Chapter 28

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ARTICLE I. IN GENERAL

Secs. 28-1-28-30. Reserved.

ARTICLE II. WATER

DIVISION 1. GENERALLY

Sec. 28-31. Fluoridation of water.

- (a) Fluoride shall not be added to public drinking water by the village.
- (b) This section is passed pursuant to the provisions of Section 12721 of Public Act No. 368 of 1978 (MCL 333.12721). (Code 1959, § 25.300)

Secs. 28-32—28-50. Reserved.

DIVISION 2. WATER SERVICE

Sec. 28-51. Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Water connection means that part of the water distribution system connecting the water main with the premises served.

Water main means that part of the water distribution system located within easement lines or streets designed to supply more than one water connection. (Code 1959, § 25.001)

Sec. 28-52. Service connections.

Service connections shall be installed by the department of public works upon payment of the required connection fee and meter installation fee. All meters and water connections shall be the property of the village. Connection fees and meter installation charges shall not be less than the cost of materials, installation and overhead attributable to such installations and a schedule thereof shall be prescribed by council resolution. (Code 1959, § 25.002)

Sec. 28-53. Turning on water service.

No person, other than an authorized employee of the village, shall turn on or off any water service, except that a licensed plumber may turn on water service for testing his work (when it must be immediately turned off) or upon receiving a written order from the department of public works. Provided, that upon written permit from the department of public works, water may be turned on for construction purposes only, prior to the granting of a certificate of occupancy for the premises, and upon payment of the charges applicable thereto. (Code 1959, § 25.003)

Sec. 28-54. Access to meters.

The department of public works shall have the right to shut off the supply of water to any premises where the department of public works is not able to obtain access to the water meter. Any qualified employee of the department of public works shall at all reasonable hours, have the right to enter the premises where such meters are installed for the purpose of reading, testing, removing, or inspecting same and no person shall hinder, obstruct, or interfere with such employee in the lawful discharge of his duties in relation to the care and maintenance of such water meter.

(Code 1959, § 25.004)

Sec. 28-55. Reimbursement for damage.

Any damage which a meter may sustain resulting from carelessness of the owner, agent, or tenant or from neglect of either of them to properly secure and protect the meter as well as any damage which may be wrought by frost, hot water, or steam backing from a boiler, shall be paid by the owner of the property to the village on presentation of a bill therefor; and in cases where the bill is not paid, the water shall be shut off and shall not be turned on until all charges have been paid to the village.

(Code 1959, § 25.005)

Sec. 28-56. Meter failure.

If any meter shall fail to register properly, the department of public works shall estimate the consumption on the basis of former consumption and bill accordingly. (Code 1959, § 25.006)

Sec. 28-57. Inaccurate meters.

A consumer may require that the meter be tested. If the meter is found accurate, a charge will be made as currently established or as hereafter adopted by resolution of the village council from time to time. If the meter is found defective, a new meter will be installed and no charge will be made.

(Code 1959, § 25.007)

Sec. 28-58. Hydrant use.

No person, except a firefighter or authorized employee of the village in the performance of his duties, shall open or use any fire hydrant, except in case of emergency, without first securing a written permit from the department of public works. Permits for a period not in excess of 15 days may be granted by the department of public works, upon written application

in such form as it shall prescribe and upon payment of the required fees. Permits may be granted only on such terms and fees as the council, by resolution, shall prescribe. In no case shall any hydrant be opened or closed except with a hydrant wrench provided by the village. (Code 1959, § 25.008)

Sec. 28-59. Lawn sprinkling.

The superintendent of the department of public works, subject to approval by the president, may regulate, limit or prohibit the use of water for any purpose. Such regulations shall restrict less essential water uses to the extent deemed necessary to assure an adequate supply for essential domestic and commercial needs and for firefighting. No such regulation, limitation or prohibition shall be effective until 24 hours after publication of such regulation, limitation or prohibition, either in a newspaper of general circulation in the village or posting in three places within the village. Any person violating any such rule or regulation shall, upon conviction thereof, be punished as prescribed in section 13[11.013] of Chapter 1001 of this Code.

(Code 1959, § 25.009)

Sec. 28-60. Additional regulations.

The superintendent of the department of public works may make and issue additional rules and regulations concerning the water distribution system, connections thereto, meter installations and maintenance, hydrants and water mains and the appurtenances thereto, not inconsistent herewith. Such rules and regulations shall be effective upon approval by the council.

(Code 1959, § 25.010)

Sec. 28-61. Injury to facilities.

No person, except an employee of the village in the performance of his duties, shall wilfully or carelessly damage, destroy, deface or tamper with any structure, appurtenance or equipment which is a part of the village water distribution system. (Code 1959, § 25.011)

State law reference—Malicious mischief generally, MCL 750.377a et seq.

Sec. 28-62. Turning on and off water service.

Any owner or occupant expecting to be absent from the village for one calendar month, or more, may give written notice to the village clerk requesting that water service be discontinued. Discontinuance of service shall be done as soon as reasonably possible after receipt of written notice. Service will be recommended as soon as reasonably possible after notice and request is made for same to the village clerk. The turning off and on of water service shall be done by persons as provided in section 28-53. Notwithstanding anything contained herein to the contrary water service shall not be turned off or turned on unless a fee as currently established or as hereafter adopted by resolution of the village council from time to time is paid

to the village clerk for discontinuance of water service and a fee as currently established or as hereafter adopted by resolution of the village council from time to time is paid to the village clerk for recommence of water service.

(Code 1959, § 25.012)

Secs. 28-63—28-80. Reserved.

DIVISION 3. WATER SERVICE OUTSIDE VILLAGE

Sec. 28-81. Costs and expenses.

The expenses of all materials, engineering and installation costs of extension of water mains shall be borne by the applicants for water service residing outside the village limits. (Code 1959, § 25.051)

Sec. 28-82. Installation, maintenance and repair of water mains.

All maintenance and repair of said water mains shall be paid for by the applicants using water outside the village limits but the maintenance and installation shall be under the supervision of the village.

(Code 1959, § 25.052)

Sec. 28-83. Water rates.

The users of water in areas outside the village limits of the village shall pay as a water rate an amount 50 percent higher than the water rate for residents of the village. (Code 1959, § 25.053)

Sec. 28-84. Rejection or approval of applications.

The village reserves the right to reject or approve at its own discretion all applications for the use of said water service outside the village limits. (Code 1959, § 25.054)

Secs. 28-85—28-100. Reserved.

DIVISION 4. CROSS CONNECTIONS

Sec. 28-101. Cross connection rules adopted.

The village adopts by reference the Water Supply Cross Connection Rules of the state department of environmental quality being R 325.11401 et seq. of the Michigan Administrative Code.

(Code 1959, § 25.351)

Sec. 28-102. Inspections.

It shall be the duty of the village to cause inspections to be made of all properties served by the public water supply where cross connections with the public water supply is deemed possible. The frequency of inspections and reinspections based on potential health hazards involved shall be as established by the village and as approved by the state department of environmental quality.

(Code 1959, § 25.352)

Sec. 28-103. Right of access; information.

The representative of the village shall have the right to enter at any reasonable time any property served by a connection to the public water supply system of the village for the purpose of inspecting the piping system or systems thereof for cross connections. On request the owner, lessees or occupants of any property so served shall furnish to the inspection agency any pertinent information regarding the piping system or systems on such property. The refusal of such information or refusal of access, when requested, shall be deemed evidence of the presence of cross connections.

(Code 1959, § 25.353)

Sec. 28-104. Discontinuing water service.

The village water department is hereby authorized and directed to discontinue water service after reasonable notice to any property wherein any connection in violation of this division exists, and to take such other precautionary measures deemed necessary to eliminate any danger of contamination of the public water supply system. Water service to such property shall not be restored until the cross connection has been eliminated in compliance with the provisions of this division.

(Code 1959, § 25.354)

Sec. 28-105. Protection of potable water.

The potable water supply made available on the properties served by the public water supply shall be protected from possible contamination as specified by this division and by the state and village plumbing code. Any water outlet which could be used for potable or domestic purposes and which is not supplied by the potable system must be labeled in a conspicuous manner as: WATER UNSAFE FOR DRINKING.

(Code 1959, § 25.355)

Sec. 28-106. State plumbing code.

This division does not supersede the state plumbing code but is supplementary to such code. (Code 1959, § 25.356)

Sec. 28-107. Penalty.

Any person or customer found guilty of violating any of the provisions of this division, or any written order of the village water department, in pursuance thereof, shall be deemed guilty of a misdemeanor.

(Code 1959, § 25.357)

Secs. 28-108—28-130, Reserved.

DIVISION 5. RATES

Sec. 28-131. Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Premises means each lot or parcel of land, building or premises having any connection to the water distribution system of the village.

(Code 1959, § 25.101)

Sec. 28-132. Basis of charges.

All water service shall be charged for on the basis of water consumed. No free water service shall be furnished to any person.

(Code 1959, § 25.102)

Sec. 28-133. Water rates.

The rates now in effect for water service shall continue until changed by resolution of the village council. Charges for water service shall be payable on or before the 30th day of the month when due, and thereafter a penalty of ten percent of the amount of such charges shall be added to such bill.

(Code 1959, § 25.103)

Sec. 28-134. Service to village.

The village shall pay the same water rates for service to it as would be payable by a private customer for the same service. The village shall pay an annual charge per fire hydrant, the amount of which shall be prescribed by resolution of the village council.

(Code 1959, § 25.104)

Sec. 28-135. Collection.

