will faithfully and punctually perform all duties with reference to the system required by the Constitution and laws of the State of Michigan, including the making and collecting of sufficient rates for water and services rendered by the system to pay the interest on and principal of all bonds issued by the Township which by their terms are payable from the revenues of said water system and to make all payments required to maintain the funds and accounts herein specified, and the segregation and application of the revenues of the system in the manner provided in this ordinance.

B. The holder or holders of bonds issued hereunder amounting to not less than 20% of the total of such bonds at any time outstanding may either at law or in equity, by suit, action, mandamus or other appropriate proceedings, protect and enforce the statutory lien upon the revenues of the system and enforce and compel performance of all duties of the Township and its officials, including the fixing of sufficient rates, the collection of revenues, the proper segregation and application of the revenues of the system, and the covenants of this Ordinance, provided, however, that such statutory lien shall not be construed to give any holder of the bonds authority to compel the sale of the system or any part thereof.

C. If any default shall occur in the payment of the principal of or interest on any of the bonds, any court having jurisdiction may in a proper action appoint a receiver to administer and operate the system in behalf of the Township under the direction of the court, and, with the approval of the court, to fix and charge rates and collect revenues sufficient to provide for the payment of all obligations payable therefrom, to provide for the payment

of the expenses of operating and maintaining the system, and to provide for all payments to the funds and account established herein.

D. The Township will fix and collect rates and charges for all water and services supplied by the system fully sufficient, after making due allowance for delinquencies in collection, to provide for the payment of the expenses of administering and operating the system and such expenses for maintaining the system as may be necessary to preserve the same in good repair and working order, to provide for the payment of interest on and principal of all obligations payable therefrom, including the bonds herein authorized, as and when the same become due and payable, and to create the reserve therefor hereinabove required, and to build up a Replacement Fund for the purpose of making major repairs and replacements to the system for which the money in the Operation and Maintenance Fund is not sufficient.

E. The Township will not permit free water or services to be supplied by the system to the Township or any department thereof or to any person, firm, or corporation, public or private, or to any public agency or instrumentality. The reasonable cost and value of all water and service rendered to the Township and its various departments by the system, including fire hydrant rental, shall be charged against the Township and will be paid for as the service accrues, from the Township's current funds, including the proceeds of taxes which will be levied in an amount sufficient for that purpose. All payments so made shall be considered revenues of the system and shall be applied in the manner hereinabove provided for the application of the revenues of the system.

F. The initial schedule of rates and charges for water and service supplied by the system shall be as follows, but shall be subject to such increase and revision from time to time as may be necessary to carry out the provisions of this Ordinance.

Except as herein otherwise provided water to be furnished by the system to each premises shall be measured by a meter installed and controlled by the Township. Charges for the water system shall be as follows for each monthly period, and shall be billed as of the 1st day of the month following that for which service is billed.

Each user shall pay a monthly charge in accordance with the size of the meter installed, as follows:

<u>SIZE OF METER</u>	<u>GROSS</u>	<u>NET</u>
5/8 inch	\$ .56	\$ .50
3/4 inch	1.11	1.00
1 inch	1.67	1.50
1-1/2 inch	2.22	2.00
2 inch	2.78	2.50

and in addition shall pay for water consumed in each month in accordance with the following:

For the first two thousand gallons, or fraction thereof, per month, \$1.60, being a minimum charge;

For more than 2,000 gallons but not more than 6,000 gallons per month, \$.60 per thousand gallons;

For more than 6,000 gallons but not more than 10,000 gallons per month, \$.40 per thousand gallons;

For more than 10,000 gallons but not more than 20,000 gallons per month, \$.20 per thousand gallons;

For all over 20,000 gallons per month, \$.10 per thousand gallons.

If charges are paid on or before the last day of the month in which billed the net amount shall be paid; if payment is made thereafter, the gross amount shall be paid.

In the event the Township cannot furnish a meter, the temporary charge for such connection, pending its being metered, shall be based on the size of the tap. The size of the meter<sup>or</sup> tap connection to the main shall be determined by the Township or any lawfully designated agent, employee, or officer.

Charges not paid by the fifteenth day of the month following that in which such charges are billed shall be deemed delinquent, and if such delinquency shall exist for a period of thirty days, the service may be disconnected. A charge of \$3.00 shall be made for the final reading and the disconnection of the service.

The reconnection charge for reconnecting any service ordered disconnected will be equal to three monthly meter and minimum consumption charges for the respective size of meter ordered and reconnected, together with the minimum current monthly charges for the respective size meter service. In addition thereto, a minimum charge of \$3.00 will be made for reconnecting the service.

A renters service deposit of ten dollars shall be paid for each connection where the water is furnished to a renter of the property served. Said deposit shall be held during the use of the service by such renter, and upon discontinuance thereof, any amounts then unpaid for services rendered shall be deducted from said deposit, and the balance, if any, refunded to said renter.

Notwithstanding anything to the contrary herein contained, in no event shall the charges and rates for the use of and the services rendered by the system be less than the monthly meter charge and minimum consumption charge per connection as set forth above whether such connection be metered or unmetered.

