

ORDINANCE NO. 264
VILLAGE OF BARAGA

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION, INSTALLATION, FURNISHING AND EQUIPPING OF ADDITIONS AND IMPROVEMENTS TO THE SEWAGE DISPOSAL SYSTEM OF THE VILLAGE OF BARAGA; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY THE COST THEREOF; 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 THE BONDS AND CERTAIN OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF SYSTEM REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF; TO PRESCRIBE THE FORM OF THE BONDS; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM.

THE VILLAGE OF BARAGA ORDAINS:

Section 1. Definitions. Whenever used in this Ordinance, except when otherwise indicated by the context, the following terms shall have the following meanings:

- (a) “Act 94” means Act 94, Public Acts of Michigan, 1933, as amended.
- (b) “Adjusted Net Revenues” means for any operating year the excess of revenues over expenses for the System determined in accordance with generally accepted accounting principles, to which shall be added depreciation, amortization, interest expense on Bonds and payments to the Village in lieu of taxes, to which may be made the following adjustments.
 - (i) Revenues may be augmented by the amount of any rate increases adopted prior to the issuance of additional Bonds or to be placed into effect before the time principal or interest on the additional Bonds becomes payable from Revenues as applied to quantities of service furnished during the operating year or portion thereof that the increased rates were not in effect.
 - (ii) Revenues may be augmented by amounts which may be derived from rates and charges to be paid by new customers of the System.
- (c) “Authority” means the Michigan Finance Authority or its successor.
- (d) “Authorized Officers” means the Village Manager, Village President, the Village Treasurer and the Village Clerk.

(e) “Bonds” means the Outstanding Bonds and the Series 2025 Bond, together with any additional bonds heretofore or hereafter issued of equal standing with the Outstanding Bonds and the Series 2025 Bond.

(f) “EGLE” means the means the Michigan Department of Environment, Great Lakes, and Energy, or its successor.

(g) “Engineers” means U.P. Engineers and Architects, Houghton, Michigan.

(h) “Issuer” or “Village” means the Village of Baraga, County of Baraga, State of Michigan.

(i) “Outstanding Bonds” means the Series 2005 Bond.

(j) “Outstanding Ordinance” means the ordinance authorizing the issuance of the Outstanding Bonds adopted by the Village Council on June 6, 2005.

(k) “Project” means the improvements to the System consisting of replacing, repairing and lining sewer mains, improvements to lift stations, and improvements to the wastewater treatment plant, together with all necessary interests in land and all related sites, structures, equipment, appurtenances and attachments thereto.

(l) “Purchase Contract” means the Purchase Contract to be entered into between the Authority and the Village relating to the purchase by the Authority of the Series 2025 Bond.

(m) “Revenues” and “Net Revenues” shall mean the revenues and net revenues of the Village 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 the Outstanding Ordinance and this Ordinance.

(n) “Series 2005 Bond” means the Sewage Disposal System Revenue Bond, Series 2005, dated June 23, 2005, issued pursuant to the Outstanding Ordinance.

(o) “Series 2025 Bond” means the Sewage Disposal System Revenue Bond, Series 2025, in the principal amount of not to exceed Five Million Dollars (\$5,000,000) authorized pursuant to this Ordinance.

(p) “Sufficient Government Obligations” means direct obligations of the United States of America or obligations the principal and interest on which is fully guaranteed by the United States of America, not redeemable at the option of the issuer, the principal and interest payments upon which without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the interest as it comes due on the Bonds and the principal and redemption premium, if any, on the Bonds as it comes due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations shall be placed in trust with a bank or trust company, and if

any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds for redemption shall be given to the paying agent.

(q) “Supplemental Agreement” means the supplemental agreement among the Village, the Authority and the EGLE relating to the Series 2025 Bond.

(r) “System” means the Sewage Disposal System of the Village, 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.

Section 2. Necessity; Approval of Plans and Specifications. It is hereby determined to be a necessary public purpose of the Village to acquire and construct the Project in accordance with the plans and specifications prepared by the Engineers, which plans and specifications are hereby approved. The Project qualifies for the Clean Water State Revolving Fund financing program being administered by the EGLE and the Authority, whereby bonds of the Village are sold to the Authority and bear interest at a rate of not to exceed one percent (1.00%) per annum.

