

669, 1989

AN ORDINANCE TO REPEAL ORDINANCE NO. 1 OF 1981, AS AMENDED, SO AS TO PROVIDE FOR THE REFUNDING AND RETIRING OF CERTAIN ELECTRIC UTILITY SYSTEM REVENUE BONDS; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE REFUNDING 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 HE BONDS AND THE SYSTEM.

THE COUNTY OF ANTRIM 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) "Additional Bonds" means additional bonds of the Issuer of equal or prior standing with the Series 1989 Bonds.
- (c) "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.

- (d) "Authorized Amount" means \$500,000 principal amount of the Series 1989 Bonds or such lesser amount as shall be reasonable and necessary to effectuate the Refunding.
- (e) "Bonds" mean the Series 1989 Bonds, together with any additional Bonds of equal standing hereafter issued-

(f) "Issuer" means the County of Antrim, State of Michigan.

(g) "Ordinance No. 1 of 1981, as amended" means Ordinance No. 1 of 1981, as amended, adopted by the Issuer's Board of Commissioners on December 10, 1981 and amended June 9, 1983.

(h) "Prior Bonds" means the Electric Utility System Revenue Bonds, dated August 1, 1983, issued pursuant to Ordinance No. 1 of 1981, as amended.

(i) "Refunding" means the refunding of the Prior Bonds by purchase of the Prior Bonds from the United States Department of Agriculture, Farmers Bone Administration, at a purchase price equal to the principal of and accrued interest on the Prior Bonds to the date of purchase.

(j) "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 this Ordinance.

(k) "Series 1989 Bonds" means the Electric Utility System Revenue Refunding Bonds, Series 1989, of the Issuer in the principal amount of not to exceed Authorised Amount.

(l) "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.

(m) "System" means that electric utility system of the County located at the Elk Rapids Hydroelectric Plant in Elk Rapids in the County, including all plants, works, instrumentalities and properties, used or useful in connection with the generation and distribution of electricity, together with all additions, extensions and improvements hereafter acquired.

Section 2. Necessity; Approval of Plans and Specifications.

It is hereby determined to be a necessary public purpose of the Issuer to enter into the Refunding the effect of which will be to reduce the cost to the Issuer of financing the improvements to the System constructed with the proceeds of the Prior Bonds by reducing the net interest cost to the Issuer.

Section 3. Costs; Useful Life. The total cost of the Refunding is estimated to be \$500,000 including the payment of incidental expenses as specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed.

Section 4. Payment of Cost: Bonds Authorized. To pay part of the cost of the Refunding, including

payment of legal, financial (including bond discount), the amount of a good faith deposit, if necessary, with the holder of the Prior Bonds, credit enhancement, if necessary, and other expenses incident thereto and incident to the issuance and sale of the Series 1989 Bonds, the Issuer shall borrow the sum of not to exceed the Authorized Amount and shall issue the Series 1989 Bonds therefor pursuant to the provisions of Act 94. The remaining cost, if any, of refunding the Prior Bonds shall be defrayed from Issuer funds on hand and legally available for such use, including moneys in the bond reserve account and bond and interest redemption fund established for the Prior Bonds.

The purpose of this Ordinance is to authorize the issuance of revenue bonds to finance the cost of the Refunding.

Section 5. Bond Details, Sale, Issuance in Series Registration and Execution.

The Series 1989 Bonds hereby authorized shall be designated ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 1989, shall be payable out of the Net Revenues, as set forth more fully in Section 7 hereof, shall consist of a single fully registered bond in the aggregate principal sum not to exceed the Authorized Amount so long as such bond is registered in the name of the Michigan Municipal Bond Authority (the "Authority") or several fully registered bonds of the denomination of \$5,000, or integral multiples of 45,000 not exceeding in any one year the amount maturing in that year, dated as of the date on which the Series 1989 Bonds are delivered to the initial purchaser, numbered in order of registration and shall be payable in Principal Installments if held by the Authority, or, if not held by the Authority, shall mature on November 1 in each of the years 1989 to 2012 or such years and months, annually or semiannually, in such principal amounts as shall be determined at the time of sale. The Series 1989 Bonds shall bear interest at a rate or rates to be determined on sale thereof, but in any event not exceeding the lesser of a net interest cost of 9% per annum or the maximum rate permitted by law, payable on May 1 and November 1 of each year, commencing November 1, 1989, by check or draft mailed by the transfer agent selected by the Issuer 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.

