

TOWNSHIP OF BIRCH RUN
SAGINAW COUNTY, MICHIGAN

BIRCH RUN TOWNSHIP
RESOLUTION AUTHORIZING ISSUANCE OF GENERAL OBLIGATION UNLIMITED
TAX BONDS, SERIES 2017
NO. 2017-10

At a Special Meeting of the Birch Run Township Board, Township of Birch Run, Saginaw County, Michigan, held at the Township Meeting Room on the 24th day of May, 2017, at 7 o'clock Eastern Standard Time.

PRESENT: Letterman, Trinklein, Parlberg, Moore, Kiessling, Sheridan, Totten
ABSENT: None

The following resolution was made by Totten and seconded by Sheridan:

WHEREAS, at the election held in the Township of Birch Run (the "Township") on November 8, 2016, the issuance of general obligation unlimited tax bonds in the principal amount of not to exceed \$1,750,000 for the purpose of paying all or part of the cost of acquiring, erecting, and furnishing a new fire station and acquiring and improving the site therefor (the "Project") was approved by a majority of the electors of the Township voting thereon (the vote thereon being 1,635 in favor of and 1,353 against the issuance of the bonds); and

WHEREAS, the Township Board has determined that it is in the best interest of the Township to issue bonds to finance the Project; and

WHEREAS, The State Bank (the "Purchaser") has agreed to lend to the Township the sum of \$1,750,000, maturing in amounts and payable with interest on the balance from time to time unpaid as hereinafter set forth.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWNSHIP BOARD OF THE TOWNSHIP OF BIRCH RUN, SAGINAW COUNTY, MICHIGAN, as follows:

1. AUTHORIZATION OF BONDS - PURPOSE. Bonds of the Township aggregating the principal sum of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000) shall be issued and sold to defray the cost of the Project.

2. BOND DETAILS. The bonds shall be designated "General Obligation Unlimited Tax Bonds, Series 2017" (the "Bonds"); shall be dated their date of delivery; shall be issued in the

form of a single fully-registered bond, designated No. 1, in the original principal amount of the Bonds; shall bear interest at a rate of 2.65% per annum, payable on April 1, 2018 and semiannually thereafter on the first days of October and April in each year; provided, however, that in the event that the principal of and/or interest on the Bonds is not paid on the date when due, the Bonds shall bear interest at the rate of 4.65% per annum from the date such payment was due until paid; and shall mature on April 1 of each year as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2018	\$125,000	2023	\$175,000
2019	\$150,000	2024	\$175,000
2020	\$150,000	2025	\$200,000
2021	\$150,000	2026	\$225,000
2022	\$175,000	2027	\$225,000

3. PAYMENT OF PRINCIPAL AND INTEREST. The principal of and interest on the Bonds shall be payable in lawful money of the United States. Principal installments shall be payable to the registered owner of the Bonds without presentation and surrender; provided, however, that the final payment of the principal of the Bonds is payable upon the surrender thereof at the office of the bond registrar and paying agent. Interest shall be paid to the registered owner of the Bonds as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft mailed by the bond registrar and paying agent to the registered owner at the registered address.

4. PREPAYMENT OF PRINCIPAL. Principal installments of the Bonds may be prepaid in whole or in part prior to maturity without premium and in such order as shall be determined by the Township on any date. Principal installments on the Bonds that have been prepaid shall be noted on the Bonds and such installments shall no longer be considered outstanding for any purpose.

5. BOND REGISTRAR AND PAYING AGENT. The Township Treasurer shall be the bond registrar and paying agent for the Bonds. In the absence of the Township Treasurer or in the event of the inability of the Township Treasurer to act, the Township Clerk may perform the duties of the bond registrar and paying agent.

6. EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS. The Bonds shall be executed in the name of the Township by the manual signatures of the Township Supervisor and the Township Clerk. After the Bonds have been executed, they shall be delivered by the Township Treasurer to the purchaser upon receipt of the purchase price.

7. EXCHANGE AND TRANSFER OF BONDS. Any Bond, upon surrender thereof to the bond registrar and paying agent with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney, at the option of the registered owner thereof, may be exchanged for Bonds of any other authorized denominations of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Bond.

Each Bond shall be transferable only upon the books of the Township, which shall be kept for that purpose by the bond registrar and paying agent, upon surrender of such Bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney.

Upon the exchange or transfer of any Bond, the bond registrar and paying agent on behalf of the Township shall cancel the surrendered Bond and shall authenticate and deliver to the transferee a new Bond or Bonds of any authorized denomination of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Bond. If, at the time the bond registrar and paying agent authenticates and delivers a new Bond pursuant to this section, payment of interest on the Bonds is in default, the bond registrar and paying agent shall endorse upon the new Bond the following: "Payment of interest on this bond is in default. The last date to which interest has been paid is _____."