The use of water from street fire hydrants for purposes other than fire protection is expressly forbidden unless application therefor has been made and permission granted by the authority having charge of said system, in which case payment at the legal rate shall be made for the water so used.

Charges for services furnished by the system shall constitute a lien on the property served and if not paid within six months from the date as of which such charges were billed shall be certified by the Township official in charge of the collection thereof to the tax assessing officer wherein the lands served are located and shall then be entered upon the next tax roll as a charge against such premises and shall be collected and the lien thereof enforced in the same manner as general township taxes against such premises are collected and the lien thereof enforced. All provisions of the laws of Michigan applicable to the time and manner of certification and collection of delinquent township taxes levied against real estate in the Township shall be observed in the certification and collection of charges for service; Provided, That in all cases when a tenant is responsible for the payment of any such charge and the governing body is so notified in writing, such notice to include a true copy of the lease of the affected premises, if there be one, then no such charge shall become a lien against the said premises from and after the date of such notice. In the event of

filing of such notice, the Township shall render no further service to such premises until a cash deposit in the amount fixed above has been made as security for the payment of such charges.

The schedule of rates hereinabove set forth shall be regarded as a minimum only and shall be subject to such increase from time to time as may be necessary to carry out the requirements of this Ordinance but such rates may not be decreased until all funds for which provision is herein made are up to their full specified minimum amounts.

The above schedule of rates shall not be applicable to the sale of water at wholesale for retail sale and distribution by any other public entity, or by any private utility and if water is so sold at wholesale by the Township, such charges therefor shall be made as may be agreed upon by contract between the Township and its purchaser.

G. From and after the commencement of operation of the water system herein provided for, the Township covenants and agrees that from the general funds of the Township it will pay into the Receiving Fund the sum of \$50 per year for each fire hydrant installed and connected to said water system, as fire hydrant rental, said sum to be paid into the Receiving Fund at the rate of one-twelfth of the total sum to become due in any year on the first day of each month.

H. The Township will maintain and keep proper books of record and account separate from all other records and accounts in which shall be made full and correct entries of all transactions relating to the system. Not later than two months after the close of each operating year the Township shall cause to be prepared, on forms furnished by the Municipal

Finance Commission of the State of Michigan, if such forms are available, a statement in reasonable detail, sworn to by its chief accounting officer, showing the cash income and disbursement of the system during such operating year, and the assets and liabilities of the same at the beginning and close of such year and such other information as is necessary to enable any taxpayer of the Township, user of the services of the system, or any holder of any of the bonds or an agent acting in his behalf, to be fully informed as to all matters pertaining to the financial operation of the system during such year. A certified copy of such statement shall be filed with the Municipal Finance Commission and with the original purchaser of the bonds, and such statement and books of record and account shall at all reasonable times be open to inspection by any such taxpayer, user, holder or agent. There shall also be made annually an audit of such books for the preceding operating year by a recognized independent firm of certified public accountants, which audit shall be filed in the office of the Township Clerk and a copy of which shall be sent to the original purchaser of the bonds and made available to the holders of any of the bonds not later than two months after the close of the operating year.

I. The Township will maintain and carry for the benefit of the holders of the bonds on all physical properties of the system insurance of the kinds and in the amounts normally carried by public utility companies engaged in the operation of water systems. The Township will also carry adequate public liability insurance. All monies received for losses under any such insurance policies, except public liability 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 for the retirement of

as many of the bonds as can be retired therewith through redemption or through purchase at prices not greater than the currently prevailing redemption prices.

J. The Township will not sell, lease or dispose of the system or any substantial part thereof until all of the bonds have been paid in full as to both principal and interest.

K. The holders of the bonds from time to time shall be entitled to exercise all rights and powers for which provision is made in Act 94, of the Public Acts of Michigan, 1933, as amended, including the right to apply for the appointment of a receiver for the system, in all respects as though said rights and powers were herein set out in full.

L. The bonds provided for herein shall enjoy complete parity of lien on the revenues of the system despite the fact that any of the bonds may be delivered at an earlier date than any other of the bonds. The Township will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on revenues of the system having priority over or parity with the bonds herein authorized, provided, however, that bonds may hereafter be issued on a parity with the bonds herein authorized under the following conditions:

1. Additional bonds not exceeding \$20,000 in amount may be issued to share ratably and equally in the revenues derived from the operation of said water system with the bonds herein authorized to be issued, regardless of a subsequent date of issue or authorization, for the purpose of completing the improvements and extensions provided for by this Ordinance, in accordance with the plans and specifications therefor now

on file in the office of the Township Clerk for public inspection, in the event the proceeds derived from the sale of the bonds authorized under this ordinance are not sufficient to pay the cost of completing said improvements and extensions; provided, however, that if additional bonds are issued for the purpose of completing the construction of the improvements and extensions herein provided for, prior to the adoption of any ordinance for the issue of any such additional bonds, there shall be prepared and submitted to the Township Board by the engineer employed by the Township for that purpose, a certificate to show the total amount of work completed to date, the total cost thereof, the total amount of work to be completed, and the estimated cost of the completion thereof, and said certificate shall be approved by the Township Board and filed in the office of the Township Clerk for public inspection.