Section 3. Costs; Useful Life. The cost of the Project is estimated to be an amount not to exceed Five Million Dollars (\$5,000,000), including the payment of incidental expenses as specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed. The period of usefulness of the Project is estimated to be not less than thirty-two (32) years.

Section 4. Payment of Cost; Bonds Authorized. To pay the cost of acquiring the Project, legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2025 Bond, the Village shall borrow the sum of not to exceed Five Million Dollars (\$5,000,000), and issue the Series 2025 Bond therefor pursuant to the provisions of Act 94. The remaining cost of the Project, if any, shall be defrayed from Village funds on hand and legally available for such use.

Except as amended by or expressly provided to the contrary in this Ordinance, all of the provisions of the Outstanding Ordinance shall apply to the Series 2025 Bond issued pursuant to this Ordinance, the same as though each of the provisions were repeated in this Ordinance in detail; the purpose of this Ordinance being to authorize the issuance of additional revenue bonds of equal standing and priority of lien as to the Net Revenues with the Outstanding Bonds to finance the cost of acquiring additions, extensions and improvements to the System; such purpose being authorized by the provisions of the Outstanding Ordinance, upon the conditions therein stated, which conditions have been fully met.

Section 5. Issuance of Series 2025 Bond; Details. The Series 2025 Bond of the Village, to be designated SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2025 is authorized to be issued in the principal amount of not to exceed Five Million Dollars (\$5,000,000), or such lesser amount as finally determined by order of the EGLE for the purpose of paying the cost of the Project, including the costs incidental to the issuance, sale and delivery of the Series 2025 Bond. The Series 2025 Bond shall be payable out of the Net Revenues, as set forth more fully in Section 8 hereof.

The Series 2025 Bond shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, payable

in principal installments as finally determined by the order of the EGLE at the time of sale of the Series 2025 Bond and approved by the Authority and an Authorized Officer. Principal installments of the Series 2025 Bond shall be payable on April 1 of the years 2028 through 2057, inclusive, or such other payment dates as hereinafter provided. Interest on the Series 2025 Bond shall be payable on April 1 and October 1 of each year, commencing April 1, 2026 or on such other interest payment dates as hereinafter provided. Final determination of the principal amount of and interest on the Series 2025 Bond and the payment dates and amounts of principal installments of the Series 2025 Bond shall be evidenced by execution of the Purchase Contract and each of the Authorized Officers is authorized and directed to execute and deliver the Purchase Contract when in final form and to make the determinations set forth above; provided, however, that the first principal installment shall be due no earlier than October 1, 2026, there shall be no more than thirty (30) annual principal installments and that the total principal amount shall not exceed Five Million Dollars \$5,000,000.

The Series 2025 Bond shall bear interest at a rate of not to exceed one percent (1.00%) per annum on the par value thereof or such other rate as evidenced by execution of the Purchase Contract, but in any event not to exceed the rate permitted by law, and any Authorized Officers as shall be appropriate shall deliver the Series 2025 Bond in accordance with the delivery instructions of the Authority.

The principal amount of the Series 2025 Bond is expected to be drawn down by the Village periodically, and interest on principal amount shall accrue from the date such principal amount is drawn down by the Village.

The Series 2025 Bond shall not be convertible or exchangeable into more than one fully-registered bond. Principal of and interest on the Series 2025 Bond shall be payable as provided in the Series 2025 Bond form in this Ordinance.

The Series 2025 Bond shall be subject to optional redemption by the Village with the prior written approval of the Authority and on such terms as may be required by the Authority.

The Treasurer shall record on the registration books payment by the Village of each installment of principal or interest or both when made and the cancelled checks or other records evidencing such payments shall be returned to and retained by the Treasurer.

Upon payment by the Village of all outstanding principal of and interest on the Series 2025 Bond, the Authority shall deliver the Series 2025 Bond to the Village for cancellation.

Section 6. Execution of Series 2025 Bond. The Series 2025 Bond shall be signed by the manual or facsimile signature of the Village President and countersigned by the manual or facsimile signature of the Village Clerk and shall have the corporate seal of the Village or facsimile thereof impressed thereon. The Series 2025 Bond bearing the manual or facsimile signatures of the Village President and the Village Clerk sold to the Authority shall require no further authentication.

