

**CITY OF KALAMAZOO, MICHIGAN**

**ORDINANCE NO. 2005**

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER SUPPLY SYSTEM REVENUE BONDS TO PAY THE COST OF THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE WATER SUPPLY SYSTEM OF THE CITY AND 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 THE BONDS AND CERTAIN OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE AN ADEQUATE RESERVE FUND FOR THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE SYSTEM AND THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM.

THE CITY OF KALAMAZOO 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)     “Authorized Officers” means either the City Manager, Deputy City Manager or Director of Management Services and Chief Financial Officer.
- (c)     “Bonds” means the Series 2020A Bonds, the Outstanding Bonds and any additional Bonds of equal standing hereafter issued.
- (d)     “Issuer” or “City” means the City of Kalamazoo, County of Kalamazoo, State of Michigan.
- (e)     “Outstanding Bonds” means the Series 2014 Bonds, the Series 2015 Bonds, the Series 2017 Bonds, the Series 2018 Bonds and the Series 2019 Bonds.
- (f)     “Outstanding Junior Lien Bonds” means the Series 2019B Bonds.
- (g)     “Outstanding Ordinances” means Ordinances Nos. 1539, 1919, 1933, 1947, 1948, 1961 and 1989 of the City.
- (h)     “Project” means the additions, extensions and improvements to the System including water main and service line improvements and replacements, treatment plant improvements, tank and storage improvements, pump station and booster

improvements, well replacement and water meter improvements, together with all necessary equipment, furnishings and all appurtenances and attachments.

(i) “Revenues” and “Net Revenues” mean the revenues and net revenues 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 Ordinances and this Ordinance.

(j) “Sale Order” means the Sale Order to be executed by an Authorized Officer of the Issuer respecting the sale of the Series 2020A Bonds.

(k) “Series 2014 Bonds” means the Water Supply System Revenue Refunding Bonds, Series 2014, dated May 1, 2014, in the outstanding principal amount of Nine Million Seven Hundred Five Thousand Dollars (\$9,705,000).

(l) “Series 2015 Bonds” means the Water Supply System Revenue Bonds, Series 2015, dated December 10, 2015, in the outstanding principal amount of Two Million Six Hundred Fifty-Five Thousand Dollars (\$2,655,000).

(m) “Series 2017 Bonds” means the Water Supply System Revenue Refunding Bonds, Series 2017, dated May 2, 2017, in the outstanding principal amount of Six Million Nine Hundred Thirty Thousand Dollars (\$6,930,000).

(n) “Series 2018 Bonds” means the Water Supply System Revenue Bonds, Series 2018, dated May 23, 2018, in the outstanding principal amount of Nine Million One Hundred Sixty Thousand Dollars (\$9,160,000).

(o) “Series 2019 Bonds” means the Water Supply System Revenue Bonds, Series 2019, dated June 25, 2019, in the outstanding principal amount of Ten Million Two Hundred Seventy Thousand Dollars (\$10,270,000).

(p) “Series 2019B Bonds” means the Water Supply System Junior Lien Revenue Bonds, Series 2019, dated June 25, 2019, in the outstanding principal amount of One Million Seven Hundred Thirty Thousand Dollars (\$1,730,000).

(q) “Series 2020A Bonds” means the Water Supply System Revenue Bonds, Series 2020A, authorized pursuant to this ordinance.

(r) “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.

(s) “System” means the entire Water Supply System of the City as defined in the Outstanding Ordinances.

(t) “Transfer Agent” means The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan.

Section 2. Necessity; Public Purpose; Estimated Cost and Life of Project. It is hereby determined to be a necessary public purpose of the Issuer to acquire and construct the Project. The estimated cost of acquiring and constructing the Project, including contingencies, engineering, legal and financing expenses, in an amount of not to exceed Twenty-Two Million Dollars (\$22,000,000), is hereby approved. The Issuer does hereby estimate the period of usefulness of the Project to be at least twenty-six (26) years.

Section 3. Payment of Cost; Bonds Authorized. To pay the costs associated with acquiring and constructing the Project, including all legal, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2020A Bonds, the Issuer shall borrow the sum of not to exceed Twenty-Two Million Dollars (\$22,000,000), as finally determined in the Sale Order and issue the Series 2020A Bonds pursuant to the provisions of Act 94. The remaining costs, if any, shall be defrayed from System 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 Ordinances shall apply to the Series 2020A Bonds issued pursuant to this Ordinance, the same as though each of said 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 Outstanding Bonds and senior in standing and priority of lien with respect to the Outstanding Junior Lien Bonds to finance the cost of acquiring additions, extensions and improvements to the System, additional bonds of equal standing and priority of lien as to the Outstanding Bonds and senior standing and priority of lien with the Outstanding Junior Lien Bonds for such purpose being authorized by the provisions of the Outstanding Ordinances, upon the conditions therein stated, which conditions have been fully met.