If the Series 1989 Bonds are held by the Authority and are secured by a pledge of state revenue sharing funds, then the Series 1989 Bonds shall bear additional interest as follows:

In the event of a default in the payment of principal or interest on the Series 1989 Bonds 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 one percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the Series 1989 Bonds of the Authority issued to provide funds to purchase the Series 1989 Bonds 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

Issuer'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 Series 1989 Bonds of the Authority issued to provide funds to purchase the Series 1989 Bonds, 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 Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the Authority) of such deficiency as additional interest on the Series 1989 Bonds.

Comerica Bank-Detroit, Detroit, Michigan is hereby appointed as registrar and transfer agent for this issue if the Authority is not the owner of the Series 1989 Bonds. The Issuer may select another

bank or trust company located in the State of Michigan to serve as transfer agent upon notice to the registered owners of the Series 1989 Bonds not less than sixty (60) days prior to an interest payment date. Notwithstanding any other provision of this Ordinance, so long as the Authority is the owner of the Series 1989 Bonds, **(a)** the Series 1989 Bonds are payable as to principal, premium, if any, and interest at the principal corporate trust office of Comerica Bank-Detroit, Detroit, Michigan or at such other place as shall be designated in writing to the Issuer by the Authority (the "Authority's Depository"); **(b)** the Issuer agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on the Bonds in immediately available funds at least two business days, or five business days if credit enhancement is secured for the Series 1989 Bonds, prior to the date on which any such payment is due whether by maturity, redemption or otherwise; and **(c)** written notice of any redemption of the Bonds or any portion thereof shall be given by the Issuer to the Authority's Depository at least 40 days prior to the date on which such redemption is to be made. The Series 1989 Bonds shall be sold at not less than 95% of their par value.

The Issuer hereby authorizes the Bonds to be sold to the Authority after approval from the Michigan Department of Treasury in the amounts and pursuant to the terms and provisions described herein and at a net interest rate less than or equal to the rate described above.

The Chairman of the Board of Commissioners, the County Clerk and the County Treasurer, or any of them (the "Authorized Officers") are hereby authorized to sell the Series 1989 Bonds to the Authority and execute a Purchase Contract in connection therewith. The terms of the Series 1989 Bonds shall be within the limitations described herein. The Purchase Contract shall describe the final terms of the Series 1989 Bonds which may include a reduction of the Authorized Amount and a revision of the maturities of the Series 1989 Bonds and execution by the Authorized Officers shall constitute approval of such final terms by the Issuer.

Notwithstanding the foregoing, the Authorized Officers are authorized and directed to take all actions as may be necessary or convenient to effect the negotiated sale of the Series 1989 Bonds provided that such sale shall either (i) reduce the annual debt service from that which is presently required for the Prior Bonds or (ii) accomplish a net present value savings for the Series 1989 Bonds.

The form of the Purchase Contract between the Issuer and the Authority relating to the sale of the Bonds on file with the Clerk is hereby approved.

The Chairman of the Board of Commissioners, County Clerk or County Treasurer are each hereby authorized to execute and deliver the Purchase Contract in the form approved, with such changes and insertions in such document as may be necessary or desirable, permitted by law, and not materially adverse to the Issuer.

Upon compliance with the terms and conditions of the Purchase Contract, the Chairman of the Board of Commissioners and the County Clerk shall execute the Series 1989 Bonds and cause the Series 1989 Bonds to be sealed and authenticated and deliver the Series 1989 Bonds upon receipt of the proceeds therefor to the credit of the appropriate funds, in accordance with the provision of this Ordinance.

The Series 1989 Bonds or portions thereof may be subject to redemption prior to maturity at the times and prices and in the manner and with notice as set forth in the form of the Series 1989 Bonds in Section 18 of this Ordinance. In the event the Series 1989 Bonds are not owned by the Authority, provisions for notice of redemption shall be incorporated in the form of the Series 1989 Bonds.

