

**RESOLUTION AUTHORIZING NOTICE OF INTENT TO ISSUE
REVENUE BONDS AND DECLARATION OF INTENT TO REIMBURSE**

TOWNSHIP OF BURT
County of Alger, State of Michigan

Minutes of a regular meeting of the Township Board of the Township of Burt, County of Alger, State of Michigan, held on the 10th day of May, 2011, at 7:00 p.m., Eastern Daylight Time.

PRESENT: Members Lois Leavenworth, Jack Hubbard, Rosemary Duranseau and Kay Wampler

ABSENT: Members L. Scott Wieting

The following preamble and resolution were offered by Member Lois Leavenworth and supported by Member Rosemary Duranseau.

WHEREAS, the Township of Burt, County of Alger, State of Michigan (the "Township"), intends to issue and sell bonds, pursuant to Act 94, Public Acts of Michigan, 1933, as amended, in an amount not to exceed Two Million Three Hundred Fifty Thousand Dollars (\$2,350,000) for the purpose of paying part of the cost of construction of water supply system improvements in the Township consisting of water main replacement, new transmission main, new valves and hydrants, installation of flow meters and an emergency generator, and a building addition at the water treatment plant, together with related sites, structures, equipment and appurtenances (the "Project"); and

WHEREAS, the Township expects to sell the aforesaid bonds to the U. S. Department of Agriculture's Rural Development program; and

WHEREAS, a notice of intent to issue bonds must be published before the issuance of the aforesaid bonds in order to comply with the requirements of Section 33 of Act 94, Public Acts of Michigan, 1933, as amended; and

WHEREAS, the Township intends at this time to state its intentions to be reimbursed from proceeds of the bonds for any expenditures undertaken by the Township for the Project prior to issuance of the bonds; and

WHEREAS, the Township must either be granted qualified status within the meaning of Act 34, Public Acts of Michigan, 2001, as amended or receive prior approval from the Michigan Department of Treasury (the "Department"), before the bonds may be issued.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Clerk of the Township is hereby authorized and directed to publish a notice of intent to issue bonds in the Grand Marais Gazette a newspaper of general circulation in the Township.
2. Said notice of intent shall be published as a one-quarter (1/4) page display advertisement

in substantially the following form:

NOTICE TO TAXPAYERS AND ELECTORS OF THE TOWNSHIP OF BURT,
COUNTY OF ALGER, STATE OF MICHIGAN AND THE USERS OF THE
TOWNSHIP'S WATER SUPPLY SYSTEM OF INTENT TO ISSUE BONDS
AND THE RIGHT OF REFERENDUM RELATING THERETO

PLEASE TAKE NOTICE that the Township of Burt, County of Alger, State of Michigan (the "Township"), intends to issue and sell revenue bonds pursuant to Act 94, Public Acts of Michigan, 1933, as amended, in one or more series in an aggregate amount not to exceed Two Million Three Hundred Fifty Thousand Dollars (\$2,350,000) for the purpose of paying part of the cost of construction of water supply system improvements in the Township consisting of water main replacement, new transmission main, new valves and hydrants, installation of flow meters and an emergency generator and a building addition at the water treatment plant, together with related sites, structures, equipment and appurtenances to serve the users of the Township's water supply system. The remaining cost of the project is expected to be paid from a U. S. government grant for the project.

SOURCE OF PAYMENT OF REVENUE BONDS

THE PRINCIPAL OF AND INTEREST ON SAID REVENUE BONDS SHALL BE PAYABLE solely from the revenues received by the Township from the operations of said water supply system. Said revenues will consist of rates and charges that may from time to time be revised to provide sufficient revenues to provide for the expenses of operating and maintaining the water supply system, to pay the principal of and interest on said bonds and to pay other obligations of the System.

BOND DETAILS

SAID BONDS will be payable in annual installments not to exceed forty (40) in number and will bear interest at the rate or rates to be determined at a private sale to the U.S. Government but in no event to exceed two and one-half percent (2.5%) per annum on the balance of the bonds from time to time remaining unpaid.

RIGHT OF REFERENDUM

THE REVENUE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS OF THE TOWNSHIP UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE TOWNSHIP IS FILED WITH THE TOWNSHIP CLERK, 21837 GRAND MARAIS AVENUE, GRAND MARAIS, MI 49839, WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE TOWNSHIP VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 33, Act 94, Public Acts of Michigan, 1933, as amended.



Township Clerk

3. The Township Board of the Township does hereby determine that the foregoing form of notice of intent to issue bonds and the manner of publication directed is the method best calculated to give notice to the water supply system's users and the electors residing in the boundaries of the Township of this Township's intent to issue the bonds, the purpose of the bonds, the security for the bonds and the right of referendum relating thereto, and the newspaper named for publication is hereby determined to reach the largest number of persons to whom the notice is directed.

4. The Township makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

- (a) As of the date hereof, the Township reasonably expects to reimburse itself for the expenditures described in (b) below with proceeds of debt to be incurred by the Township.
- (b) The expenditures described in this paragraph (b) are for the costs of acquiring and constructing the Project which were paid subsequent to sixty (60) days prior to the date hereof or which will be paid prior to the issuance of the bonds from the water fund and/or the general fund of the Township.
- (c) The maximum principal amount of debt expected to be issued for the Project, including issuance costs, is \$2,350,000.
- (d) A reimbursement allocation of the expenditures described in (b) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the Township's use of the proceeds of the debt to be issued for the Project to reimburse the Township for a capital expenditure made pursuant to this resolution.
- (e) The expenditures described in (b) above are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).
- (f) No proceeds of the borrowing paid to the Township in reimbursement pursuant to this resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in (d) above.

- (g) Expenditures for the Project to be reimbursed from the proceeds of the borrowing for purposes of this resolution do not include (i) costs for the issuance of the debt, (ii) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the borrowing, or (iii) preliminary expenditures not exceeding twenty percent (20%) of the issue price of the borrowing, within the meaning of Treas. Reg. § 1.150-2(f) (such preliminary expenditures include architectural, engineering, surveying, soil testing and similar costs incurred prior to construction of the Project, but do not include land acquisition, site preparation and similar costs incident to commencement of construction).

5. The Township Board hereby ratifies and confirms the retention of Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel, in connection with the bonds.

6. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Members Lois Leavenworth, Rosemary Duranseau, Jack Hubbard, Kay Wampler

NAYS: Members None

RESOLUTION DECLARED ADOPTED.



Township Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Township Board of the Township of Burt, County of Alger, State of Michigan, at a regular meeting held on the 10th day of May, 2011, 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, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.



Township Clerk