The department of public works is hereby authorized to enforce the payment of charges for water service to any premises by discontinuing the water service to such premises and an action of assumpsit may be instituted by the village against the customer. The charges for

water service, which, under the provisions of Public Act No. 94 of 1933 (MCL 141.101 et seq.), are made a lien on the premises to which furnished, are hereby recognized to constitute such lien; and the village council shall, annually, on May 1, certify all unpaid charges for such service furnished to any premises which, on April 30 preceding, have remained unpaid for a period of six months, to the village assessor who shall place the same on the next village tax roll. Such charges so assessed shall be collected in the same manner as general village taxes. In cases where the village is properly notified in accordance with Public Act No. 94 of 1933 (MCL 141.101 et seq.), that a tenant is responsible for water service charges, no such service shall be commenced or continued to such premises until there has been deposited with the department of public works, a sum sufficient to cover three times the average quarterly bill for such premises as estimated by the village council, such deposit to be in no case less than as currently established or as hereafter adopted by resolution of the village council from time to time. Where the water service to any premises is turned off to enforce the payment of charges, such service shall not be recommenced until all delinquent charges have been paid and a deposit as in the case of tenants is made, and there shall be a water turn-on charge as currently established or as hereafter adopted by resolution of the village council from time to time. In any other case where, in the discretion of the village council, the collection of charges for water service may be difficult or uncertain, village council may require a similar deposit. Such deposit may be applied against any delinquent water service charges and the application thereof shall not affect the right of the department of public works to turn off the water service to any premises for any delinquency thereby satisfied. No such deposit shall bear interest and such deposit, or any remaining balance thereof, shall be returned to the customer making the same when he shall discontinue receiving water service or, except as to tenants as to whom notice of responsibility for such charges has been filed with the village, when any eight successive quarterly bills shall have been paid by said customer with no delinquency. (Code 1959, § 25.105)

Sec. 28-136. Charges in the case of nonpayment of water rates when due.

There shall be a charge as currently established or as hereafter adopted by resolution of the village council from time to time for the shut-off of water service on the nonpayment of water rates when due, further there shall be a charge as currently established or as hereafter adopted by resolution of the village council from time to time for the turn-on of water service based on a shut-off of the water service on the nonpayment of water rates when due. All charges shall be payable 30 days following date of billing. Charges not paid within 30 days after date of billing shall be subject to a collection charge of ten percent bimonthly that the same remains unpaid following the date thereof. Any account not paid within 60 days after the date of the bill shall render the subject premises ineligible for continued service. (Code 1959, § 25.106; Res. of 2-18-2002)

Secs. 28-137—28-150. Reserved.

DIVISION 6. 1995 BONDS

Sec. 28-151. Definitions.

The following words and terms used in this division shall have the meanings assigned in the preamble to this division and in this section, unless the context clearly indicates otherwise:

Acquired as used this division, shall be construed to include acquisition by purchase, construction or by any other method.

Act 94 means Public Act No. 94 of 1933 (MCL 141.101 et seq.).

Additional bonds means bonds issued pursuant to section 28-167, and subject to the terms of this division.

Bonds means the first series bond and additional bonds.

Department of treasury means the state department of treasury.

Depository bank" means a bank which is a member of the Federal Deposit Insurance Corporation situated in the state and designated by the village council.

Division shall mean this division and any ordinance or resolution of the issuer amendatory or supplemental to this division, including ordinances or resolutions authorizing issuance of additional bonds.

Engineer means Ledy Design Group, Inc., consulting engineers of Lansing, Michigan.

First series bond means the \$267,000.00 principal amount Village of Unionville Water Supply System Revenue Bond authorized to be issued under section 28-154.

Fiscal year means the fiscal year of the issuer and the operating year of the system, commencing April 1 and ending March 31, as such year may be changed from time to time.

RECD means the Rural Economic Community Division, an agency of the United States Department of Agriculture. Provisions herein referencing the RECD shall be inapplicable in the event the first series bond is not sold to the United States of America and in the event the government shall no longer be a holder of any of the bonds.

Government means the government of the United States of America.

Issuer or *village* or *Village* of *Unionville* means the Village of Unionville, County of Tuscola, Michigan.

Net revenues shall have the meaning with respect to the system as is set forth in Section 3 of Act 94 (MCL 141.103).

Project means improvements to the water supply system necessary to comply with the safe drinking water act, Public Act No. 399 of 1976 (MCL 325.1001 et seq.) as generally set forth herein, together with the necessary appurtenances and attachments thereto.

Public improvements means the public improvements, as defined in Section 3 of Act 94 (MCL 141.103), which are authorized to be acquired and constructed under the provisions of this division.

Revenues shall have the meaning with respect to the system as is set forth in Section 3 of Act 94 (MCL 141.103), and shall include the earnings on the investment of funds of the system (including the project).

System means the issuer's water supply system, including such facilities thereof as are now existing, are acquired and constructed as the project, and all enlargements, extensions, repairs and improvements thereto hereafter made.

Transfer agent means the transfer agent and bond registrar for each series of bonds as appointed from time to time by the issuer as provided in section 28-156 and who or which shall carry out the duties and responsibilities as set forth in sections 28-156 and 28-157.

USA means the United States of America. (Code 1959, § 25.201)

Sec. 28-152. Necessity; description of project.

It is hereby determined to be necessary for the public health and welfare of the issuer to proceed to acquire and construct the project in accordance with detailed maps, plans and specifications therefor prepared by the engineer. (Code 1959, § 25.202)

Sec. 28-153. Cost; useful life.

The cost of the project has been estimated by the engineer to be not less than \$267,000.00, including the payment of incidental expenses as specified in section 28-154, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the project is estimated to be not less than 40 years.

(Code 1959, § 25.203)

Sec. 28-154. Payment of cost.

To pay the cost of acquiring and constructing the project, including the payment of legal, engineering and financial expenses, and other expenses incident thereto and incident to the issuance and sale of the first series bond, it is hereby determined that the issuer borrow the sum of \$267,000.00 and that revenue bonds be issued therefor pursuant to the provisions of Act 94. The balance of the cost of the project will be paid from other funds legally available therefor.

(Code 1959, § 25.204)

Sec. 28-155. First series bond data.

- (a) The first series bond shall be designated "Water Supply System Revenue Bond," shall be dated as of the date of its delivery to the initial purchaser thereof, shall consist of one single fully-registered nonconvertible bond of the denomination of \$267,000.00 and shall be payable in principal installments serially on June 1 of each year, as set forth in the form of bond at section 28-159.
- (b) The first series bond is expected to be delivered to the RECD, as initial purchaser thereof, in installments (the "delivery installments") and each delivery installment shall be noted on the registration grid set forth on the first series bond. The delivery installments shall be deemed to correspond to the serial principal installments of the first series bond in direct chronological order of said serial principal installments.
- (c) The serial principal installments of the first series bond will each bear interest from the date of delivery of the corresponding delivery installment to the registered holder thereof as shown on the registration grid set forth on the first series bond at the rate of $4\frac{1}{2}$ percent per annum or such lower rate of interest as may be in effect at the time the first bond is delivered, payable on June 1 or December 1 following the date of delivery of said delivery installment, and semiannually thereafter on June 1 and December 1 of each year until maturity or earlier prepayment of said installment. The first series bond shall be issued in fully-registered form and shall not be convertible or exchangeable into more than one fully-registered bond. (Ord. No. 141, § 5, 9-15-1997)

Sec. 28-156. Payment and sale of first series bond.

- (a) The first series bond or installments thereof will be subject to prepayment prior to maturity, in the manner and at the times as provided in the form of the first series bond set forth in section 28-159.
- (b) Principal of and interest on the first series bond shall be payable in lawful money of the United States of America by check or draft mailed by the transfer agent to the registered owner at the address of the registered owner as shown on the registration books of the issuer kept by the transfer agent. The issuer's treasurer is hereby appointed to act as transfer agent. If and at such time as the first series bond is transferred to or held by any registered owner other than the USA, the issuer by resolution may appoint a bank or trust company qualified under state law to act as transfer agent and bond registrar, and the issuer may thereafter appoint a successor transfer agent upon 60 days notice to the registered owner of the first series bond. If the USA shall no longer be the registered owner of the first series bond, then the principal of and interest on the first series bond shall be payable to the registered owner of record as of the 15th day of the month preceding the payment date by check or draft mailed to the registered owner for purposes of payment of principal or interest may be changed by the issuer to conform to future market practice. The issuer's treasurer is hereby authorized to execute an agreement with any successor transfer agent.

- (c) The transfer agent shall record on the registration books the payment by the issuer of each installment of principal or interest or both when made and the canceled checks or drafts representing such payments shall be returned to and retained by the issuer's treasurer, which canceled checks or drafts shall be conclusive evidence of such payments and the obligation of the issuer with respect to such payments shall be discharged to the extent of such payments.
- (d) Upon payment by the issuer of all outstanding principal of and interest on the first series bond, the registered owner thereof shall deliver it to the issuer for cancellation.
- (e) The sale of the first series bond to the USA at an interest rate of not to exceed 4½ percent per annum and at the par value thereof is hereby approved. The first series bond shall be sold to the USA at any lower rate then offered by the USA. The issuer's treasurer is hereby authorized to deliver the first series bond in accordance with the delivery instructions of the RECD, after approval of the issuance and sale thereof by the department of treasury, if such approval is at that time required, or receipt of an order of exception of the department of treasury or expiration of the notice period without receipt of an order of denial of the department of treasury.

 (Code 1959, § 25.206)

Sec. 28-157. Bond registration and transfer.

- (a) 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. The transfer agent shall transfer or cause to be transferred on said books bonds presented for transfer, as hereinafter provided and subject to such reasonable regulations as it may prescribe.
- (b) Any bond may be transferred upon the books required to be kept by the transfer agent pursuant to this section, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such bond for transfer, 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 transfer agent shall record such transfer on the registration books and shall register such transfer on the registration grid attached to the bond. At the time of such transfer the transfer agent shall note on the bond the outstanding principal amount thereof at the time of such transfer. The transfer agent shall require the 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 mailing of a notice of prepayment of bonds or installments thereof selected for redemption under section 28-159 and ending at the close of business on the day of that mailing, or (ii) to register the transfer of or exchange any bond or portion thereof so selected for prepayment. In the event any bond is called for prepayment in part, the transfer agent, upon surrender of the bond, shall note on the bond the principal amount prepaid and shall return the bond to the registered owner thereof together with the prepayment amount on the prepayment date.

(Code 1959, § 25.207)

Sec. 28-158. Execution and delivery of the first series bond.