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 Series 1989

Bonds contained in Section 18 of this Ordinance.

The Bonds shall be executed in the name of the Issuer with the manual or facsimile signatures of the Chairman of the Board of Commissioners and the County Clerk and shall have the Issuer's seal or a facsimile thereof printed or impressed on them. No Bond shall be valid until authenticated by an authorized signer of the transfer agent except that, in the event the Series 1989 Bonds are purchased by the Authority, the authentication of the Series 1989 Bonds by the transfer agent shall not be required while the Authority is the owner of the Series 1989 Bonds and the Series 1989 Bonds shall be valid upon execution by the manual or facsimile signature of the Chairman of the Board of Commissioners and manual signature of the County Clerk. The Bonds shall be delivered to the transfer agent for authentication, if required, and be delivered to the purchaser in accordance with instructions from the Treasurer of the Issuer upon payment of the purchase price for the Series 1989 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 Issuer 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 1989 Bonds contained in Section 18 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 Issuer 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. During such time as the Series 1989 Bonds may be owned by the Authority, written notice of such redemption must be given to the Authority's Depository at the times described in the Series 1989 Bonds.

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 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 and so long as the Series 1989 Bonds are held by the Authority, (a) the Issuer's Treasurer shall perform the notification, bond registration and transfer functions of the transfer agent, and (b) provisions relating to the transfer of the Bonds may be deleted from the form of Series 1989 Bonds.

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.

Section 7. Payment of Bonds.

The Series 1989 Bonds and the interest thereon shall be payable solely from the Net Revenues (except as provided in this Section), and to secure such payment, there is hereby created 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. If the Series 1989 Bonds are owned by the Authority at the time of such deposit with respect to the Series 1989 Bonds, the sufficiency of such deposit shall be verified by a nationally recognized form of certified public accountants. 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.

If required by the Authority or a credit enhancement provider as additional security for the Series 1989 Bonds, the Issuer, pursuant to authorization of Section 7(3) of Act 94, hereby irrevocably pledges its limited tax full faith and credit for the prompt and timely payment of its obligations pledged for payment of the Series 1989 Bonds as expressed in this Ordinance. Pursuant to such pledge, if Net Revenues are not available, the Issuer shall be required to pay such amounts from any of its general funds as a first budget obligation and shall each year levy an ad valorem tax on all the taxable property in the Issuer in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay the Series 1989 Bonds before the time of the following year's tax collections, such annual levy shall be in an amount sufficient to pay the Series 1989 Bonds subject to applicable constitutional and statutory limitations.

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 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 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 9. Management: Fiscal Year.

The operation, repair and management of the System shall continue to be under the supervision and control of the City Council. The City 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 City Council may make such rules and regulations as it deems advisable and

necessary to assure the efficient management and operation of the System.

Section 10. 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 as set forth in a certain Agreement between Antrim County, Michigan and the Traverse City Light and Power Board, dated as of December 8, 1981, as amended, and approved by the Board of Commissioners on December 10, 1981 and December 9, 1982.

Section 11. 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 Issuer.

Section 12. Fixing and Revising Rates: Rate Covenant.

The rates now in 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 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. Subject to the Agreement described in Section 10, the rates shall be set from time to time so that there shall be produced each fiscal year, Net Revenues in an amount equal to 115X of the principal of and interest on the Bonds coming due in each fiscal year if required by the Authority or a credit enhancement, provider. 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 13. Funds and Accounts: Flow of Funds.

Except to the extent provided in this Section, all funds belonging to the System as established under Ordinance No. 1 of 1981, as amended, shall remain in such funds and be used as indicated in this Ordinance. The Issuer is hereby authorized to use moneys currently on hand in any of the funds established with respect to the Prior Bonds to purchase the Prior Bonds or to fund any of the funds described in Section 13 of this Ordinance as shall be determined by the Authorized Officers to be in the best interests of the Issuer. Upon purchase by the Issuer of the Prior Bonds, all Revenues of the System shall be set aside as collected and credited to a fund to be designated ELECTRIC UTILITY SYSTEM RECEIVING FUND (the "Receiving Fund"). The Revenues credited to the Receiving Fund are pledged for the purpose of the following funds and shall be transferred or debited from the Receiving Fund periodically in the manner and at the times and in the order of priority hereinafter specified, all of which shall commence upon purchase by the Issuer of the Prior Bonds:

A. OPERATION AND MAINTENANCE FUND:

Out of the Revenues credited to the Receiving Fund there shall be first set aside in, or credited to, a fund designated OPERATION AND MAINTENANCE FUND (the "Operation and Maintenance Fund"), monthly a sum sufficient to provide for the payment of the next month's expenses of administration and operation of the System and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order.