Section 4. Bond Details. The Series 2020A Bonds shall be designated WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2020A, shall be payable solely and only out of the Net Revenues, as set forth more fully herein, shall consist of bonds of the denomination of \$5,000, or integral multiples of \$5,000 not exceeding in any one year the amount maturing in that year, dated as of the date of delivery or such other date as shall be determined in the Sale Order, numbered in order of authentication, and shall mature on September 1st in the years and amounts as follows, or such other years of maturity and principal amounts as shall be determined in the Sale Order:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2021	\$675,000	2034	\$865,000
2022	685,000	2035	890,000
2023	695,000	2036	915,000
2024	705,000	2037	940,000
2025	715,000	2038	970,000
2026	730,000	2039	1,000,000
2027	740,000	2040	1,030,000
2028	750,000	2041	1,065,000
2029	765,000	2042	1,100,000
2030	780,000	2043	1,135,000
2031	800,000	2044	1,175,000
2032	820,000	2045	1,215,000
2033	840,000		

The Series 2020A Bonds shall bear interest at the rate specified in the Sale Order, but not to exceed six percent (6%) per annum, payable on September 1 and March 1 of each year, commencing September 1, 2020, or such later date as shall be determined in the Sale Order, by check or draft mailed by the Transfer Agent to the person or entity which is, as of the 15th day of the month preceding the interest payment date, the registered owner at the registered address as shown on the registration books of the Issuer maintained by the Transfer Agent. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Issuer to conform to market practice in the future. The principal of the Series 2020A Bonds shall be payable at the designated corporate trust office of the Transfer Agent. The Series 2020A Bonds shall be sold at a price not than less ninety-six percent (96%) of their par value.

The Series 2020A Bonds may be subject to redemption prior to maturity at the times and prices and in the manner finally determined in the Sale Order.

In case less than the full amount of an outstanding Bond is called for redemption, the Transfer Agent upon presentation of the Bond called in part for redemption shall register, authenticate and deliver to the registered owner a new bond in the principal amount of the portion of the original bond not called for redemption. Notice of redemption shall be given in the manner specified in the form of the Bonds contained in Section 14 of this Ordinance.

Section 5. Execution of Bonds. The Series 2020A Bonds shall be executed in the name of the Issuer with the manual or facsimile signatures of the Mayor and the City Clerk and shall have a facsimile of the Issuer's seal printed on them. No Bond executed by facsimile signatures shall be valid until authenticated by an authorized signer of the Transfer Agent. The Series 2020A Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser thereof in accordance with instructions from an Authorized Officer of the Issuer upon payment of the purchase price for the Series 2020A Bonds in accordance with the bid therefor when accepted. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

Section 6. 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 Issuer 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 Transfer Agent 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 Bonds contained herein 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 Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Series 2020A Bonds, which shall at all times be open to inspection by the Issuer; 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 said books, Bonds as hereinbefore provided.

If any Bond shall become mutilated, the Issuer, 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 Issuer, 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.

The Bonds may be issued in book-entry-only form through the Depository Trust Company in New York, New York ("DTC") and any officer of the City is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry-only form and to make such changes in the Bond form with the parameters of this resolution as may be required to accomplish the foregoing.

Section 7. Payment of Series 2020A Bonds. The Series 2020A Bonds and the interest thereon shall be payable solely and only from the Net Revenues, and to secure such payment, there is hereby recognized a statutory lien upon the whole of the Net Revenues which shall be a first lien 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. The statutory first lien referred to herein shall be of equal standing and priority with the Outstanding Bonds and senior in standing and priority with the City's Outstanding Junior Lien Bonds. Upon deposit of cash or Sufficient Government Obligations, as provided in the previous sentence, 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 this Ordinance.

Section 8. 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 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 is a default in the payment of the principal of or interest on the Series 2020A Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Issuer 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 Issuer more particularly set forth herein and in Act 94.

The holder or holders of the Series 2020A Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Series 2020A Bonds and the security therefor.

Section 9. 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 hereof, as the same shall be increased from time to time.