Section 7. Registration and Transfer. Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation,

accompanied by delivery of a duly executed written instrument of transfer in a form approved by the transfer agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Village shall execute and the transfer agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The transfer agent shall require payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Village shall not be required (i) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the day of the giving of a notice of redemption of Bonds selected for redemption as described in the form of Series 2025 Bond contained in Section 16 of this Ordinance and ending at the close of business on the day of that giving of notice, or (ii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part. The Village shall give the transfer agent notice of call for redemption at least 20 days prior to the date notice of redemption is to be given.

The transfer agent shall keep or cause to be kept at its principal office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Village; and upon presentation for such purpose the transfer agent shall under such reasonable regulations as it may prescribe transfer or cause to be transferred on the books of the Bonds as hereinbefore provided.

If any Bond shall become mutilated, the Village, at the expense of the holder of the Bond, shall execute, and the transfer agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the transfer agent of the mutilated Bond. If any Bond issued under this Ordinance shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the transfer agent and, if this evidence is satisfactory to both and indemnity satisfactory to the transfer agent shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended ("Act 354"), being sections 129.131 to 129.135, inclusive, of the Michigan Compiled Laws have been met, the Village, at the expense of the owner, shall execute, and the transfer agent shall thereupon authenticate and deliver, a new Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the transfer agent may pay the same without surrender thereof.

Section 8. Payment of Series 2025 Bond; Security; Priority of Lien. Principal of and interest on the Series 2025 Bond shall be payable from the Net Revenues, and to secure such payment, there is hereby recognized the statutory lien upon the whole of the Net Revenues which shall be a first lien that is equal in standing with the lien of the Outstanding Bonds, to continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all Bonds of a series then outstanding, principal and interest on such Bonds to maturity, or, if called for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any.

Upon deposit of cash or Sufficient Government Obligations, as provided in the previous sentences, the statutory lien shall be terminated with respect to that series of Bonds, the holders of that series shall have no further rights under this Ordinance except for payment from the deposited

funds, and the Bonds of that series shall no longer be considered to be outstanding under the Outstanding Ordinance or this Ordinance.

Section 9. Bondholders' Rights; Receiver. The holder or holders of the Bonds representing in the aggregate not less than twenty percent (20%) of the entire principal amount thereof then outstanding, may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues of the System, and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the Village, 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 is a default in the payment of the principal of or interest on the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Village and under the direction of the court, and by and with the approval of the court to perform all of the duties of the officers of the Village more particularly set forth herein and in Act 94.

The holder or holders of the Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Bonds and the security therefor.

Section 10. Management; Fiscal Year. The operation, repair and management of the System and the acquisition and construction of the Project shall be under the supervision and control of the Village Council. The Village Council may employ such person or persons in such capacity or capacities as it deems advisable to carry on the efficient management and operation of the System. The Village Council may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System. The fiscal year of the System shall be the fiscal year of the Village.

Section 11. Rates and Charges. The rates and charges for service furnished by and the use of the System and the methods of collection and enforcement of the collection of the rates shall be those in effect on the date of adoption of this Ordinance.

Section 12. No Free Service or Use. No free service or use of the System, or service or use of the System at less than cost, shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the Village.

Section 13. Fixing and Revising Rates; Rate Covenant. The rates now in effect and the rate adjustments to be placed into effect are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Series 2025 Bond as the same become due and payable, and the maintenance of the reserve, if any, therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. In addition, it is agreed that the rates shall be set from time to time so that there shall be produced each fiscal year Net Revenues in an amount not less than 100% of the principal of and interest on all Bonds coming due in each fiscal year. The rates shall be fixed and revised from time to time as may be necessary

to produce these amounts, and it is hereby covenanted and agreed to fix and maintain rates for services furnished by the System at all times sufficient to provide for the foregoing.

Section 14. Funds and Accounts; Flow of Funds. The funds and accounts established by the Outstanding Ordinance are hereby continued, the flow of funds established by the Outstanding Ordinance, is hereby continued, and the applicable sections of the Outstanding Ordinance, relating to funds and accounts and flow of funds are incorporated herein by reference as if fully set forth.