The first series bond shall be signed by the village president and countersigned by the village clerk and shall have the corporate seal of the issuer impressed thereon. After execution, the first series bond shall be held by the issuer's treasurer for delivery to the USA. No first series bond or any installment thereof shall be valid until registered by the issuer's treasurer, or upon transfer by the USA and thereafter, by an authorized representative of the transfer agent.

(Ord. No. 141, § 8, 9-15-1997)

Sec. 28-159. Bond form.

The form and tenor of the bonds shall be substantially as follows, subject to appropriate variation upon issuance of additional bonds:

REGISTERED

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF TUSCOLA
VILLAGE OF UNIONVILLE
WATER SUPPLY SYSTEM REVENUE BOND

No \$267	,000.00
KNOW ALL MEN BY THESE PRESENTS that the Village of Unionville, Co	unty of
Tuscola, State of Michigan (the "issuer"), for value received, hereby promises to pay	to the
registered owner hereof, but only out of the hereinafter described net revenues	of the
issuer's water supply system, including all appurtenances, additions, extensio	ns and
improvements thereto (the "system"), the sum of	
TWO HINDRED SIXTY SEVEN THOUSAND DOLLARS on the dates and	المالة

for reasonable and necessary expenses of operation, administration and maintenance thereof (the "Net Revenues"), are hereby irrevocably pledged and a statutory first lien thereon is hereby created.

This bond is a single, fully-registered, nonconvertible bond in the principal sum of \$267,000.00, issued pursuant to Ordinance No. 139 (the "Ordinance"), duly adopted by the issuer on November 13, 1995, as amended and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of defraying the cost of acquiring and constructing the improvements to the system. For a complete statement of the revenues from which, and the conditions under which, this bond is payable, a statement of the conditions under which the 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 Ordinance.

Principal installments of this bond are subject to prepayment prior to maturity, in inverse chronological order, at the issuer's option, on any interest payment date on or before June 1, 2005, at par and accrued interest to the date fixed for prepayment.

Thirty days notice of the call of any principal installments for prepayment shall be given by mail to the registered owner at the registered address. The principal installments so called for prepayment shall not bear interest after the date fixed for prepayment, provided funds are on hand to prepay said installments.

This bond shall be registered as to principal and interest on the books of the issuer kept by the issuer's treasurer as registrar and transfer agent (the "transfer agent") and noted hereon, after which it shall be transferable only upon presentation to the transfer agent with a written transfer by the registered holder or his attorney in fact. Such transfer shall be noted herein and upon the books of the issuer kept for that purpose by the transfer agent.

This bond is a self-liquidating bond and is not a general obligation of the issuer and does not constitute an indebtedness of the issuer within any constitutional, or statutory limitation, but is payable, both as to principal and interest, solely from the net revenues of the system.

The issuer hereby covenants and agrees to fix and maintain it all times while any installments of this bond shall be outstanding, such rate for service furnished by the system as shall be sufficient to provide for payment of the interest upon and the principal of all such installments of this bond payable from the net revenues of the system as and when the same become due and payable, and to create a bond and interest redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the system as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the system as are required by the Ordinance.

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

IN WITNESS WHEREOF, the Village of Unionville, County of Tuscola, State of Michigan, by its President, has caused this bond to be signed in its name by its President and to be countersigned by its Village Clerk, and its corporate seal to be hereunto affixed, all as of Sept. 15, 1997.

VILLAGE OF UNIONVILLE COUNTY OF TUSCOLA STATE OF MICHIGAN By Ted R. Balzer, President

(SEAL)

Countersigned:

Harvey Niedrich, Village Clerk

REGISTRATION NOTHING TO BE WRITTEN HEREON EXCEPT BY THE TRANSFER AGENT

Date of Name of Principal
Registration Registered Owner: Installment Signature of
of Delivery: United States of America
United States of America
United States of America

EXHIBIT A

Principal Installment	$Amount\ of$
Due on June 1	$Principal\ Installment$
1998	\$ 1,000.00
1999	2,000.00
2000	2,000.00
2001	2,000.00
2002	3,000.00
2003	3,000.00
2004	3,000.00
2005	3,000.00
2006	4,000.00
2007	4,000.00
2008	4,000.00
2009	4,000.00
2010	5,000.00

Principal Installment	$Amount\ of$
Due on June 1	$Principal\ Installment$
2011	5,000.00
2012	5,000.00
2013	6,000.00
2014	6,000.00
2015	6,000.00
2016	7,000.00
2017	7,000.00
2018	7,000.00
2019	8,000.00
2020	8,000.00
2021	8,000.00
2022	8,000.00
2023	8,000.00
2024	8,000.00
2025	10,000.00
2026	10,000.00
2027	10,000.00
2028	10,000.00
2029	10,000.00
2030	10,000.00
2031	10,000.00
2032	10,000.00
2033	10,000.00
2034	10,000.00
2035	10,000.00
2036	10,000.00
2037	10,000.00
0 0 15 1005)	

(Ord. No. 141, § 9, 9-15-1997)

Sec. 28-160. Security for bonds.

Neither the bonds nor the interest thereon shall be a general obligation of the issuer but each shall be payable solely from the net revenues. To pay such principal and interest as and when the same shall become due, there is hereby created a statutory first lien upon the whole of the net revenues of the system to continue until the payment in full of the principal and interest on the bonds and said net revenues shall be set aside for the purpose and identified as the bond and interest redemption fund, as hereinafter specified. (Code 1959, § 25.210)

Sec. 28-161. Budget.

Immediately upon the effective date of the ordinance from which this division is derived for the remainder of the current fiscal year, and thereafter prior to the beginning of each fiscal year, the issuer shall prepare an annual budget for the system for the ensuing fiscal year itemized on the basis of monthly requirements. A copy of such budget shall be mailed to the USA without its request for review prior to adoption (as long as the government is the registered owner of any of the bonds), and upon written request to any other registered owners of the bonds.

(Ord. No. 141, § 11, 9-15-1997)

Sec. 28-162. Funds; custodian of.

The issuer's treasurer shall be custodian of all funds belonging to or associated with the system and such funds shall be deposited in the depository bank. The issuer's treasurer shall execute a fidelity bond in an amount not less than \$100,000.00 or such lesser amount as shall be approved by the RECD with a surety company approved by the USA, and the USA and the issuer shall be named as co-obliges in such bond and the amount thereof shall not be reduced without the prior consent of the RECD. The issuer's treasurer is hereby directed to create and maintain the following funds and accounts into which the proceeds of the bonds and the revenues from the system shall be deposited in the manner and at the times provided in this division, which funds and accounts shall be established and maintained, except as otherwise provided, so long as any of the bonds hereby authorized remain unpaid.

(1) Construction account.

- a. The proceeds of the first series bond hereby authorized, and no other funds, shall be deposited in the Village of Unionville Water Supply System Construction Fund Account (the "construction account"), in the depository bank. In the event that the USA is a holder of the first series bond, then, if required by the USA, the construction account shall be established as a supervised bank account and such proceeds shall be withdrawn on the orders of the issuer only on checks signed by its treasurer and the district director of the RECD. Moneys in the construction account shall be used solely for the purpose for which the first series bond is issued.
- b. Any unexpended balance of the proceeds of sale of the first series bond remaining after completion of the project herein authorized may in the direction of the issuer be used for further improvements, enlargements and extensions to the system, provided that at the time of such expenditure such use be approved by the department of treasury (if such approval is then required by law). Any remaining balance after such expenditure shall be paid into the bond and interest redemption fund and used as soon as is practical for the prepayment of installments of the first series bond or for the purchase of installments to the first series bond at not more than the fair market value thereof. Following completion of the project, any unexpended balance of the first series bond shall be invested at a yield not to exceed the yield on the first series bond.
- c. After completion of the project and disposition of remaining proceeds, if any, of the first series bond pursuant to the provisions of this section, the construction account shall be closed.

- (2) Water supply system receiving fund. Upon and after the effective date of the ordinance from which this division is derived, the revenues of the system shall be set aside into a separate fund to be designated the Village of Unionville Water Supply System Receiving Fund (the "receiving fund"), and moneys so deposited therein shall be transferred, expended and used only in the manner and order as follows:
 - a. Operation and maintenance fund. There is hereby established a separate fund to be designated the operation and maintenance fund (the "operation and maintenance fund"). Revenues shall be transferred each quarter of the fiscal year, commencing upon the effective date of the ordinance from which this section is derived, from the receiving fund to the operation and maintenance fund to pay the reasonable and necessary current expenses of administration and operating and maintaining the system for the ensuing quarter.
 - b. Water supply system revenue bond; bond and interest redemption fund.
 - There is hereby established a separate fund to be designated as the Village of Unionville Water Supply System Revenue Bond—Bond and Interest Redemption Fund, ("bond and interest redemption fund"). After the transfer required in subsection (2)b. of this section, revenues shall be transferred each quarter of the fiscal year, commencing upon the effective date of the ordinance from which this section is derived, from the receiving fund, before any other expenditures or transfer therefrom, and deposited in the bond and interest redemption fund for payment of principal of and interest on the first series bond and to fund the bond reserve account. Upon any delivery of an installment of the first series bond on or after June 1, 1997, there shall be set aside at the time of such delivery and on the first day of each quarter of the fiscal year thereafter to the next interest payment date an amount equal to that fraction of the amount of interest due on the next interest payment date on said installment so delivered, the numerator of which is one and the denominator of which is the number of full and partial fiscal year quarters from the date of said delivery to the next interest payment date. There shall also be set aside each fiscal year quarter on or after this first December 1 or June 1 after the bonds are delivered to the USA an amount not less than one-half of the amount of interest due on the next interest payment date on all outstanding installments of the first series bond not delivered during the then current interest payment period. Upon any delivery of an installment of the first series bond on or after June 1, 1997, there shall also be set aside at the time of such delivery and on the first day of each fiscal year quarter thereafter to the next principal payment date an amount equal to that fraction of principal of the first series bond due on the next principal payment date on said installment so delivered, the numerator of which is one and the denominator of which is the number of full and partial fiscal year quarters from the date of said delivery to the next principal payment date. There shall also be set aside each fiscal year quarter on or after June