Section 10. No Free Service or Use. No free service or use of the System, or service or use of the System at less than the reasonable cost and value thereof, shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the Issuer.

Section 11. Fixing and Revising Rates. The rates presently in effect in the City 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 Bonds as the same become due and payable, and the maintenance of the reserve therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. In addition, the rates shall be set from time to time so that there shall be produced Net

Revenues in an amount equal to 120% of the principal of and interest on the Bonds coming due in each fiscal year. The rates shall be reviewed not less than once a year and 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 12. Bond Reserve Fund. The Reserve Account in the Bond and Interest Redemption Fund, as established by the Outstanding Ordinances shall be adjusted in such amounts, so that upon issuance of the Series 2020A Bonds, the Bond Reserve Account shall total a sum equal to the lesser of (a) the maximum annual principal and interest requirements on the Bonds outstanding after issuance of the additional Bonds, (b) 125% of the average annual debt service on the Bonds after issuance of the additional Bonds, or (c) an amount equal to 10% of the principal amount of the Bonds (the "Bond Reserve Requirement"). The City may satisfy the Bond Reserve Requirement by cash, a letter of credit, a surety bond, or an insurance policy if the provider or issuer thereof shall be rated by a nationally recognized bond rating agency as high or higher than the Series 2020A Bonds at the time of the delivery of the Series 2020A Bonds. Except as hereinafter provided, the moneys credited to the Bond Reserve Account shall be used solely for the payment of the principal of, redemption premiums (if any) and interest on the Bonds as to which there would otherwise be a default. If at any time it shall be necessary to use the moneys or the letter of credit, surety bond or insurance policy credited to the Bond Reserve Account for such payment, then the moneys so used shall be replaced or repaid over a period of not more than 5 years, or such other period as required by the letter of credit, surety bond, or insurance policy securing the Bond Reserve Account, from the Net Revenues first received thereafter which are not required for current principal and interest requirements.

If a letter of credit, a surety bond, or an insurance policy is deposited into the Bond Reserve Account for Bonds issued on or after January 1, 2017, the Bond Reserve Account shall be segregated into separate accounts for Bonds issued before January 1, 2017 and for Bonds issued on or after January 1, 2017. For Bonds issued before January 1, 2017, the Reserve Requirement shall be satisfied exclusively by moneys deposited into the Bond Reserve Account pursuant to the Outstanding Ordinances. For Bonds issued on or after January 1, 2017, the Reserve Requirement may be satisfied by cash, letter of credit, surety bond or an insurance policy as described in this Section. In the event of a drawdown on the Bond Reserve Account, funds available to replenish cash in the Bond Reserve Account and to repay the issuer of a letter of credit, a surety bond, or an insurance policy shall be paid on a pro rata basis.

In the event that the amount in said Reserve Account is greater than the Bond Reserve Requirement, such excess amount shall be transferred to the Bond and Interest Redemption Fund described herein. If it is necessary to increase the amount in the Bond Reserve Account, the City shall deposit a sum from the moneys on hand in the System prior to delivery of the Bonds so that the Bond Reserve Account is fully funded as of the delivery of the Bonds.

Section 13. Disposition of Bond Proceeds. There is hereby established in a bank insured by the Federal Deposit Insurance Corporation to be selected by the Director of Management Services and Chief Financial Officer, a separate depository account to be designated "Water Supply System Revenue Bonds, Series 2020A Construction Fund", the moneys from time to time

on deposit to be used solely to pay the cost of the Project and the incidental costs set forth in Section 4 of this Ordinance. The proceeds of sale of the Series 2020A Bonds shall be allocated and used as follows, or as set forth in the Sale Order:

First, any premium and accrued interest for the Series 2020A Bonds, if any, shall be deposited into the Bond and Interest Redemption Fund established by the Outstanding Ordinances.

Second, an amount necessary to fully fund the Bond Reserve Account shall be deposited into the Reserve Account in the Bond and Interest Redemption Fund.

Third, the amount of funds necessary to pay the costs of the Project, as set forth in the Sale Order, shall be deposited in the Water Supply System Revenue Bonds, Series 2020A Construction Fund. Moneys in the Construction Fund shall be applied solely in payment of the cost of the acquisition and construction of the Project, including any engineering expenses incident thereto and costs of issuance related to the Series 2020A Bonds.