The Township and the bond registrar and paying agent may deem and treat the person in whose name any Bond shall be registered upon the books of the Township as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes, and all payments made to any such registered owner, or upon his order, in accordance with the provisions of Section 3 of this Bond Resolution shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Township nor the bond registrar and paying agent shall be affected by any notice to the contrary. The Township agrees to indemnify and save the bond registrar and paying agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

For every exchange or transfer of Bonds, the Township or the bond registrar and paying agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The bond registrar and paying agent shall not be required to transfer or exchange Bonds or portions of Bonds which have been selected for prepayment.

8. FORM OF BONDS. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF SAGINAW
TOWNSHIP OF BIRCH RUN
GENERAL OBLIGATION UNLIMITED TAX BOND
SERIES 2017

No. 1

REGISTERED OWNER: The State Bank

PRINCIPAL AMOUNT: \$1,750,000

INTEREST RATE: 2.65%

ORIGINAL ISSUE DATE: _____, 2017

The Township of Birch Run, Saginaw County, Michigan (the "Township"), acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the maturity dates and in the amounts set forth on Exhibit A attached hereto, unless prepaid prior thereto as hereinafter provided, the final payment to be made upon presentation and surrender of this bond at office of the Treasurer of the Township of Birch Run, Saginaw County, Michigan, the bond registrar and paying agent, and to pay to the Registered Owner at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Township's obligation with respect to the payment of such Principal Amount is discharged, at the Interest Rate set forth above; provided, however, that in the event that the principal of and/or interest on this bond is not paid on the date when due, this bond shall bear interest at the rate of 4.65% per annum from the date such payment was due until paid. Interest is payable on the first days of April and October in each year, commencing on April 1, 2018, and shall be computed the basis of a 360-day year and actual days elapsed. Principal and interest are payable in lawful money of the United States of America.

This bond is one of a series of bonds (issued in the form of a single registered bond) aggregating the principal sum of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000) issued by the Township under and pursuant to and in full conformity with the Constitution and Statutes of Michigan (especially Act 116, Public Acts of 1923, as amended) and a bond authorizing resolution adopted by the Township Board of the Township (the "Resolution") to defray the cost of acquiring, erecting, and furnishing a new fire station and acquiring and improving the site therefor. The full faith and credit of the Township have been pledged to the prompt payment of the principal of and interest on this bond. The Township is authorized and required to levy

annually ad valorem taxes, without limitation as to rate or amount, to pay such principal and interest as the same shall become due.

This bond is transferable, as provided in the Resolution, only upon the books of the Township kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the Registered Owner or his attorney duly authorized in writing. Upon the exchange or transfer of this bond, a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

The bond registrar and paying agent shall not be required to transfer or exchange bonds or portions of bonds which have been selected for prepayment.

Principal installments may be prepaid in whole or in part prior to maturity without premium and in such order as shall be determined by the Township on any one or more dates. Principal installments that have been prepaid shall be noted on the Bonds and such installments no longer shall be considered outstanding for any purpose. Thirty days' notice of prepayment shall be given to the Registered Owner by mail at the registered address.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond of this series, existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of the Township, including the series of bonds of which this bond is one, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Township of Birch Run, Saginaw County, Michigan, by its Township Board, has caused this bond to be executed in its name by the manual or facsimile signatures of the Township Supervisor and the Township Clerk, all as of the Original Issue Date set forth above.

TOWNSHIP OF BIRCH RUN

By: _____
Corey Trinklein, Clerk

By: _____
Ray Letterman, Supervisor

EXHIBIT A

TOWNSHIP OF BIRCH RUN

GENERAL OBLIGATION UNLIMITED TAX BOND, SERIES 2017

Due April 1

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2018	\$125,000	2023	\$175,000
2019	\$150,000	2024	\$175,000
2020	\$150,000	2025	\$200,000
2021	\$150,000	2026	\$225,000
2022	\$175,000	2027	\$225,000

END OF BOND FORM

9. SECURITY. The full faith and credit of the Township are pledged for the prompt payment of the principal of and interest on the Bonds as the same shall become due. There shall be levied upon all taxable property in the Township upon the tax roll of the year 2017 and upon the tax roll of each year thereafter while any of the Bonds are outstanding, an amount such that the estimated collections therefrom will be sufficient to promptly pay at maturity the principal and interest maturing on the Bonds prior to the time of the following year's tax collections. Taxes required to be levied to pay such principal and interest shall be levied without limitation as to rate or amount.