- 1, 1998, an amount not less than one-quarter of the amount of principal due on the next principal payment date on all outstanding installments of the first series bond not delivered during the then current principal payment period. Sufficient sums shall also be set aside upon the adoption of the ordinance from which this division is derived to include for the payment of principal and interest on the first series bond due on the first December 1 or June 1 following the delivery of the bonds. Except as hereinafter provided, no further deposits shall be made into the bond and interest redemption fund (excluding the bond reserve account) once the aforesaid sums have been deposited therein. Any amount on deposit in the bond and interest redemption fund (excluding the bond reserve account) in excess of (i) the amount needed for payment of principal installments of the first series bond for the then current principal payment period, plus (ii) interest on the first series bond for the then current interest payment period, shall be used by the issuer for redemption of principal installments of the first series bond in the manner set forth in section 28-159, if such use is impracticable, shall be deposited in or credited to the receiving fund.
- 2. If for any reason there is a failure to make such quarterly deposit in the amounts required, than the entire amount of the deficiency shall be set aside and deposited in the bond redemption fund out of the revenues first received thereafter which are not required by this division to be deposited in the operation and maintenance fund or in the bond and interest redemption fund, which amount shall be in addition to the regular quarterly deposit required during such succeeding quarter or quarters.
- 3. There is hereby established in the bond and interest redemption fund a separate account to be designated the bond reserve account (the "bond reserve account"). Commencing upon the effective date of the ordinance from which this section derives, there shall be withdrawn from the receiving fund at the beginning of each fiscal year quarter and set aside in and transferred to the bond reserve account, after provision has been made for the operation and maintenance fund and the current requirements of the bond and interest redemption fund, the sum of at least \$350.00 per quarter until there is accumulated in such fund the sum of \$15,000.00. Except as hereinafter provided, no further deposits shall be made into the bond and interest redemption fund for the purposes of the bond reserve account once the sum of \$15,000.00 has been deposited therein. Except as hereinafter provided, no further deposits shall be made into the bond and interest redemption fund for the purposes of the bond reserve account once the aforesaid sums have been deposited therein. The moneys in the bond reserve account shall be used solely for the payment of the principal installments of and interest on the first series bond as to which there would otherwise be default.

- 4. If at any time it shall be necessary to use moneys in 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 by this division to be used for operation and maintenance or for current principal and interest requirements for the first series bond.
- 5. No further payments need be made into the bond and interest redemption fund after enough of the principal installments of the first series bond have been retired so that the amount then held in the bond and interest redemption fund (including the bond reserve account), is equal to the entire amount of principal and interest which will be payable at the time of maturity of all the principal installments of the first series bond then remaining outstanding.
- 6. The moneys in the bond and interest redemption fund and the bond reserve account shall be invested in accordance with section 28-163, and profit realized or income named on such investment shall be used or transferred as provided in section 28-163.
- Repair and reconstruction fund. There is hereby established a separate fund to be designated the repair and reconstruction fund (the "reconstruction fund"). After the transfers required in subsections (2)a. and (2)b. of this section, revenues shall be transferred each quarter of the fiscal year, commencing April 1, 1998, from the receiving fund in amount which need not be greater than \$350.00 per quarter, until the total amount in the reconstruction fund shall equal \$15,000.00. The total of such deposits to the reconstruction fund and the balance therein need not exceed the sum of \$15,000.00. Moneys in the reconstruction fund shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the system which may be caused by any unforeseen catastrophe, and when necessary, for the purpose of making payments of principal of and interest on the bonds. If the amount in the bond and interest redemption fund and the bond reserve account is not sufficient to pay the principal of and interest on the bonds when due, then the moneys in the reconstruction fund shall be transferred to the bond and interest redemption fund and used for that purpose. If at any time it shall be necessary to use moneys in the reconstruction fund, the moneys so used shall be replaced from any revenues in the receiving fund which are not required by this division to be used for the operation and maintenance fund or the bond and interest redemption fund (including the bond reserve account). The moneys in the reconstruction fund may be invested in accordance with section 28-163.
- d. *Improvement fund*. There is hereby established a separate fund to be designated the improvement fund (the "improvement fund"). After the transfers required in subsections (2)a., (2)b. and (2)c. of this section, the balance of the revenues of the system shall be transferred each quarter of the fiscal year, commencing April 1, 1998, from the receiving fund, until the total amount in the improvement fund

shall equal such amount or may be determined by the village council. Moneys in the improvement fund shall be used and disbursed only for the purpose of paying the cost of making extensions or improvements to the system, and when necessary, for the purpose of making payments of principal of and interest on the bonds. If the amount in the bond and interest redemption fund, the bond reserve account and the reconstruction fund is not sufficient to pay the principal of and interest on the bonds when due, then moneys in the improvement fund shall be transferred to the bond and interest redemption fund and used for that purpose. The moneys in the improvement fund may be invested in accordance with section 28-163. Any profit realized or interest income named on such investment will be part of the improvement fund until the balance therein equals the sum of \$10,000.00; thereafter such profit or interest income shall be deposited in or credited to the receiving fund.

- e. Reverse flow of funds; surplus moneys.
 - 1. In the event the moneys in the receiving fund are insufficient to provide for the current requirements of the operation and maintenance fund, the bond and interest redemption fund (including the bond reserve account), the reconstruction fund or the improvement fund, any moneys and/or securities in the funds of the system established by this division shall be transferred, first, to the operation and maintenance fund, and second, to the bond and interest redemption fund, and third, to the replacement fund, and fourth, to the improvement fund.
 - 2. All moneys remaining in the receiving fund at the end of any fiscal year after satisfying the above requirements shall be transferred to the bond and interest redemption fund and used to call bonds or portions thereof for redemption, or at the option of the issuer, transferred to the improvement fund and used for the purpose for which it was established; provided, however, that if there should be a deficit in the operation and maintenance fund, the bond and interest redemption fund, the bond reserve account, the reconstruction fund or the improvement fund, on account of defaults in setting aside therein the amounts hereinbefore required, then transfers shall be made from such moneys remaining in the receiving fund to such funds in the priority and order named in this section, to the extent of such deficits.

(Ord. No. 141, § 12, 9-15-1997)

Sec. 28-163. 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 legislative body of the issuer on behalf of the issuer in government obligations or obligations the principal of and interest on which is fully guaranteed by the United States of America, or certificates of deposit of a bank insured by the Federal Deposit Insurance Corporation. Investment of moneys in the bond and interest

redemption fund being accumulated for payment on the next maturing principal or interest payment on 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 government 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 depository bank. Interest income earned on investment of funds in the receiving fund, the operation and maintenance fund, the bond and interest redemption fund and, the bond reserve account, the reconstruction fund and the improvement fund, shall be deposited in or credited to the receiving fund. (Code 1959, § 25.213)

Sec. 28-164. Rates and charges.

Rates and charges for the services of the system have been fixed pursuant to ordinance in an amount sufficient to pay the costs of operating, maintaining and administering the system, to pay the principal of and interest on the bonds and to meet the requirements for repair, replacement, reconstruction and improvement and all other requirements provided herein, and otherwise comply with the covenants herein provided. The issuer hereby covenants and agrees to fix and maintain at all times while any of the bonds shall be outstanding such rates for service furnished by the system as shall be sufficient to provide for the foregoing expenses, requirements and covenants, and to create a bond and interest redemption fund (including a bond reserve account) for all such bonds. The rates and charges for all services and facilities rendered by the system shall be reasonable and just, taking into consideration the cost and value of the system and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all bonds and accruing interest on all bonds, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this section and section 28-162.

(Code 1959, § 25.214)

Sec. 28-165. No free service.

No free service shall be furnished by the system to any individual, firm or corporation, public or private or to any public agency or instrumentality. (Code 1959, § 25.215)

Sec. 28-166. Covenants.

The issuer covenants and agrees, so long as any of the bonds hereby authorized remain unpaid, as follows:

(1) It will comply with applicable state laws and regulations and continually operate and maintain the system in good condition.

- (2) a. It will maintain complete books and records relating to the operation and financial affairs of the system. If the government is the holder of any of the bonds, the RECD shall have the right to inspect the system and the records, accounts, and data relating thereto at all reasonable times.
 - b. It will file with the Department of Treasury and the RECD each year, as soon as is possible, not later than 90 days after the close of the fiscal year, a report, on forms prepared by the Department of Treasury, made in accordance with the accounting method of the issuer, completely setting forth the financial operation of such fiscal year.
 - c. It will cause an annual audit of such books of record and account for the preceding fiscal year to be made each year by a recognized independent certified public accountant, and will cause such accountant to mail a copy of such audit to the RECD, without request of the RECD, or to the manager of the syndicate or account purchasing any series of the bonds. Such audit shall be completed and so made available not later than 90 days after the close of each fiscal year, and said audit may, at the option of the issuer, be used in lieu of the statement on forms prepared by the Department of Treasury and all purposes for which said forms are required to be used by this division.
- (3) It will maintain and carry, for the benefit of the holders of the bonds, insurance on all physical properties of the system, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar 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 calling bonds. Said insurance will be in an amount not less than such amount as may be specified by Letter of Intent to Meet Conditions, Form FmHA 442.46, and said insurance shall be approved by the RECD.
- (4) It will not borrow any money from any source or enter into any contract or agreement to incur any other liabilities that may in any way be a lien upon the revenues or otherwise encumber the system so as to impair revenues therefrom, without obtaining the prior written consent of the RECD, nor shall it transfer or use any portion of the revenues derived in the operation of the system for any purpose not herein specifically authorized.
- (5) It will not voluntarily dispose of or transfer its title to the system or any part thereof, including lands and interest in land, sale, mortgage, lease or other encumbrances, without obtaining the prior written consent of the RECD.
- (6) Any extensions to or improvements of the system shall be made according to sound engineering principles and specifications shall be submitted to the RECD for prior review.

(Code 1959, § 25.216)

Sec. 28-167. Additional bonds.