Any unexpended balance of the proceeds of sale of the Bonds in the Construction Fund remaining after completion of the Project may, in the discretion of the Issuer, be used for further improvements and extensions to the System. Any remaining balance after such expenditure, or in the event no such expenditure is made, the entire unexpended balance shall be paid into the Bond and Interest Redemption Fund and used for the redemption or purchase of callable Bonds or for any other purpose permitted by Act 94. The proceeds of sale of said bonds may be invested in whole or in part in the manner provided by Act 94.

Section 14. Bond Form. The Series 2020A Bonds shall be in substantially the following form with such changes as may be approved by an Authorized Officer and Bond Counsel:



UNITED STATES OF AMERICA  
STATE OF MICHIGAN  
COUNTY OF KALAMAZOO

**CITY OF KALAMAZOO**  
**WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2020A**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	September 1, 20__	_____, 2020	

REGISTERED OWNER: \_\_\_\_\_

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

The City of Kalamazoo, County of Kalamazoo, State of Michigan (the "Issuer"), for value received, hereby promises to pay, solely and only out of the hereinafter described Net Revenues of the Issuer's Water Supply System (hereinafter defined) the Principal Amount shown above in lawful money of the United States of America to the Registered Owner shown above, or registered assigns, on the Maturity Date shown above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue shown above or such later date to which interest has been paid, until paid, at the Interest Rate per annum shown above, first payable on September 1, 2020, and semiannually thereafter. Principal of this bond is payable upon surrender of this bond at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan (the "Transfer Agent") or such other Transfer Agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any interest payment date. Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who is, as of the 15th day of the month preceding the interest payment date, the registered owner of record, at the registered address as shown on the registration books of the Issuer kept by the Transfer Agent. For prompt payment of principal and interest on this bond, the Issuer has irrevocably pledged the revenues of the Water Supply System of the Issuer (the "System"), including all appurtenances, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the "Net Revenues"), and a statutory first lien thereon is hereby recognized and created.

This bond is one of a series of bonds of even Date of Original Issue aggregating the principal sum of \$\_\_\_\_\_, issued pursuant to Ordinances Nos. 1539, 1919, 1933, 1947, 1948, 1961, 1989 and \_\_\_\_ of the Issuer, duly adopted by the City Commission of the Issuer (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 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 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 Ordinances. The bonds of this issue are of equal standing and priority of lien as to the Net Revenues with the Issuer's (a) Water Supply System Revenue Refunding Bonds, Series 2014, (b) Water Supply System Revenue Bonds, Series 2015, (c) Water Supply System Revenue and Revenue Refunding Bonds, Series 2017, (d) Water Supply System Revenue Bonds, Series 2018, and (e) Water Supply System Revenue Bonds, Series 2019 (together the "Outstanding Bonds"). The bonds of this issue are senior in standing and priority of lien as to the Net Revenues with the Issuer's Water Supply System Junior Lien Revenue Bonds, Series 2019B in the outstanding principal amount of \$1,730,000 (the "Outstanding Junior Lien Bonds").

Bonds of this issue maturing in the years 2021 to \_\_\_\_, inclusive, are not subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 20\_\_ and thereafter may be redeemed at the option of the Issuer, in such order as the Issuer shall determine and within any maturity by lot, on any date on or after September 1, 20\_\_ at par and accrued interest to the date fixed for redemption.

[insert any mandatory redemption or extraordinary redemption provisions]

In case less than the full amount of an outstanding bond is called for redemption the Transfer Agent upon presentation of the bond called in part for redemption shall register, authenticate and deliver to the registered owner a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption of any bond or portion thereof shall be given by the Transfer Agent at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. Bonds shall be called for redemption in multiples of \$5,000 and any bond of a denomination of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$5,000 and such bond may be redeemed in part. Notice of redemption for a bond redeemed in part shall state that upon surrender of the bond to be redeemed a new bond or bonds in aggregate principal amount equal to the unredeemed portion of the bonds surrendered shall be issued to the registered owner thereof. No further interest on a bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bond or portion thereof.

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 of the Issuer but is payable solely and only, 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 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 on and the principal of the bonds of this issue, the Outstanding Bonds and any additional bonds of equal standing as and when the same shall become due and payable, and

to create and maintain a bond redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of 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 Issuer kept for that purpose at the office of the Transfer Agent by the registered owner hereof in person, or by 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 registered 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 authorizing the bonds, and the Outstanding Bonds, and upon the payment of the charges, if any, therein prescribed.

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

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City of Kalamazoo, County of Kalamazoo, State of Michigan, by its City Commission, has caused this bond to be executed with the facsimile signatures of its Mayor and its City Clerk and a facsimile of its corporate seal to be printed on this bond, all as of the Date of Original Issue.