10. DEFEASANCE. In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay, at maturity or irrevocable call for earlier optional redemption, the principal of and interest on the Bonds, shall have been deposited in trust, this Bond Resolution shall be defeased with respect to the Bonds, and the owner or owners of the Bonds shall have no further rights under this Bond Resolution except to receive payment of the principal of and interest on such Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein.

11. PRINCIPAL AND INTEREST FUND. There shall be established for the Bonds a Principal and Interest Fund which shall be kept in a separate bank account. All payments made by the Township pursuant to Section 9 of this Bond Resolution are pledged for payment of the principal of and interest on the Bonds and as made shall be placed in the Principal and Interest Fund.

12. CONSTRUCTION FUND. The proceeds of the sale of the Bonds shall be set aside in a construction fund and used solely to defray the costs of the Project, including any engineering, legal and other expenses incidental thereto. Any unexpended balance of the proceeds of the sale of the Bonds remaining in the construction fund after completion of the Project shall be deposited in the Principal and Interest Fund established by Section 11 hereof.

13. ESTIMATES OF PERIOD OF USEFULNESS AND COST. The estimates of \$1,750,000 as the cost of the Project and of ten (10) years and upwards as the period of usefulness thereof, as submitted to this Township Board, are approved and adopted.

14. APPROVAL OF MICHIGAN DEPARTMENT OF TREASURY. The issuance and sale of the Bonds is subject to approval being granted therefor by the Department of Treasury of the State of Michigan in accordance with Act 34, Public Acts of Michigan, 2001, as amended, and the Township Supervisor is authorized, if necessary, to file an application with the Department of Treasury for permission to issue the Bonds.

15. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF BONDS. The Bonds shall be sold to the Purchaser pursuant to a negotiated sale. The Township Board hereby determines that such a negotiated sale and the delivery of the Bonds directly to the Purchaser as provided in this Bond Resolution and will provide the Township with the lowest cost of borrowing money for the Project. The Township Supervisor, the Township Clerk, the Township Treasurer, and other appropriate Township employees and officials are authorized to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Bonds in accordance with the provisions of this Bond Resolution.

16. REPLACEMENT OF BONDS. Upon receipt by the Township Clerk of proof of ownership of an unmatured Bond, or satisfactory evidence that the Bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the Township Clerk, the Township Clerk may authorize the bond registrar and paying agent to deliver a new executed Bond to replace the Bond lost, apparently destroyed or wrongfully taken in compliance with applicable law. In the event an outstanding matured Bond is lost, apparently destroyed or wrongfully taken, the Township Clerk may authorize the bond registrar and paying agent to pay the Bond without presentation upon the receipt of the same documentation required for the delivery of a replacement Bond. The bond registrar and paying agent, for each new Bond delivered or paid without presentation as provided above, shall require the payment of expenses, including counsel fees, which may be incurred by the bond registrar and

paying agent and the Township in the premises. Any Bond delivered pursuant the provisions of this Section 16 in lieu of any Bond lost, apparently destroyed or wrongfully taken shall be of the same form and tenor and be secured in the same manner as the Bond in substitution for which such Bond was delivered.

17. FINANCIAL STATEMENTS. The Township agrees that each year while the Bonds are outstanding, it will provide the Purchaser with a copy of its annual audited financial statement in the form filed with the Michigan Department of Treasury as required by law at the same time that such financial statement is filed with the Michigan Department of Treasury.

18. TAX COVENANT. The Township covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, necessary to assure that the interest on the Bonds will be and will remain excludable from gross income for federal income tax purposes. The Township Supervisor, the Township Clerk, the Township Treasurer and other appropriate Township officials are authorized to do all things necessary to assure that the interest on the Bonds will be and will remain excludable from gross income for federal income tax purposes.

19. QUALIFIED TAX EXEMPT OBLIGATIONS. The Bonds are hereby designated as Qualified Tax Exempt Obligations as described in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

20. CONFLICTING RESOLUTIONS. All resolutions and parts of resolutions insofar as they may be in conflict herewith are hereby rescinded.

21. EFFECTIVE DATE. This Bond Resolution shall be immediately effective upon its adoption.

RESOLUTION DECLARED ADOPTED.

YEAS: Kiessling, Letterman, Parlberg, Sheridan, Totten, Trinklein, Moore

NAYS: None

ABSTENTIONS: None

STATE OF MICHIGAN)
) SS:
COUNTY OF SAGINAW)

I hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the Township Board of the Township of Birch Run, Saginaw County, Michigan, at a special meeting held on May 24, 2017, the original of which resolution is on file in my office. I further certify that notice of said meeting was given in accordance with the provisions of the open meetings act.

Corey Trinklein, Clerk
Birch Run Township