(a) The issuer may issue additional bonds of equal standing with the bonds for the following purposes and on the following conditions:

- (1) To complete construction of the project according to the plans referred to in section 28-151, additional bonds may be issued in the amount necessary therefor.
- (2) For the purpose of making reasonable repair, replacement or extension of the system or refunding any outstanding bonds, additional bonds of equal standing may be issued if:
 - a. The augmented net revenues of the system for the fiscal year preceding the year in which such additional bonds are to be issued were 120 percent of the average annual debt service requirements on all bonds then outstanding and those proposed to be issued net of any bonds to be refunded by the new issue; or
 - b. The holders of at least 75 percent of the then outstanding bonds consent to such issue in writing.
- (b) For purposes of this section the term "augmented net revenues" shall mean the net revenues of the system for a year, adjusted to reflect the effect of any rate increase placed in effect during that year (but not in effect for the whole year), placed in effect subsequent to the year or scheduled, at the time the new bonds are authorized, to be placed in effect before principal of and interest on the new bonds become payable from revenues of the system, and augmented by any increase in revenues or decrease in expenses estimated to accrue from the improvements to be acquired from the new bonds. The adjustments and augmentations provided for in the preceding sentence shall be established by certificate of an independent consulting engineer filed with the clerk of the issuer. If new bonds are issued within four months of the end of a fiscal year, the determination made in subsection (a)(2)a. of this section may be based upon the results of a fiscal year ending within 16 months of the date of issuance of the new bonds.
- (c) The funds herein established shall be applied to all additional bonds issued pursuant to this section as if said bonds were part of the original bond issue and all revenue from any such extension or replacement constructed by the proceeds of an additional bond issue shall be paid to the receiving fund mentioned in this division.
- (d) Except as otherwise specifically provided so long as any of such bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the system shall be incurred or issued by the issuer unless the same shall be junior and subordinate in all respects to the bonds herein authorized. (Code 1959, § 25.217)

Sec. 28-168. Division shall constitute contract.

The provisions of this division shall constitute a contract between the issuer and the bondholders and after the issuance of the first series bond this division shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holders nor shall the issuer adopt any law, ordinance of resolution in any way adversely affecting the rights or the holders so long as the bonds or interest thereon remains unpaid. (Code 1959, § 25.218)

Sec. 28-169. Refunding of bonds.

If at any time it shall appear to the FmHA that the issuer is able to refund, upon call for redemption or with consent of the USA the then outstanding bonds by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the issuer will, upon request of the government, apply for and accept such loan in sufficient amount to repay the government, and will take all such actions as may be required in connection with such loans. The bonds shall be redeemed in advance of maturity without the government's consent. (Ord. No. 141, § 19, 9-15-1997)

Sec. 28-170. Default of issuer.

- (a) If there shall be default in the bond and interest redemption fund, provisions of this division or in the payment of principal of or interest on any of the bonds, upon the filing of a suit by 20 percent of the holders of the bonds, any court having jurisdiction of the action may appoint a receiver to administer the system on behalf of the issuer with power to charge and collect rates sufficient to provide for the payment of the bonds and for the payment of operation, maintenance and administrative expenses and to apply revenues in accordance with this division and the laws of the state.
- (b) The issuer hereby agrees to transfer to any bona fide receiver or other subsequent operator of the system, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the issuer's obligations, all contracts and other rights of the issuer, conditionally, for such time only as such receiver or operation shall operate by authority of the court.
- (c) The holders of 20 percent of the bonds in the event of default may require by mandatory injunction the raising of rates in a reasonable amount. (Code 1959, § 25.220)

Sec. 28-171. Division subject to state law and Rural Economic Community Division regulations.

The provisions of this division are subject to the laws of the state and to the present and future regulations of the RECD not inconsistent with the express provisions hereof and state law.

(Code 1959, § 25.221)

Sec. 28-172. Fiscal year of system.

The fiscal year for operating the system shall be consistent with that of the issuer. (Code 1959, § 25.222)

Sec. 28-173. Issuer subject to loan agreement.

So long as the government is holder of any of the bonds, the issuer shall be subject to the loan agreement (form FmHA 442-47) with the FmHA and shall comply with all provisions thereof.

(Code 1959, § 25.223)

Secs. 28-174—28-190. Reserved.

DIVISION 7. 1998 BONDS

Sec. 28-191. Definitions.

Whenever used in this division, except when otherwise indicated by the context, the following terms shall have the following meanings:

Act 94 means Public Act. No. 94 of 1933 (MCL 141.101 et seq.).

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 any payments to the issuer in lieu of taxes, to which may be made the following adjustments:

- (1) 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;
- (2) 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 subsections (1) and (2) above shall be reported upon by professional engineers or certified public accountants or other experts not in the regular employment of the issuer.

Bonds means the Series B Bonds, together with the outstanding bonds and any additional bonds of equal standing hereafter issued.

Government means the government of the United States of America or any agency thereof.

Issuer means the Village of Unionville, County of Tuscola, Michigan.

Ordinance No. 139 means the ordinance adopted by the village council on November 13, 1995, authorizing the issuance of the outstanding bonds as amended by Ordinance No. 141 adopted September 15, 1997 (codified in division 6 of this article.)

Outstanding bonds means the outstanding water supply system revenue bonds, authorized by Ordinance No. 139 in the original principal amount of \$267,000.00.

Project means the improvements to the water supply system willing to comply with the Michigan safe drinking water act, Public Act No. 399 of 1976 (MCL 325.1001 et seq.), together with the necessary appurtenances and attachments thereto.

Revenues and net revenues means the revenues and net revenues of the system and shall be construed as defined in Section 3 of Act 94 (MCL 141.103), including with respect to "revenues," the earnings derived from the investment of moneys in the various funds and accounts established by Ordinance No. 139.

Series B Bonds means the water supply system revenue bonds, Series B, in the principal amount of \$204,000.00 authorized by this division.

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.

System means the issuer's water supply system including such facilities thereof as are now existing, together with the project and all additions, extensions and improvements hereafter acquired.

USA means the United States of America. (Ord. No. 142, § 1, 1-19-1998)

Sec. 28-192. Necessity; approval of plans and specifications.

It is hereby determined to be a necessary, public purpose of the issuer to acquire and construct the project in accordance with the plans and specifications prepared by Ledy Design Group, Inc., Engineers of Lansing, Michigan, which plans and specifications are hereby approved.

(Ord. No. 142, § 2, 1-19-1998)

Sec. 28-193. Costs; useful life.

The cost of the project is estimated to be not less than \$204,000.00, including the payment of incidental expenses as specified in section 28-194, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the project is estimated to be not less than 40 years.

(Ord. No. 142, § 3, 1-19-1998)

Sec. 28-194. Payment of cost; bonds authorized.

- (a) To pay part of the cost of acquiring the project, including payment of legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series B Bonds, the issuer shall borrow the sum of \$204,000.00 and issue the Series B Bonds therefor pursuant to the provisions of Act 94. Said Series B Bonds shall be of equal standing and priority and shall be equally secured with the outstanding bonds as to the net revenues. The remaining cost of the project if any, shall be defrayed from issuer funds on hand and legally available for such use.
- (b) Except as changed by this division, all the provisions of Ordinance No. 139 shall apply to the Series B Bonds issued pursuant to this division, the same as though each of said provisions were repeated in this division in detail; the purpose of this division being to authorize the issuance of additional revenue bonds to finance the cost of acquiring additions, extensions and improvements to the system, additional bonds of equal standing with the outstanding bonds for such purpose being authorized by the provisions of Section 17a of Ordinance No. 139 (28-167(1)), upon the conditions therein stated, which conditions have been fully met.

(Ord. No. 142, § 4, 1-19-1998)

Sec. 28-195. Series B bond data.

(a) The Series B Bond shall be designated Water Supply System Revenue Bond, Series B shall be dated as of the date of its delivery to the initial purchaser thereof, shall consist of one single fully-registered nonconvertible bond of the denomination of \$204,000.00 and shall be payable in principal installments serially on June 1 of each year as follows:

1998 \$	2,000.00	2018	\$ 5,000.00
1999	2,000.00	2019	4,000.00
2000	2,000.00	2020	5,000.00
2001	2,000.00	2021	5,000.00
2002	2,000.00	2022	5,000.00
2003	2,000.00	2023	6,000.00
2004	3,000.00	2024	6,000.00
2005	2,000.00	2025	6,000.00
2006	3,000.00	2026	6,000.00
2007	3,000.00	2027	7,000.00

2008	3,000.00	2028	7,000.00
2009	3,000.00	2029	7,000.00
2010	3,000.00	2030	8,000.00
2011	3,000.00	2031	8,000.00
2012	4,000.00	2032	8,000.00
2013	3,000.00	2033	9,000.00
2014	4,000.00	2034	9,000.00
2015	4,000.00	2035	10,000.00
2016	4,000.00	2036	10,000.00
2017	4,000.00	2037	15,000.00

- (b) The Series B Bond is expected to be delivered to the government, as initial purchaser thereof, in installments (the "delivery installments") and each delivery installment shall be noted on the registration grid set forth on the first series bond. The delivery installments shall be deemed to correspond to the serial principal installments of the Series B Bond in direct chronological order of said serial principal installments.
- (c) The serial principal installments of the Series B Bond will each bear interest from the date of delivery of the corresponding delivery installment to the registered holder thereof as shown on the registration grid set forth on the Series B Bond at the fate of 4½ percent per annum or such lower rate of interest as may be in effect at the time the Series B Bond is delivered, payable on the first day of June or December following the date of delivery of said delivery installation, and semiannually thereafter on June 1 and December 1 of each year until maturity or earlier prepayment of said installment. The Series B Bond shall be issued in fully-registered form and shall not be convertible or exchangeable into more than one fully-registered bond.

(Ord. No. 142, § 5, 1-19-1998)

Sec. 28-196. Payment and sale of Series B Bond.