Section 15. Investments. Moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Series 2025 Bond, may be invested by the Issuer in United States of America obligations or in obligations the principal of and interest on which is fully guaranteed by the United States of America and any investments now or hereafter permitted by Act 94 or other controlling law. Investment of moneys in the Redemption Account being accumulated for payment of the next maturing principal or interest payment of the Series 2025 Bond shall be limited to obligations bearing maturity dates prior to the date of the next maturing principal or interest payment on the Series 2025 Bond. In the event investments are made, any securities representing the same shall be kept on deposit with the bank or trust company having on deposit the fund or funds or account from which the purchase was made. Profit realized or interest income earned on investment of funds in the funds established hereunder shall be deposited in or credited to the fund having realized the profit or earned the interest (unless otherwise expressly provided in this Ordinance or as determined by the Issuer), such deposit or credit to occur periodically but not less often than at the end of each fiscal year.

Section 16. Bond Proceeds. The proceeds of the sale of the Series 2025 Bond shall be deposited in a bank or banks, designated by the Village, qualified to act as depository of the proceeds of sale under the provisions of Act 94, in an account designated 2025 SEWAGE DISPOSAL SYSTEM PROJECT CONSTRUCTION FUND (the "Construction Fund"). Moneys in the Construction Fund shall be applied solely in payment of the cost of the Project, including any engineering, legal and other expenses incident thereto and to the financing thereof.

Section 17. Bond Form. The Series 2025 Bond shall be in substantially the following form with such changes or completion as necessary or appropriate to give effect to the intent of this Ordinance and further subject to such modifications which may be required by the Michigan Attorney General and the Authority and approved by bond counsel:

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF BARAGA**

VILLAGE OF BARAGA

SEWAGE DISPOSAL SYSTEM REVENUE BOND, SERIES 2025

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: _____ Dollars (\$ _____)

DATE OF ORIGINAL ISSUE: _____, 2025

The VILLAGE OF BARAGA, County of Baraga, State of Michigan (the “Village”), for value received, hereby promises to pay, out of the hereinafter described Net Revenues of the Village’s Sewage Disposal System (hereinafter defined), to the Michigan Finance Authority (the “Authority”), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Village pursuant to a Purchase Contract between the Village and the Authority and a Supplemental Agreement by and among the Village, the Authority and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, in lawful money of the United States of America, unless prepaid or reduced prior thereto as hereinafter provided.

During the time funds are being drawn down by the Village under this Bond, the Authority will periodically provide the Village a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Village of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth on Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$_____ is disbursed to the Village or if a portion of the Principal Amount is prepaid as provided below, with interest on the principal installments from the date each installment is delivered to the holder hereof until paid at the rate of ____ percent (____%) per annum. Interest is first payable _____, 20__ and semiannually thereafter and principal is payable on the first day of April commencing _____, 20__ (as identified in the Purchase Contract) and annually thereafter.

Principal installments of this bond are subject to prepayment by the Village prior to maturity only with the prior written consent of the Authority and on such terms as may be required by the Authority.

Notwithstanding any other provision of this bond, so long as the Authority is the owner of this bond, (a) this bond is payable as to principal, premium, if any, and interest at _____ or at such other place as shall be designated in writing to the Village by the Authority (the "Authority's Depository"); (b) the Village agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the Village's deposit by 12:00 noon on the scheduled day, the Village shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this bond shall be given by the Village and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

Additional Interest

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the Village's default. Such additional interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority) the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the Village shall and hereby agrees to pay on demand only the Village's pro rata share (as determined by the Authority) of such deficiency as additional interest on this bond.

For prompt payment of principal and interest on this bond, the Village has irrevocably pledged the revenues of the Sewage Disposal System of the Village, including all appurtenances, extensions and improvements thereto (the "System"), after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the "Net Revenues"), and a statutory lien thereon is hereby recognized and created, which is of equal standing and priority of lien as to the Net Revenues with the Village's Sewage Disposal System Revenue Bond, Series 2005 (the "Outstanding Bonds") and any additional bonds hereafter issued by the Village of equal standing and priority with the Outstanding Bonds. The Village has reserved the right to issue such additional bonds or of equal standing and priority of lien as to the Net Revenues.

This bond is a single, fully-registered, non-convertible bond in the principal sum indicated above issued pursuant to Ordinance No. ___, duly adopted by the Village Council of the Village and the prior ordinance authorizing the issuance of the Outstanding Bonds (together, the "Ordinances"), 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 paying part of the cost of acquiring and constructing additions, extensions and improvements to the System.

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal standing may hereafter be issued and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Ordinances.

This bond is a self-liquidating bond, payable, both as to principal and interest, from the Net Revenues of the System. The principal of and interest on this bond are secured by the statutory lien hereinbefore mentioned.