A budget, showing in detail the estimated costs of administration, operation and maintenance of the System for the next ensuing operating year, shall be prepared by the Board of Commissioners at least 30 days prior to the commencement of each ensuing operating year. No payments shall be made to the Issuer from moneys credited to the Operation and Maintenance Fund except for services directly rendered to the System by the Issuer or its personnel.

B. BOND AND INTEREST REDEMPTION FUND:

There shall continue to be maintained a 'operate depository fund designated BOND AND

INTEREST REDEMPTION FUND (the "Redemption Fund"), the moneys on deposit therein from time to time to be used solely for the purpose of paying the principal of, redemption premiums (if any) and interest on the Bonds. The moneys in the Redemption Fund shall be kept on deposit with the bank or trust company where the principal of and interest on the Bonds, or any series thereof, are payable.

Out of the Revenues remaining in the Receiving Fund (including the Bond Reserve Account, if any), after provision for the Operation and Maintenance Fund, there shall be set aside each month commencing the first day of the month immediately following purchase of the Prior Bonds .in the Redemption Fund a sum proportionately sufficient to provide for the payment when due of the current principal of and interest on the Bonds, less any amount in the Redemption Fund representing accrued interest on the Bonds or interest earned on funds in the Redemption Fund. Commencing the first day of the month immediately following purchase of the Prior Bonds, the amount set aside each month for interest on the Bonds shall be an amount which is equal to the product of the total amount of interest on the Bonds next coming due divided by the number of months remaining until such interest becomes due, provided, however, such monthly amount shall be reduced by (i) the amount of any interest earned on the Redemption Fund during the preceding month in accordance with Section 16 of the Ordinance and (ii) the amount of any transfer from the Bond Reserve Account, if any, pursuant to this subsection B and Section 16 of this Ordinance not previously used to reduce such amounts. Commencing November 1, 1989, the amount set aside each month for interest on the Bonds shall be one sixth (1/6) of the total amount of interest on the Bonds next coming due, provided, however, such monthly amount shall be reduced by (i) the amount of any interest earned on the Redemption Fund during the preceding month in accordance with Section 16 of the Ordinance and (ii) the amount of any transfer from the Bonds Reserve Account, if any, not previously used to reduce such amounts. If the first principal payment on the Bonds is due November 1, 1989, then the amount set aside each month for principal commencing the first day of the month immediately following purchase of the Prior Bonds shall be an amount which is equal to the product of the amount of principal next coming due by maturity divided by the number of months remaining until such principal becomes due, provided, however, such monthly amount shall be reduced by the amount of any interest earned on the Redemption Fund during the preceding month in accordance with Section 16 of this Ordinance which exceeds the amount which would otherwise be required to be transferred from the Receiving Fund for interest on the Bonds. The amount set aside each month for principal payment, commencing November, 1989, shall be 1/12 of the amount of principal next coming due by maturity provided, however, such monthly amount shall be reduced by the amount of any interest earned on the Redemption Fund during the preceding month in accordance with Section 16 of this Ordinance which exceeds the amount which would otherwise be required to be transferred from the Receiving Fund for interest on the Bonds. If there is any deficiency in the amount previously set aside, that deficiency shall be added to the next succeeding monthly requirements.

If required by the purchaser of the Series 1989 Bonds there may be maintained a separate account in the Redemption Fund to be known as the BOND RESERVE ACCOUNT (the "Bond Reserve Account") in the amount required by such purchaser not in excess of the amount permitted in order to maintain the exclusion of interest income on the Series 1989 Bonds from gross income for federal tax purposes (the "Reserve Amount"), which may be funded from proceeds of the Series 1989 Bonds, from moneys currently on hand in the Bond Reserve Account for the Prior Bonds or from other moneys of the Issuer.