- (a) The Series B Bond or installments thereof will be subject to prepayment prior to maturity, in the manner and at the times as provided in the form of the Series B Bond set forth in this division.
- (b) Principal of and interest on the Series B Bond shall be payable in lawful money of the United States of America by check or draft mailed by the transfer agent to the registered owner at the address of the registered owner as shown on the registration books of the issuer kept by the transfer agent. The issuer's treasurer is hereby appointed to act as transfer agent. If and at such time as the Series B Bond is transferred to or held by any registered owner other than the USA, the issuer by resolution may appoint a bank or trust company qualified under state law to act as transfer agent and bond register, and the issuer may thereafter appoint a successor transfer agent upon 60 days notice to the registered owner of the Series B Bond. If the USA shall no longer be the registered owner of the Series B Bond, then the principal of and interest on the Series B Bond shall be payable to the registered owner of record as of the 15th day of the month preceding the payment date by check or draft mailed to the registered owner

at the registered owner's address. Such date of determination of the registered owner for purposes of payment of principal or interest may be changed by the issuer to conform to future market practice. The issuer's treasurer is hereby authorized to execute an agreement with any successor transfer agent.

- (c) The transfer agent shall record on the registration books the payment by the issuer of each installment of principal or interest or both when made and the canceled checks or drafts representing such payments shall be returned to and retained by the issuer's treasurer, which canceled checks or drafts shall be conclusive evidence of such payments and the obligation of the issuer with respect to such payments shall be discharged to the extent of such payments.
- (d) Upon payment by the issuer of all outstanding principal of and interest on the Series B Bond, the registered owner thereof shall deliver it to the issuer for cancellation.
- (e) The sale of the Series B Bond to the USA at an interest rate of not to exceed 4½ percent per annum and at the par value thereof is hereby approved. The Series B Bond shall be sold to the USA at any lower rate then offered by the USA. The issuer's treasurer is hereby authorized to deliver the Series B Bond in accordance with the delivery instructions of the government, after approval of the issuance and sale thereof by the department of treasury, if such approval is at that time required, or receipt of an order of exception of the Department of Treasury or expiration of the notice period without receipt of an order of denial of the Department of Treasury.

(Ord. No. 142, § 6, 1-19-1998)

Sec. 28-197. Bond registration and transfer.

- (a) 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. The transfer agent shall transfer or cause to be transferred on said books bonds presented for transfer, as hereinafter provided and subject to such reasonable regulations as it may prescribe.
- (b) Any bond may be transferred upon the books required to be kept by the transfer agent pursuant to this section, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such bond for transfer, 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 transfer agent shall record such transfer on the registration books and shall register such transfer on the registration grid attached to the bond. At the time of such transfer the transfer agent shall note on the bond the outstanding principal amount thereof at the time of such transfer. The transfer agent shall require the 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 mailing of a notice of prepayment of bonds or installments thereof selected for redemption under section 28-199 and ending at the close of business on the day of that mailing, or (ii) to register the transfer of or exchange any bond

or portion thereof so selected for prepayment. In the event any bond is called for prepayment in part, the transfer agent, upon surrender of the bond, shall note on the bond the principal amount prepaid and shall return the bond to the registered owner thereof together with the prepayment amount on the prepayment date.

(Ord. No. 142, § 7, 1-19-1998)

Sec. 28-198. Execution and delivery of the Series B Bond.

The Series B Bond shall be signed by the village president and countersigned by the village clerk and shall have the corporate seal of the issuer impressed thereon. After execution, the Series B Bond shall be held by the issuer's treasurer for delivery to the government. No Series B Bond or any installment thereof shall be valid until registered by the issuer's treasurer, or upon transfer by the USA and thereafter, by an authorized representative of the transfer agent.

(Ord. No. 142, § 8, 1-19-1998)

Sec. 28-199. Payment of bonds.

Principal of and interest on the Series B Bonds and the outstanding bonds shall be payable from the net revenues. There is hereby recognized the statutory lien upon the whole of the net revenues created by Ordinance No. 139 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. 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 Ordinance No. 139, or this division except for payment from the deposited funds, and the bonds of that series shall no longer be considered to be outstanding under Ordinance No. 139 or this division. (Ord. No. 142, § 9, 1-19-1998)

Sec. 28-200. Management.

The operation, repair and management of the system and the acquiring of the project shall continue to be under the supervision and control of the village council. (Ord. No. 142, § 10, 1-19-1998)

Sec. 28-201. Rates and charges.

The rates and charges for service furnished by 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 the ordinance from which this division is derived. 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. (Ord. No. 142, § 11, 1-19-1998)

Sec. 28-202. Bond reserve account.

- (a) The reserve account in the bond and interest redemption fund, as established by Section 12, subsection b2 of Ordinance No. 139 (section 28-162(2)b.) shall be further increased by an amount of at least \$300.00 per calendar quarter beginning with the calendar quarter next subsequent to the adoption of the ordinance from which this division is derived until the reserve amount shall total at least \$26,000.00.
- (b) All of the provisions relative to the use of said bond reserve account, its maintenance and other details relative thereto, shall remain as specifically set forth in Ordinance No. 139.
- (c) No further payments need be made into the redemption fund after enough of the bonds have been retired so that the amount then held in the redemption fund (including the bond reserve account), in cash or sufficient government obligations, is equal to the entire amount of principal and interest which will be payable at the time of maturity of all the bonds then remaining outstanding and the moneys so held shall be used solely to pay the principal of and interest on the bonds including redemption premiums, if any, as the bonds become due either by maturity or by redemption prior to maturity.

(Ord. No. 142, § 12, 1-19-1998)

Sec. 28-203. Investments.

Moneys in the funds and account established in Ordinance No. 139 and moneys derived from the proceeds of sale of the Series B Bonds, may be invested by the issuer in United States of America obligations or in obligations the principal and interest on which is fully guaranteed by the United States of America or any other investments permitted by law, 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 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 date of 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 realized or interest income earned on investment of funds in the receiving fund, including the operation and maintenance account, repair and reconstruction fund and improvement fund shall be deposited in or credited to the receiving fund at the end of each fiscal year. Profit realized on interest income earned on investment of moneys in the redemption fund shall be credited as received to the redemption fund.

(Ord. No. 142, § 13, 1-19-1998)

Sec. 28-204. Bond proceeds.

(a) The proceeds of the Series B Bond hereby authorized, and no other funds shall be deposited in the Village of Unionville Water Supply System Construction Fund Account (the "construction account"), established by Ordinance No. 139, in the depository bank. In the event

that the USA is a holder of the Series B Bond, then, if required by the government, the construction account shall be established as a supervised bank account and such proceeds shall be withdrawn on the orders of the issuer only on checks signed by its treasurer and the government. Moneys in the construction account shall be used solely for the purposes for which the Series B Bond is issued.

- (b) Any unexpended balance of the proceeds of sale of the Series B Bond remaining after completion of the project herein authorized may in the discretion of the issuer be used for further improvements, enlargements and extensions to the system, provided that at the time of such expenditure such use be approved by the Department of Treasury (if such approval is then required by law). Any remaining balance after such expenditure shall be paid into the bond and interest redemption fund and used as soon as is practical for the prepayment of installments of the first series bond or for the purchase of installments of the first series bond at not more than the fair market value thereof. Following completion of the project, any unexpended balance of the first series bond shall be invested at a yield not to exceed the yield on the Series B Bond.
- (c) After completion of the project and disposition of remaining proceeds, if any, of the Series B Bond pursuant to the provisions of this section, the construction account shall be closed. (Ord. No. 142, § 14, 1-19-1998)

Sec. 28-205. Bond form.

The Series B Bond shall be in substantially the following form:

REGISTERED

UNITED STATES OF AMERICA STATE OF MICHIGAN COUNTY OF TUSCOLA

VILLAGE OF UNIONVILLE

WATER SUPPLY SYSTEM REVENUE BOND, SERIES B

No. 142 \$204,000.00

KNOW ALL MEN BY THESE PRESENTS that the Village of Unionville, County of Tuscola, State of Michigan (the "issuer"), for value received, hereby promises to pay to the registered owner hereof, but only out of the hereinafter described net revenues of the issuer's water supply system, including all appurtenances, additions, extensions and improvements thereto (the "system"), the sum of

TWO HUNDRED FOUR THOUSAND DOLLARS

on the dates and in the principal installment amounts set forth in Exhibit A attached hereto and made a part hereof with interest on said installments from the date each said

installment is delivered to the registered owner hereof and as set forth on the registration
grid hereon until paid at the rate of percent (%) per annum,
payable on, and semiannually thereafter, provided that the principal
repayments required herein to the registered holder shall not exceed the total of the
principal installments set forth on the registration grid hereon from time to time hereafter
to acknowledge receipt of payment of the purchase price of this bond up to a total of
\$204,000.00. Both principal of and interest on this bond are payable in lawful money of the
United States of America to the registered owner at the address shown on the Issuer's
registration books by check or draft mailed to the registered holder at the address shown on
the registration books of the issuer, and for the prompt payment thereof, the gross revenues
of the system, after provision has been made for reasonable and necessary expenses of
operation, administration and maintenance thereof (the "net revenues"), equal in standing
to the lien established in favor of the Village Water Supply System Revenue Bond, dated
, 1998, are hereby irrevocably pledged and a statutory first lien thereon is
hereby created.

This bond is a single, fully-registered, nonconvertible bond in the principal sum of \$204,000.00, issued pursuant to Ordinance No. 142 (the "Ordinance"), duly adopted by the issuer on _______, 1998, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act No. 94, (MCL 141.103), for the purpose of defraying the cost of completing the acquisition and construction of improvements to the system. For a complete statement of the revenues from which, and the conditions under which, this bond is payable, a statement of the conditions under which the 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 ordinance.

Principal installments of this bond are subject to prepayment prior to maturity, in inverse chronological order, at the issuer's option, on any interest payment date on or after June 1, 2005, at par and accrued interest to the date fixed for prepayment.

Thirty days' notice of the call of any principal installments for prepayment shall be given by mail to the registered owner at the registered owner's address. The principal installments so called for prepayment shall not bear interest after the date fixed for prepayment, provided funds are on hand to prepay said installments.

This bond shall be registered as to principal and interest on the books of the issuer kept by the issuer's treasurer as registrar and transfer agent (the "transfer agent") and noted hereon, after which it shall be transferable only upon presentation to the transfer agent with a written transfer by the registered holder or his attorney in fact. Such transfer shall be noted hereon and upon the books of the issuer kept for that purpose by the transfer agent.