The Village 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 the bonds of this issue, the Outstanding Bonds, and any additional Bonds, as and when the same shall become due and payable, and to maintain a bond redemption fund (including a bond reserve account, if any) 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 Ordinances.

This bond is transferable only upon the books of the Village by the registered owner in person or the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the transfer agent, duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinances, and upon payment of the charges, if any, therein prescribed.

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 Village of Baraga, County of Baraga, State of Michigan, by its Village Council has caused this bond to be executed with the manual or facsimile signatures of its Village President and its Village Clerk and the corporate seal of the Village to be impressed or imprinted hereon, all as of the Date of Original Issue.

VILLAGE OF BARAGA

By _____
Village President

(Seal)

Countersigned:

By _____
Village Clerk

EGLE Project Number:
 EGLE Approved Amt: \$ _____
 Loan Amount Forgiven: \$ _____
 Loan Amount to be Repaid: \$ _____

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of the principal of the bond shall be made until the full amount advanced to the Village is repaid. In the event the Order of Approval issued by the Department of Environment, Great Lakes and Energy (the "Order"), approves a principal amount of assistance less than the amount of the bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Village and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the Village by the Authority, or (3) that any portion of the principal amount of assistance approved by the Order and disbursed to the Village is forgiven pursuant to the Order, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Village.

<u>Principal Installment Due on April 1</u>	<u>Amount of Principal Installment</u>	<u>Principal Installment Due on April 1</u>	<u>Amount of Principal Installment</u>
2028	\$130,000	2043	\$150,000
2029	130,000	2044	150,000
2030	130,000	2045	155,000
2031	135,000	2046	155,000
2032	135,000	2047	155,000
2033	135,000	2048	160,000
2034	135,000	2049	160,000
2035	140,000	2050	160,000
2036	140,000	2051	165,000
2037	140,000	2052	165,000
2038	145,000	2053	265,000
2039	145,000	2054	265,000
2040	145,000	2055	270,000
2041	145,000	2056	270,000
2042	150,000	2057	275,000

Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the Village which has not been forgiven pursuant to the Order from the date such portion is disbursed, until paid, at the rate of 1.00% per annum, payable April 1, 2026, and semi-annually thereafter.

The Village agrees that it will deposit with the Authority's Depository, or such other place as shall be designated in writing to the Village by the Authority payments of the principal of, premium, if any, and interest on this bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise. In the event that the Authority's Depository has not received the Village's deposit by 12:00 noon on the scheduled day, the Village shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment.

Section 18. General Covenants. The Issuer covenants and agrees with the holders of the Series 2025 Bond that so long as the Series 2025 Bond remains outstanding and unpaid as to either principal or interest:

(a) The Issuer will maintain the System in good repair and working order and will operate the same efficiently and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Michigan, the Issuer's Charter and this Ordinance.

(b) The Issuer will keep proper books of record and account separate from all other records and accounts of the Issuer, in which shall be made full and correct entries of all transactions relating to the System. The Issuer shall have an annual audit of the books of record and account of the System for the preceding operating year made each year by an independent certified public accountant. The auditor shall comment on the manner in which the Issuer is complying with the requirements of the Ordinance with respect to setting aside and investing moneys and meeting the requirements for acquiring and maintaining insurance. The audit shall be completed and so made available not later than six (6) months after the close of each operating year except as such period may be extended in conformance with the rules of the Michigan Department of Treasury.

(c) The Issuer will maintain and carry, for the benefit of the holders of the Series 2025 Bond, insurance on all physical properties of the System and liability insurance, of the kinds and in the amounts normally carried by municipalities engaged in the operation of Sanitary Sewer Systems, including self-insurance. 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 redeeming or purchasing Bonds.

(d) The Issuer will not sell, lease or dispose of the System, or any substantial part, until all of the Series 2025 Bond has been paid in full, both as to principal and interest or provision made thereof as herein provided. The Issuer will operate the System as economically as possible, will make all repairs and replacements necessary to keep the System in good repair and working order, and will not do or suffer to be done any act which would affect the System in such a way as to have a material adverse effect on the security for the Series 2025 Bond.

(e) The Issuer will not grant any franchise or other rights to any person, firm or corporation to operate a System that will compete with the System and the Issuer will not operate a system that will compete with the System.

(f) The Issuer will cause the Project to be acquired and constructed promptly and in accordance with the plans and specification therefor.