Except as otherwise provided in this Section, the moneys credited to the Bond Reserve Account shall be used solely for the payment of 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 moneys credited to the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are

not required for current principal and interest requirements until the amount on deposit equals the Reserve Amount. If at the end of each six-month period of the fiscal year the amount in the Bond Reserve Account exceeds the Reserve Amount, the excess shall be transferred to the Redemption Fund to pay interest on the Bonds and the amount required to be transferred to the Redemption Fund from the Receiving Fund shall be reduced accordingly.

C. REPLACEMENT FUND:

There shall be maintained a fund in a separate depository account, designated REPLACEMENT FUND (the "Replacement Fund"), the money credited thereto to be used solely for the purpose of making major repairs and replacements to the System. Out of the Revenues and moneys of the System remaining in the Receiving Fund each month 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 Board of Commissioners 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 may 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). Moneys on hand in the Replacement Fund, if any, may be used to pay principal of and interest on the Bonds in the event of an insufficiency of moneys in the Redemption Fund.

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 (including the Bond Reserve Account, if any) 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 monthly as the Board of Commissioners may deem advisable to be used for additions, improvements, enlargements or extensions to the System, including the planning thereof. Moneys on hand in the Improvement Fund, if any, may be used to pay principal of and interest on the Bonds in the event of an insufficiency of moneys in the Redemption Fund.

E. AURPLUS 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 S of this Ordinance.

Section 14. Depository and Funds on Hand.

Moneys in the several funds and the accounts established pursuant to this Ordinance, except moneys in the Redemption Fund (including the Bond Reserve Account, if any) 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 resolution of the Issuer, and if kept in one bank account the moneys shall be allocated on the books and records of the Issuer in the manner and at the times provided in this Ordinance.

Section 15. 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 16. Investments.

Moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Bonds, 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 moneys derived from the proceeds of sale of the Bonds may also be invested in certificates of deposit of any bank whose deposits are insured by the Federal Deposit Insurance Corporation. Investment of moneys in the Redemption Fund being accumulated for payment of the next maturing principal or interest payment of the Bonds shall be limited to obligations bearing maturity dates prior to the date of the next maturing principal or interest payment on the Bonds. Investment of moneys in the Bond Reserve Account shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than five years from the date of the investment. 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 realised or interest income earned on investment of funds in the Receiving Fund, Operation and Maintenance Fund and Improvement fund shall be deposited in or credited to the Receiving Fund at the end of each fiscal year. Interest earned on the Bond and Interest Redemption Fund (other than the Bond Reserve Account, if any) shall be used to pay debt service on the Bonds and the next required transfer from the Receiving Fund shall be reduced accordingly.

Section 17. Bond Proceeds.

From the proceeds of the sale of the Series 1989 Bonds there shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest and premium, if any, received on the delivery of the Series 1989 Bonds.

The balance of the proceeds of the Series 1989 Bonds shall be used, together with other moneys of the Issuer as described herein to purchase the Prior Bonds and to fund the Bond Reserve Account, if any is required to be funded from proceeds of the Series 1989 Bonds and to pay costs of issuance of the Series 1989 Bonds.

Any remaining balance after such expenditure shall be paid to the Redemption Fund and may be used for the purpose of purchasing Bonds on the open market at not more than the fair market value thereof, but not more than the price at which the Bonds may next be called for redemption, or used for the purpose of paying principal of the Bonds upon maturity or calling Bonds for redemption.

Section 18. Bond Form.

