CITY OF FARMINGTON
ORDINANCE NO. C-580-91

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

THE CITY OF FARMINGTON 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 Issuer 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.

The adjustment of revenues and expenses by the factors set forth in (i) and (ii) above shall be reported upon by professional engineers or certified public accountants or other experts not in the regular employment of the Issuer.

(c) "Bonds" mean the Series 1991 Bonds together with any additional Bonds of equal standing hereafter issued.

(d) "Issuer" means the City of Farmington, County of Oakland, State of Michigan.

(e) "Project" means the additions, extensions and improvements to the System consisting generally of [illegible]

[illegible]

C. REPLACEMENT FUND

There shall next be established and maintained a fund designated REPLACEMENT FUND (the "Replacement Fund"), the money credited thereto to be used solely for the purpose of making repairs and replacements to the System. On or before the date of delivery of the Series 1991 Bonds there shall be credited to the Replacement Fund the sum of Seventy Five Thousand Dollars ($75,000). Out of the Revenues and moneys of the System remaining in the Receiving Fund each April 1 and October 1 after provision has been made for the deposit of moneys in the Operation and Maintenance Fund and the Redemption Fund (including the Bond Reserve Account, if any) there may be deposited in the Replacement Fund such additional funds as the City Manager may deem advisable. If at any time it shall be necessary to use moneys in the Replacement Fund for the purpose for which the Replacement Fund was established, the moneys so used shall be replaced from any moneys in the Receiving Fund which are not required by this Ordinance to be used for the Operation and Maintenance Fund or the Redemption Fund (including the Bond Reserve Account, if any).

D. IMPROVEMENT FUND

Out of the remaining Revenues in the Receiving Fund after meeting the requirements of the Operation and Maintenance Fund, the Redemption Fund and the Replacement Fund, there may be next set aside in or credited to a fund to be designated IMPROVEMENT FUND (the "Improvement Fund"), which Improvement Fund may have several subaccounts therein, such sums each April 1 and October 1 as the City Manager may deem advisable to be used for additions, improvements, enlargements or extensions to the System including the planning thereof.

E. SURPLUS MONEYS

Thereafter any Revenues in the Receiving Fund after satisfying all the foregoing requirements of this Section may, at the discretion of the Issuer, be used for any of the following purposes:

1. Transferred to the Replacement Fund, the Improvement Fund or both.
2. Transferred to the Redemption Fund and used for the purchase of Bonds on the open market at not more than the fair market value thereof or used to redeem Bonds prior to maturity pursuant to Section 5 of this Ordinance.
3. Any other use permitted by law.

Section 11. Priority of Funds. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Redemption Fund, any moneys or securities in other funds of the System, except the proceeds of sale of the Bonds, shall be credited or transferred, first, to the Operation and Maintenance Fund, and second, to the Redemption Fund.

Section 14. Depositary and Funds on Hand. Moneys in the several funds and the accounts established pursuant to this Ordinance, except moneys in the Redemption Fund and moneys derived from the proceeds of sale of the Bonds, may be kept in one or more bank accounts at a bank or banks designated by the City Treasurer, and if kept in one bank account the moneys shall be allocated on the books and records of the Issuer as directed by the City Manager in the manner and at the times provided in this Ordinance.

[illegible]

Section 17. Bond Form. [illegible]

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND

CITY OF FARMINGTON

WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BOND
SERIES 1991
(LIMITED TAX GENERAL OBLIGATION)

Interest Rate	Maturity Date	Date of Original Issue
2.00%	October 1 serially as provided herein	March 28, 1991

REGISTERED OWNER: Michigan Municipal Bond Authority (the "Authority")

PRINCIPAL AMOUNT: [illegible]

[illegible]

EXHIBIT A
REGISTRATION GRID

The following registration grid indicates disbursement of principal from the Michigan Municipal Bond Authority to the Issuer. NOTHING IS TO BE WRITTEN HEREON EXCEPT BY THE AUTHORITY OR ITS DEPOSITORY.

Date of Registration	Principal Disbursement	Signature of Authority or its Depository
	$	
	$	
	$	
	$	
	$	
	$	
	$	
	$	
	$	
	$	
	$	
	$	

EXHIBIT B
PAYMENT SCHEDULE

[illegible]

Due Date	Amount of Principal Installment Due	Date Paid	Signature of Authority or its Depository
[illegible]	[illegible]		

[illegible]

(Publish February 28, 1991)