**CITY OF KALAMAZOO**

By: \_\_\_\_\_  
Mayor

(Seal)

Countersigned:

\_\_\_\_\_  
City Clerk

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the within-mentioned Ordinances.

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.**, Detroit, Michigan  
Transfer Agent

By: \_\_\_\_\_  
Authorized Signatory

Date of Registration: \_\_\_\_\_

Section 15. Adjustment of Bond Terms. The Authorized Officers are each hereby authorized to adjust the final bond details as set forth herein to the extent necessary or convenient to complete the sale of the Series 2020A Bonds and in pursuance of the forgoing are each authorized to exercise the authority and make the determinations pursuant to Sections 7a(1)(c)(i) and (v) of Act 94, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, date of issuance, interest payment dates, redemption rights, and other matters within the parameters established by this Ordinance.

Section 16. Notice of Sale; Sale Order; Award of Sale of Series 2020A Bonds. The Authorized Officers are each hereby authorized to fix a date of sale for the Series 2020A Bonds and to publish a notice of sale of the Series 2020A Bonds in The Bond Buyer, New York, New York, which notice of sale shall be in the form as recommended by the City's Bond Counsel. The Authorized Officers are each hereby authorized on behalf of the City to execute a Sale Order awarding the sale of the Series 2020A Bonds to the bidder whose bid meets the requirements of law and the terms of the Official Notice of Sale as published.

The Authorized Officers are each hereby authorized on behalf of the City to execute a Sale Order evidencing the final terms of the Series 2020A Bonds, and to take all other necessary actions required to effectuate the sale, issuance and delivery of the Series 2020A Bonds within the parameters authorized in this Ordinance.

Section 17. Tax Covenant. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Series 2020A Bonds from gross income for federal income tax purposes 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 expenditures and investment of the proceeds of the Series 2020A Bonds and moneys deemed to be proceeds of the Series 2020A Bonds.

Section 18. Continuing Disclosure. The City covenants to enter into a continuing disclosure undertaking for the benefit of the holders and beneficial owners of the Bonds in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, and the Authorized Officers are each hereby authorized to execute such undertaking prior to delivery of the Series 2020A Bonds.

Section 19. Other Matters. The Authorized Officers are each authorized and directed to (a) approve the circulation of a preliminary official statement describing the Bonds and to deem the preliminary official statement "final" for purposes of Rule 15c2-12 of the SEC; (b) solicit bids for and approve the purchase of a municipal bond insurance policy for the Bonds; (c) apply for ratings on the Bonds; and (d) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Bonds.

Section 20. Appointment of Bond Counsel. The appointment of the law firm of Miller, Canfield, Paddock and Stone, P.L.C. of Detroit, Michigan, as Bond Counsel for the Bonds is hereby confirmed, notwithstanding its periodic representation in unrelated matters of potential parties to the Bonds.

Section 21. Savings Clause. The Outstanding Ordinances shall continue in effect, except as specifically supplemented or altered herein.

Section 22. 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 23. Publication and Recordation. This Ordinance shall be published in full in the *Kalamazoo Gazette*, a newspaper of general circulation in the City, qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the Ordinance Book of the Issuer and such recording authenticated by the signatures of the Mayor and City Clerk.

Section 24. Effective Date. Pursuant to the provisions of Section 6 of Act 94, this Ordinance shall be approved on the date of first reading and accordingly this Ordinance shall immediately be effective upon its adoption.

Adopted and signed this 4th day of May, 2020.

Signed: \_\_\_\_\_  
Mayor

Signed: \_\_\_\_\_  
City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Commission of the City of Kalamazoo, County of Kalamazoo, Michigan, at a Regular Meeting held on the 4th day of May, 2020, 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 temporarily modified by Governor Whitmer's Executive Order No. 2020-48 (COVID-19), 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 Commissioners were present at said meeting: Cunningham, Hess, Knott, Praedel, Urban, Vice Mayor Griffin, Mayor Anderson

and that the following Commissioners were absent: None.

I further certify that Commissioner Knott moved adoption of said Ordinance, and that said motion was supported by Commissioner Cunningham.

I further certify that the following Commissioners voted for adoption of said Ordinance: Cunningham, Hess, Knott, Praedel, Urban, Vice Mayor Griffin, Mayor Anderson

and that the following Commissioners 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 City Clerk.

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City Clerk