The Series 1989 Bonds shall be in substantially the following form; provided however, that if the Authority ceases to own the Series 1989 Bonds, those sections of the Series 1989 Bonds pertaining to the Authority shall be deleted, and so long as the Authority owns the Series 1989 Bonds, the sections of the Series 1989 Bonds pertaining to the transfer agent shall be amended or deleted accordingly as may be deemed necessary or appropriate by an Authorized Officer:

(FORM OF BOND DELIVERED TO AUTHORITY)

United States of America

State of Michigan

COUNTY OF ANTRIM

ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,
SERIES 1989

The County of Antrim, State of Michigan (the "Issuer"), for value received, hereby promises to pay to the Michigan Municipal Bond Authority (the "Authority") or registered assigns, the principal amount of Dollars (\$) in the serial Principal Installments specified in the Payment Schedule attached hereto and made a part hereof (the "Payment Schedule") on the dates specified in the Payment Schedule in lawful money of the United States of America unless prepaid prior thereto as hereinafter provided, with interest thereon from _____, 19 _____, or such later date to which interest has been paid, until paid, at the interest rates per annum for the respective Principal Installments as shown in the Payment Schedule and in the Interest Installments specified in the Payment Schedule (subject to recalculation upon prepayment of Principal Installments, as hereinafter provided) payable on the dates specified in the Payment Schedule. So long as the Authority is the owner of this bond, Principal Installments and Interest Installments and premium, if any, are payable at the principal corporate trust office of Comerica Bank-Detroit, in Detroit, Michigan or at such other place as shall be designated in writing by the Authority to the Issuer (the "Authority's Depository"). The Issuer agrees to deposit with the Authority's Depository payments of the Principal Installments and Interest Installments and premium, if any, in immediately available funds at least business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise. The Authority's Depository shall endorse the Payment Schedule evidencing payment of each serial Principal Installment and each Interest Installment as provided in the Payment Schedule. The Issuer may at any time demand written certification from the Authority's Depository of such endorsement. For prompt payment of principal and interest on this bond, the Issuer has irrevocably pledged the revenues of the System 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.

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 one 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 Issuer'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 Issuer shall and hereby agrees to pay on demand only the Issuer's pro rate share (as determined by the Authority of such deficiency as additional interest on this bond).

This bond is a single fully-registered bond representing an entire series of bonds aggregating the principal sum of \$_____, issued for the purpose of defraying part of the costs of refunding certain prior revenue bonds of the Issuer. This bond is issued pursuant to Ordinance No. _____ duly adopted by the Board of Commissioners of the Issuer under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, as amended.

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 above-described Ordinance. Principal Installments maturing in the years (insert first maturity) to 1998, inclusive, shall not be subject to prepayment to maturity.

Principal Installments or portions of Principal Installments in multiples of \$5,000 maturing in the years 1999 to (insert final maturity), inclusive, shall be subject to prepayment by the Issuer prior to maturity, in such order as the Issuer shall determine, on any interest payment date on or after November 1, 1998, at the following prepayment prices (expressed as percentages of their principal amounts), plus accrued interest to the redemption date:

<u>Period During which Prepaid</u>	<u>Prepayment Price</u>	
November 1, 1998 to October 31,1999,	inclusive	102%
November 1, 1999 to October 31,2000,	inclusive	101-1/2
November 1, 2000 to October 31,2001,	inclusive	101
November 1, 2001 to October 31,2002,	inclusive	100-1/2
November 1, 2002 and thereafter	100	

Written notice of such prepayment must be given by the Issuer and received by the Authority's Depository at least 40 days prior to the date on which such prepayment is to be made. Upon any prepayment of less than the entire remaining Principal Installments, the Authority's Depository shall recalculate the remaining Principal Installments and Interest Installments and shall notify the Authority and the Issuer of such new amounts in writing in the form of a Revised Payment Schedule attached hereto and made a part hereof.

This bond is a (primarily) self-liquidating bond and (is not a general obligation of the Issuer and does not constitute an indebtedness of the Issuer within any constitutional or statutory limitation, but is payable,) (is first payable) both as to principal and interest, (solely) from the Net Revenues of the System. The Principal Installments and Interest Installments on this bond are secured by the statutory lien hereinbefore mentioned. [As additional security for the payment of the Principal Installments and Interest Installments on this bond, the Issuer has pledged its limited tax full faith and credit for such payment, and if necessary, the Issuer will levy taxes on all taxable property in the Issuer for such purpose, subject to applicable, constitutional, charter and statutory limitations. The total indebtedness of the Issuer, including this bond, does not exceed any constitutional, charter or statutory debt limit.]