2. If prior to the payment of all the bonds hereby authorized it shall be found desirable to refund part of the bonds hereby authorized, said bonds may be refunded (but only with the consent of the holders thereof, unless the bonds to be refunded are subject to redemption and payment prior to maturity and provision for call and redemption thereof is duly made) notwithstanding the restrictions as to the issuance of additional bonds set forth in this section and any refunding bonds so issued shall share ratably and equally in the revenues of said water system and the pledge thereof under this ordinance with the portion of the bonds hereby authorized which are not refunded; provided, further, that if any such bonds are refunded in such manner that in interest rate is increased or the refunding bonds mature at a date earlier than the maturity of the bonds not refunded,

then such refunding bonds shall not share ratably and equally in the revenues of said system with the portion of the bonds remaining outstanding authorized under this Ordinance.

3. Additional bonds may hereafter be issued on a parity with the bonds herein authorized for the purpose of making improvements or extensions to the water system provided the revenues derived from the operation of the said water system for the last fiscal year then preceding have been sufficient (1) to pay all costs of operation and maintenance, (2) to make all payments required to establish and maintain the Replacement Fund, hereinabove referred to, in the amount of \$25,000 and (3) to leave a balance equal to at least 125% of the aggregate of the average annual principal and interest requirements on all bonds outstanding and the average annual principal and interest requirements on bonds then proposed to be issued, and provided that there must be sufficient money in the Bond and Interest Redemption Fund, including the Bond and Interest Reserve Account, to pay all principal of and interest on then outstanding bonds which will become due in the next succeeding twenty-four months period following the issuance of any such additional bonds; provided, that should it appear that the proposed improvements or extensions, for the construction of which additional bonds are to be issued, will result in additional net revenues to the water system, then for the purpose of determining the sufficiency of revenues of the last fiscal year then preceding there may be included the reasonably estimated additional net revenues to be derived from such improvements or extensions, as evidenced by the certificate of an engineer engaged by the Township for that purpose, which certificate shall be placed on file with the Township Clerk.

Section 9. The provisions of this Ordinance shall constitute a contract between the Township and the holder or holders from time to time of the bonds and after the issuance of any of such bonds no change, variation or alteration in the provisions of this Ordinance may be made. The provisions of such contract shall be enforceable by appropriate proceedings to be taken by such holder or holders either at law or in equity.

Section 10. The bonds shall be advertised for sale pursuant to proper sale notice approved by the Supervisor and by the Municipal Finance Commission. The notice of sale shall be published in the Michigan Investor, which is hereby found to be a publication printed in the English language and circulated in the State of Michigan, which carries as a part of its regular service, notices of sale of municipal bonds and which has been approved by the Municipal Finance Commission as a qualified publication for such purpose. The sale of the bonds shall be confirmed by resolution to be adopted by the Township Board, which resolution shall fix the rate or rates of interest to be borne by the bonds, and shall contain such other provisions and instructions as are necessary to make possible the delivery of the bonds and the proper application of the sale proceeds. From the proceeds of the sale the bonds there shall first be paid into the Bond and Interest Redemption Fund the amount of interest hereinabove specified as interest to accrue during the construction period. The balance of such proceeds shall be used solely for the payment of the cost of the construction of the water system hereinabove referred to in accordance with the approved plans and specifications, including the payment of all expenses properly incident to such construction and to the authorization and issuance of the bonds.

Payment shall be made to the contractors under such construction contracts only when approved in writing by the Engineer engaged by the Township for that purpose. Any money which remains after all costs payable from the bond proceeds have been paid shall be paid immediately into the Bond and Interest Redemption Fund and shall be used for the redemption, or purchase at not more than fair market value, of as many of the bonds as can be retired therewith. Any bonds so acquired by purchase shall be cancelled and shall not be reissued.

Section 11. That if any one or more sections, paragraphs, clauses, or provisions of this ordinance, shall be held to be invalid for any reason, such invalidity shall not affect the validity or enforceability of any of the remaining provisions hereof.

Section 12. That this ordinance shall be published one time in the Galien River Gazette, a newspaper having general circulation in the Township, and shall be posted at three public places in the Township.

Section 13. That all ordinances, resolutions and orders or parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and that this Ordinance shall take immediate effect.

Adopted and approved March 9, 1951.

\_\_\_\_\_  
Supervisor  
*H.P. Johnson*  
\_\_\_\_\_  
Clerk

PROOF OF PUBLICATION

I, H. P. Sorenson Township Clerk of Chikaming  
Township, Berrien County, Michigan, do hereby certify that notice of the  
adoption of the foregoing Ordinance was publicly given by publishing a  
true copy of same in \_\_\_\_\_  
on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

H. P. Sorenson  
Township Clerk