This bond is a self-liquidating bond and is not a general obligation of the issuer and does not constitute an indebtedness of the issuer within any constitutional, or statutory limitation, but is payable, both as to principal and interest, solely from the net revenues of the system. The issuer hereby covenants and agrees to fix and maintain at all times while any installments of this bond shall be outstanding, such rates for service furnished by the system as shall be sufficient to provide for payment of the interest upon and the principal of all such installments of this bond payable from the net revenues of the system as and when the same become due and payable, and to create a bond and interest redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the system as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the system as are required by the ordinance.

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

IN WITNESS WHEREOF, the Village of Unionville, County of Tuscola, State of Michigan, by its president, has caused this bond to be signed in its name by its president and to be countersigned by its village clerk, and its corporate seal to be hereunto affixed, all as of January 20, 1998.

VILLAGE OF UNIONVILLE COUNTY OF TUSCOLA STATE OF MICHIGAN By Ted R. Balzer, President

(SEAL) Countersigned: Harvey Niedrich Village Clerk

REGISTRATION

NOTHING TO BE WRITTEN HEREON EXCEPT BY THE TRANSFER AGENT

Date of Registration of Delivery: Name of Registered Owner: United States of America

Principal Installment Delivered: Signature of Registrar

United States of America United States of America

EXHIBIT A

	$Amount\ of$	Principal	$Amount\ of$
$Principal\ Installment$	Principal	Installment	Principal
Due on June 1	In stall ment	Due on June 1	In stall ment
1998	\$2,000.00	2018	\$ 5,000.00

Principal Installment	Amount of Principal	Principal Installment	Amount of Principal
Due on June 1	Installment	Due on June 1	Installment
1999	2,000.00	2019	4,000.00
2000	2,000.00	2020	5,000.00
2001	2,000.00	2021	5,000.00
2002	2,000.00	2022	5,000.00
2003	2,000.00	2023	6,000.00
2004	3,000.00	2024	6,000.00
2005	2,000.00	2025	6,000.00
2006	3,000.00	2026	6,000.00
2007	3,000.00	2027	7,000.00
2008	3,000.00	2028	7,000.00
2009	3,000.00	2029	7,000.00
2010	3,000.00	2030	8,000.00
2011	3,000.00	2031	8,000.00
2012	4,000.00	2032	8,000.00
2013	3,000.00	2033	9,000.00
(Ord. No. 142, § 15, 1-19-	-1998)		

Sec. 28-206. Bondholders' rights; receiver.

- (a) The holder or holders of the bonds representing in the aggregate not less than 20 percent 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.
- (b) If there is a default in the payment of the principal of or interest upon the bonds, any count 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.
- (c) 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. (Ord. No. 142, § 16, 1-19-1998)

Sec. 28-207. Covenant regarding tax exempt status of the bonds.

The issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exemption of the interest on the bonds from general federal income taxation

(as opposed to any alternative minimum or other indirect taxation) under the Internal Revenue Code of 1986, as amended, including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of bond proceeds and moneys deemed to be bond proceeds.

(Ord. No. 142, § 17, 1-19-1998)

Secs. 28-208—28-240. Reserved.

ARTICLE III. SEWERS

DIVISION 1. GENERALLY

Secs. 28-241—28-260. Reserved.

DIVISION 2. SEWER USE REGULATIONS

Sec. 28-261. Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Benefit charge means the amount charged at the time, and in the amount hereinafter provided, to each premises in the village which must connect to the system. The new charge is based upon the proportionate cost allocable to such premises of the trunkage and availability costs associated with providing sanitary sewers and sewage treatment.

BOD (denoting biochemical oxygen demand) means the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five days at 20 degrees Celsius.

Building drain means the part of the lowest horizontal piping of a drainage system which receives the discharge from soil, waste and other drainage pipes inside the walls of the building and conveys it to the building sewer, beginning five feet outside the inner face of the building wall.

Building sewer means the extension from the building drain to the public sewer or other places of disposal.

Commercial user means an establishment listed in the Office of the Management and Budget's Standard Industrial Classification Manual (1972 Edition) involved in a commercial enterprise, business or service which, based on a determination by the village, discharges primarily segregated domestic wastes or wastes from sanitary conveniences.

Debt retirement charge means the charge levied to all users for retirement of bonded indebtedness associated with the system.

Garbage means solid wastes from the preparation, cooking and dispensing of food and from the handling, storage and sale of produce.

Governmental user means any federal, state or local government user of the system.

Industrial cost recovery means the recovery from each eligible industrial user of that portion of U.S. Environmental Protection Agency grants which are allocable to the collection and treatment of industrial wastes from said users.

Industrial user means nongovernmental, nonresidential users of the system that (i) discharge more than the equivalent of 25,000 gallons per day of sanitary waste, (ii) are identified in the Standard Industrial Classification Divisions and (iii) establishments discharging a trade or process waste.

Industrial waste means the wastewater discharges from industrial, trade or business process, as distinct from their employees' domestic wastes or wastes from sanitary conveniences.

Institutional user means nongovernmental, noncommercial, nonresidential, nonindustrial users of the system.

Inspector means any person or persons duly authorized by the village council to inspect and approve the installation of sewers.

Normal domestic sewage means a combination of the water carried domestic wastes from residences, business buildings, institutions and industrial establishments, and normal amounts of infiltration. The normal domestic sewage shall be considered to have a loading of 200 mg/l BOD and 250 mg/l suspended solids per capita.

O,M&R charge means the charge levied to all users for operation, maintenance, replacement, and customer related administrative costs associated with the system.

Operation and maintenance costs means all costs, direct and indirect, necessary to provide adequate wastewater collection and treatment on a continuing basis, to conform with all federal, state and local wastewater management requirements, and to assure optimum long-term management of the sewage works. Operation and maintenance costs shall include replacement costs.

Public sewer means a sewer in which all owners of abutting properties have equal rights, is controlled by the village, and is located within the public right-of-way or a public easement.

Replacement costs mean expenditures made during the service life of the system to replace equipment and appurtenances necessary to maintain the intended performance of the system.

Residential user means all dwelling units used as domiciles.

Revenues and *net revenues* shall have the meanings as defined in Section 3 of Public Act. No. 94 of 1933 (MCL 141.103).

Sanitary sewer means a sewer which carries sewage and to which stormwater, surface water and groundwater are not intentionally admitted.

Service demand charge means the charge levied to all customers for customer related administrative costs associated with the system.

Sewage means a combination of water-carried wastes from residences, business buildings, institutions and industrial establishments, together with such groundwaters as may be present.

Sewage treatment plant means any arrangement of devices and structures used for treating sewage.

Sewage works means all facilities for collecting, pumping, treating and disposing of sewage.

Sewer means a pipe or conduit for carrying sewage.

Storm sewer or storm drain means a sewer which carries stormwater and surface water and drainage, but excludes sewage and polluted industrial waste.

Suspended solids means solids that either float on the surface of, or are in suspension in water, sewage, or other liquids, and which are removable by laboratory filtering.

System means all facilities of the village and all subsequent additions, including all sewers, pumps, lift stations and all other facilities used or useful in the collection, treatment and disposal of domestic, commercial or industrial wastes, including all appurtenances thereto and including all extensions and improvements thereto which may hereafter be acquired. (Code 1959, § 25.410)

Sec. 28-262. Operation and management of system.

The operation, maintenance, alteration, repair and management of the system shall be under the supervision and control of the village. The village may employ such person or persons in such capacity or capacities as it deems advisable to carry out the efficient management and operations of the system and may make such rules, orders and regulations as it deems advisable and necessary to assure the efficient management and operation of the system. As part of the operation of the system the village shall review not less than every two years the wastewater contribution of users and user classes, the total costs of operation and maintenance of the treatment works, and its approved user charge system. The village shall from time to time revise the charges for users or user classes to accomplish the following:

- (1) Maintain the proportionate distribution of operation and maintenance costs among users and user classes as required by applicable federal regulation;
- (2) Generate sufficient revenue to pay the total operation and maintenance costs necessary to the proper operation and maintenance (including replacement) of the treatment works; and
- (3) Apply excess revenues collected from a class of users to the costs of operation and maintenance attributable to that class for the next year and adjust the rate accordingly.

(Code 1959, § 25.421)

Sec. 28-263. Use of public sewers required.

- (a) It shall be unlawful for any person to place, deposit or permit to be deposited in an unsanitary manner upon public or private property within the village (or any area under its jurisdiction), any human or animal excrement, garbage or other objectionable waste.
- (b) It shall be unlawful to discharge to any natural outlet any sanitary sewage, industrial wastes or other polluted water, except where suitable treatment has been provided in accordance with subsequent provisions of this division.
- (c) Except as hereinafter provided, it shall be unlawful to construct or maintain any privy, privy vault, septic tank, cesspool or other facility intended or used for the disposal of sewage.
- (d) Each person having control of a structure in which sanitary sewage originates, and each owner and each occupant of such a structure, shall cause such structure to be connected to an available public sanitary sewer. Such connection shall be completed promptly but in no case later than 90 days from the date of occurrence of the last of the following events:
 - (1) Publication of a notice by the village clerk of the availability of the public sanitary system in a newspaper of general circulation in the village.
 - (2) Modification of a structure so as to become a structure in which sanitary sewage originates.
 - (3) This division becomes effective.
- (e) Failure to complete connection where the structure in which sanitary sewage originates has not been connected to an available public sanitary sewer within the 90 days of the period provided in subsection (d) of this section, village clerk shall require the connection to be made forthwith after notice by first class mail or certified mail to the owners, occupants and persons having control of the property on which the structure is located. The notice shall give the approximate location of the public sanitary sewer which is available for connection of the structure involved and shall advise such persons of the requirements and the enforcement provisions of this division.
- (f) Where any structure in which sanitary sewage originates is not connected to an available public sanitary sewer system within 90 days after the date of mailing or posting of the written notice, the village may bring an action for a mandatory injunction or order in the district, municipal or circuit court in the county in which the structure is situated to compel the owner to connect to the available sanitary sewer system forthwith. The village in one or more of such actions may join any number of owners of structures situated within the village to compel each owner to connect to the available sanitary sewer system forthwith. (Code 1959, § 25.422)

Sec. 28-264. Private sewage disposal.