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 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 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 Ordinance.

This bond is transferable by the Authority, or the Authority's attorney duly authorized in writing, only upon the books of the Issuer kept for that purpose at the office of the Issuer, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Issuer duly executed by the Authority or thereupon a new registered bond or bonds totalling the remaining Principal Installments payable on the same payment dates and at the same rates of interest for each Principal Installment as shown on the Payment Schedule shall be issued to the transferee in exchange therefor as provided in the resolution authorizing the bonds of this issue, 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.

(For actual signatures see copy in Coordinator/Planner or Clerks Office)

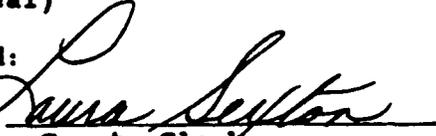
IN WITNESS WHEREOF, the COUNTY OF ANTRIM, State of Michigan, by its Board of Commissioners, has caused this bond to be executed with the manual signature of its Chairman and with the manual signature of the County Clerk and its seal to be affixed on this bond, all as of the ____ day of _____ A.D., 1989.

COUNTY OF ANTRIM

By _____
Chairman of the Board of Commissioners

(Seal)

And:

By 
County Clerk

Payment Schedule

Principal Installment	Interest Rate	Interest Installment	Payment Date	Paid (Endorsement by)
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Section 19. Covenants

The Issuer covenants and agrees with the holders of the Bonds that so long as any of the Bonds remain 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, 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, and a copy of the audit shall be mailed to the manager of each syndicate or account originally purchasing any issue of the Bonds. 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 four (4) months after the close of each operating year.

(c) The Issuer will maintain and carry, for the benefit of the holders of the Bonds, 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 electric utility systems. 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 Bonds have 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 Bonds.

(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) To the extent required by the purchaser of the Series 1989 Bonds, the Issuer will, prior to the beginning of each fiscal year, prepare and submit to such purchaser or the purchaser's designee an annual budget of the System for the ensuing fiscal year showing compliance with the rate covenants of Section 12 of this Ordinance and a verification of such coverage by historical net revenues and submit to such purchaser or the purchaser's designee the audits described in Section 19(b) of this Ordinance.

Section 20. Additional Bonds

Except as hereinafter provided, the Issuer shall not issue additional Bonds of equal or prior standing with the Series 1989 Bonds.

The right is reserved in accordance with the provisions of Act 94, to issue additional Bonds payable from the Revenues of the System which shall be of equal standing and priority of lien on the Net Revenues of the System with the Bonds but only for the following purposes and under the following terms and conditions:

(a) For subsequent repairs, extensions, enlargements and improvements to the System or for the purpose of refunding part of any Bonds then outstanding and paying costs of issuing such additional Bonds, including deposits which may be required to be made to the Bond Reserve Account, if any. Bonds for such purposes shall not be issued pursuant to this subparagraph (b) unless the average Adjusted Net Revenues of the System for the then last two (2) preceding twelve-month

operating years or the Adjusted Net Revenues for the last preceding twelve-month operating year, if the same shall be lower than the average, shall be equal to at least one hundred fifteen percent (HS%) of the maximum amount of principal and interest thereafter maturing in any operating year on the then outstanding Bonds and on the additional Bonds then being issued. If the additional Bonds are to be issued in whole or in part for refunding outstanding Bonds, the average annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each operating year the annual principal and interest requirements of any Bonds to be refunded from the proceeds of the additional Bonds. For purposes of this subparagraph (b) the Issuer may use as the last preceding operating year any twelve consecutive months in the most recent eighteen months from the date of delivery of the Additional Bonds. Determination by the Issuer as to existence of conditions permitting the issuance of additional Bonds shall be conclusive. No additional Bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in this subparagraph if the Issuer shall then be in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

(b) For refunding a part of the outstanding Bonds and paying costs of issuing such additional Bonds including deposits which may be required to be made to the Bond Reserve Account, if any. No additional Bonds shall be issued pursuant to this subsection unless the maximum amount of principal and interest maturing in any operating year after giving effect to the refunding shall be less than the maximum amount of principal and interest maturing in any operating year prior to giving effect to the refunding.