Section 19. Additional Bonds. The Issuer shall not issue Additional Bonds of equal or prior standing with the Series 2025 Bond, except upon the conditions set forth in the Outstanding Ordinance.

Section 20. Negotiated Sale; Application to EGLE and Authority; Execution of Documents. The Village determines that it is in the best interest of the Village to negotiate the sale of the Series 2025 Bond to the Authority because the Clean Water State Revolving Fund financing programs provide significant interest savings to the Village compared to competitive sale in the municipal bond market. The Authorized Officers are hereby authorized to make application to the Authority and to the EGLE for placement of the Series 2025 Bond with the Authority. The actions taken by the Authorized Officers with respect to the Series 2025 Bond prior to the adoption of this Ordinance are ratified and confirmed. The Authorized Officers are authorized to execute and deliver the Purchase Contract, the Supplemental Agreement and the Issuer's Certificate. Any Authorized Officer is further authorized to execute and deliver such contracts, documents and certificates as are necessary or advisable to qualify the Series 2025 Bond for the Clean Water State Revolving Fund. Prior to the delivery of the Series 2025 Bond to the Authority, any Authorized Officer is hereby authorized to make such changes to the form of the Series 2025 Bond contained in Section 17 of this Ordinance as may be necessary to conform to the requirements of Act 227, Public Acts of Michigan 1985, as amended ("Act 227"), including, but not limited to changes in the principal maturity and interest payment dates and references to additional security required by Act 227.

Section 21. Covenant Regarding Tax Exempt Status of the Bonds. The Village shall, to the extent permitted by law, take all actions within its control necessary to maintain the exemption of the interest on the Series 2025 Bond from general federal income taxation (as opposed to any alternative minimum or other indirect taxation) under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Series 2025 Bond proceeds and moneys deemed to be Bond proceeds.

Section 22. Approval of Bond Counsel. The representation of the Village by Miller, Canfield, Paddock and Stone, P.L.C. ("Miller Canfield"), as bond counsel is hereby approved, notwithstanding the representation by Miller Canfield of the Authority in connection with its financing programs and borrowings.

Section 23. Approval of Bond Details. The Authorized Officers are each hereby authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing 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, provided that the principal amount of Series 2025 Bond issued shall not exceed the principal amount authorized in this Ordinance, the interest rate per annum on the Series 2025 Bond shall not exceed one percent (1.00%) per annum, and the Series 2025 Bond shall mature in not more than thirty (30) annual installments.

Section 24. Authorization of other Actions. The Authorized Officers are each authorized and directed to take all other actions necessary or advisable, and to make such other filings with the Michigan Department of Treasury or other parties, to seek long-form application for prior approval and necessary waivers to enable the sale and delivery of the Series 2025 Bond

as contemplated herein. Bendzinski & Co. or Miller Canfield, or any of the Authorized Officers are each hereby severally designated responsibility on behalf of the Issuer to make such filings with the Michigan Department of Treasury or other parties, to seek long-form application for prior approval, if necessary, and necessary waivers, to enable the sale and delivery of the Series 2025 Bond as contemplated herein.

Section 25. Savings Clause. All ordinances, resolutions or orders, or part thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, repealed.

Section 26. Severability; Paragraph Headings; and Conflict. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be part of this Ordinance.

Section 27. Publication and Recordation. This Ordinance shall be published in full in the *L'Anse Sentinel*, a newspaper of general circulation in the Village qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the Ordinance Book of the Village and such recording authenticated by the signatures of the Village President and the Village Clerk.

Section 28. Effective Date. This Ordinance shall be effective upon its adoption and publication.

ADOPTED AND SIGNED THIS 8th day of July, 2025.

Signed _____
Village President

Signed _____
Village Clerk

I HEREBY CERTIFY that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the Village Council of the Village of Baraga, County of Baraga, Michigan, at a regular meeting held on July 8, 2025, and that the meeting was conducted and public notice of the meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of the meeting were kept and will be or have been made available as required by the Act.

I further certify that the following Members were present at the meeting: _____ and
that the following Members were absent: _____.

I further certify that Member _____ moved for adoption of the Ordinance, and that the motion was supported by Member _____.

I further certify that the following Members voted for adoption of the Ordinance: _____ and
that the following Members voted against adoption of the Ordinance: _____.

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

Village Clerk

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