Section 21. Sale of Bonds.

The Issuer's Treasurer shall receive bids for the Series 1989 Bonds from the Authority, award sale of the Series 1989 Bonds in accordance with Act 94 and this Ordinance, and take all further necessary steps to issue and deliver the Series 1989 Bonds.

Section 22. Application to Michigan Municipal Bond Authority.

The Issuer's Treasurer is hereby authorized to make application to the Authority for placement of the Series 1989 Bonds with the Authority. In the event of a sale of the Series 1989 Bonds to the Authority, the Treasurer is hereby authorized to make such further changes to the form of Series 1989 Bond contained in Section 18 of this Ordinance as may be necessary to conform to the requirements of 1985 PA 227 ("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. In the event the Series 1989 Bonds are sold to the Authority, the Issuer is hereby authorized to pledge for payment of the Series 1989 Bonds, so long as the Series 1989 Bonds are owned by the Authority, the taxes collected by the State of Michigan and returned to the Issuer, and the Authorized Officers are further authorized to enter into a Revenue Sharing Agreement with the Authority for payment of such taxes to the Authority or to a trustee as provided in Section 23 of Act 227.

Section 23. Covenants Regarding Tax Exempt Status of the Bonds.

Except as required by law, the Issuer will at no time take any action or omit to take any action which, by commission or omission, would cause the Bonds to be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986, as may be amended from time to time, and the regulations from time to time promulgated or proposed thereunder (the "Code") including failing to rebate arbitrage earnings to the federal government if such rebate is required by the Code.

The Issuer will not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of any Bonds of the Issuer from the treatment afforded by Section 103(a) of the Code, as from time to time amended, including, but not limited to, by reason of the classification of such bonds or Bonds as "private activity bonds" within the meaning of Section 141 of the Code, as "private loan bonds" within the meaning of Section 141(c) of the Code, or as obligations guaranteed by the United States of America, as provided in Section 149(b) of the Code; or cause interest on the Bonds to be taxable for federal income tax purposes, or cause the interest on the Bonds to be includable in any alternative minimum tax other than an alternative minimum tax which

applies to all tax exempt bonds or Bonds generally; or which would cause the proceeds to be used directly or indirectly by an organization qualifying under Section 501(c)(3) of the Code.

Section 24. Application to Department of Treasury and Other Governmental Agencies.

The Issuer's Treasurer shall make requisite application to the Department of Treasury for an order granting permission for the issuance of the Bonds. The Chairman of the Board of Commissioners, County Clerk, County Treasurer, members, staff, counsel, and Bond Counsel for the Issuer, or any of them, are authorized on behalf of the Issuer to apply for such rulings, order and approvals and file or submit such elections or other documents to any governmental agency in order that the Bonds may be validly issued and the interest thereon by exempt from federal income taxation and are further hereby authorized to execute, date and deliver such other certificates, documents, instruments, and opinions and other papers as may be required by the Purchase Contract or as may be necessary or convenient to effectuate the sale and delivery of the Bonds in accordance with the terms of the Purchase Contract.

Section 25. Repeal, Savings Clause.

All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, repealed. Ordinance No. 1 of 1981, as amended, is repealed upon purchase of the Prior Bonds in accordance with Section 17 of this Ordinance.

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.

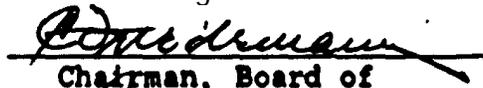
Section 27. Publication and Recordation.

This Ordinance shall be published in full in the _____, a newspaper of general circulation in the Issuer 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 Chairman of the Board of Commissioners and County Clerk.

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

Adopted and signed this _____ day of February, 1989.

Signed


Chairman, Board of
Commissioners

Signed


County Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the Board of Commissioners of the County of Antrim, Michigan, at a _____ meeting held on the ____ day of February, 1989, and at 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, 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 Members were present at said meeting :

~~White, Averill, Wilks, Murphy, Nethstine, Patrick, Cran,~~ Vander Ark, Mierka, Friedemann,

and, that the following Members were absent: _____

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

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

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 _____ and _____.


County C,