(a) Where a public sanitary sewer is not available under the provisions hereof, the building sewer shall be connected to a private sewage disposal system complying with all requirements of the state department of environmental quality.

- (b) The owner shall operate and maintain the private sewage disposal facilities in a sanitary manner at all times, at no expense to the village.
- (c) At such times as a public sewer becomes available to a property served by a sewage disposal system as provided herein, a direct connection shall be made to the public sewer in compliance with this division, and any septic tanks, cesspools and similar private sewage disposal facilities shall be abandoned, and filled with suitable material.
- (d) No statement contained in this article shall be construed to interfere with any additional requirements that may be imposed by the state department of environmental quality.

(Code 1959, § 25.423)

Sec. 28-265. Building sewers and connections.

- (a) No unauthorized person shall uncover, make any connections with, or opening into, use, alter or disturb any public sewer or appurtenances thereof without first obtaining a written permit from the village council. Before a permit may be issued for excavating for plumbing in any public street, way or alley, the person applying for such permit shall have executed into the village, and deposited with the treasurer a corporate surety in the sum as currently established or as hereafter adopted by resolution of the village council from time to time, conditioned that he will perform faithfully all work with due care and skill, and in accordance with the laws, rules and regulations established under the authority of any ordinances of the village, pertaining to the plumbing. This bond shall state that the person will indemnify and save harmless the village and the owner of the premises against all damages, costs, expenses, outlays, and claims of every nature and kind arising out of unskillfulness or negligence on his part in connection with plumbing or excavating for plumbing as prescribed in this division. Such bond shall remain in force and must be executed for a period of two years except that on such expiration it shall remain in force as to all penalties, claims and demands that may have accrued thereunder prior to such expiration.
- (b) There shall be two classes of building sewer permits: (i) for residential service, and (ii) for service to establishments producing industrial waste. In either case, the owner or his agent shall make application on a special form furnished by the village. The permit applications shall be supplemented by any plans, specifications or other information considered pertinent in the judgment of the village. A permit and inspection fee as currently established or as hereafter adopted by resolution of the village council from time to time for a residential or commercial building sewer permit and an amount established on an individual basis for an industrial building sewer permit shall be paid to the village treasurer at the time the application is filed.
- (c) All costs and expenses incidental to the installation and connection of the building sewer shall be borne by the owner (the "owner"). The owner or the person installing the building sewer for the owner shall indemnify the village from any loss or damage that may directly or indirectly be occasioned by said installation.

- (d) A separate and independent building sewer shall be provided for every building, except where one building stands at the rear of another on an interior lot and no private sewer is available or can be constructed to the rear through an adjoining alley, court, yard or driveway, the building sewer from the front building may be extended to the rear building and the whole considered as one building sewer. Other exceptions will be allowed only by special permission granted by the superintendent of public works.
- (e) Old building sewers or portions thereof may be used in connection with new buildings only when they are found on examination and test by the village to meet all requirements of this division.
- (f) The building sewer shall be constructed of either vitrified clay sewer pipe and fittings meeting the current A.S.T.M. Specifications for Standard or Extra Strength Clay Sewer Pipe, Extra Heavy Cast Iron Soil Pipe meeting the current A.S.T.M. Specifications or the Department of Commerce Commercial Standards for Extra Heavy Cast Iron Soil Pipe and Fittings or Polyvinyl Chloride (P.V.C.) plastic pipe SDR-35 meeting the current requirements of A.S.T.M. D-3034 and D-1784. If installed in filled or unstable ground, the building sewer shall be of cast iron soil pipe, except that one of the other three pipes may be accepted if laid on a suitable improved bed or cradle as approved by said inspector.
- (g) All joints and connections shall be made gastight and watertight. Vitrified clay sewer pipe shall be fitted with factory made Resilient Compression Joints meeting the current A.S.T.M. "Specifications for Vitrified Clay Pipe Joints Having Resilient Properties" (Designation C425). P.V.C. plastic pipe joints shall be the push-on type equal to A.S.T.M. D3212. The joints and connections shall conform to the manufacturer's recommendations. All fittings shall be as manufactured by the pipe supplier with joints equal to that of the pipe.
- (h) The size and slope of the building sewers shall be subject to the approval of the village, but in no event shall the diameter be less than four inches. The slope of such four-inch pipe shall not be less than one-fourth inch per foot, except as otherwise approved by the superintendent. All building sewers shall be laid on a sand cushion having a minimum thickness of three inches. All irregularities and depression in the subgrade shall be fitted with sand so the pipe will be firmly supported for its entire length. To provide sewer embedment, the remainder of the trench to the top of the pipe shall be backfilled with compacted sand. The sand adjacent to the pipe shall be shovel sliced.
- (i) Whenever possible, the building sewer shall be brought to the building at an elevation below the basement floor. No building sewer shall be laid parallel to or within three feet of any bearing wall, which might thereby be weakened. The depth shall be sufficient to afford protection from frost and shall be a minimum of 42 inches at a point ten feet from point of connection. All excavations required for the installation of a building sewer shall be open trench work unless otherwise approved by the sand inspector. Pipe laying and backfill shall be performed in accordance with current A.S.T.M. Specifications except that no backfill shall be placed until the work has been inspected by the village.

- (j) In all buildings in which any building drain is too low to permit gravity flow to the public sewer, sanitary sewage carried by such drains shall be lifted by approved artificial means and discharged to the building sewer.
- (k) The connection of the building sewer into the public sewer shall be made at a location designated by the inspector.
- (l) The applicant for the building sewer shall notify the village when the building sewer is ready for inspection and connection to the public sewer. The connection shall be made under the supervision of the village.
- (m) All excavations for building sewer installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways and other public property disturbed in the course of the work shall be restored in a manner satisfactory to the village.
- (n) Building sewer cleanouts shall be installed at intervals not to exceed 100 feet in straight runs. Every change in alignment or grade in excess of 22½ degrees in a building sewer shall be served by a cleanout, except that no cleanout shall be required for not to exceed one 45-degree change of direction or one 45-degree offset. (Code 1959, § 25.424)

Sec. 28-266. Use of the public sewers.

- (a) New connections prohibited. The village council shall prohibit any new connections from inflow sources to the system and shall refuse to accept inflow sources from existing connections which are not consistent with the system's design capacity including discharge of stormwater, surface water, groundwater, roof runoff, foundation drainage, cooling water or unpolluted industrial process waters to any sanitary sewer; and shall further prohibit new connections unless there is capacity in all downstream sewers, lift stations, force mains and treatment plant facilities including capacity for BOD and suspended solids.
- (b) Discharge of harmful wastes prohibited. No person shall discharge or cause to be discharged to any public sewers any harmful waters or wastes, whether liquid, solid or gas, capable of causing obstruction to the flow in sewers, damage or hazard to structures, equipment, and personnel of the sewage works, or other interferences with the proper operation of the sewage works.
- (c) *Grease*, oil and sand interceptors. Grease, oil and sand interceptors shall be provided when, in the opinion of the village, they are necessary for the proper handling of liquid waste containing grease in excessive amount, or any flammable wastes, sand, and other harmful ingredients except that such interceptors shall not be required for private living quarters or dwelling units. Where installed, they shall be maintained by the owner, at his expense, in continuously efficient operation at all times.
- (d) *Preliminary treatment facilities*. The admission into the public sewers of any waters or wastes having harmful or objectionable characteristics shall be subject to the review and approval of the village, who may prescribe limits on the strength and character of these waters

or wastes. Where necessary, in the opinion of the village, the owner shall provide, at his expense, such preliminary treatment as may be necessary to treat these wastes prior to discharge to the public sewer. Plans, specifications, and any other pertinent information relating to proposed preliminary treatment facilities shall be submitted for the approval of the village and of the appropriate state agency, and no construction of such facilities shall be commenced until said approval is obtained in writing. Where preliminary treatment facilities are provided for any waters or wastes, they shall be maintained continuously in satisfactory and effective operation by the owner at his expense.

- (e) Control manhole. When required by the village, the owner of any property served by a building sewer carrying industrial wastes shall install and maintain at his expense suitable control manhole in the building sewer to facilitate observation, sampling and measurement of the wastes. All measurements, tests and analysis of the characteristics of waters and wastes shall be determined in accordance with "Guidelines Establishing Test Procedures for Analysis of Pollutants" (40 CFR 136, October 16, 1973) and shall be determined at the control manhole or upon suitable samples taken at said control manhole. In the event that no special manhole has been required the control manhole shall be considered to be the nearest downstream manhole in the public sewer to the point at which the building sewer is connected.
- (f) *Exclusion of industrial wastes*. The village may exclude from the system a portion or all industrial waste from an industrial user.
- (g) *Surcharges*. A surcharge may be imposed on the rate charged to industry for the treatment of industrial waste. The surcharge shall be based on the volume, strength and character of the industrial waste treated as compared to the volume, strength and character of the normal domestic sewage experienced in the village.
- (h) *Special assessments or contracts*. Special assessments or contracts may be executed with industries which shall be coordinated with this division for the derivation of the rate to be used for the receiving of industrial waste, where such industrial wastes are of unusual strength or volume and the treatment facility is capable of handling such industrial waste. (Code 1959, § 25.425)

Sec. 28-267. Protection from damage.

No unauthorized person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, or tamper with any structure, appurtenance, or equipment which is a part of the municipal sewage works. Any person violating this provision shall be subject to immediate arrest under charge of disorderly conduct. (Code 1959, § 25.426)

Sec. 28-268. Powers and authority of inspectors.

The duly authorized employees of the village bearing proper credentials and identification shall be permitted to enter upon all properties for the purpose of inspection, observation, measurement, sampling and testing, in accordance with the provisions of this division. (Code 1959, § 25.427)

Sec. 28-269. Penalties.

- (a) Any person found to be violating any provision of this division except section 28-267, shall be served by the village council with written notice the nature of the violation and providing a reasonable time limit or the satisfactory correction thereof. The offender shall, within the period of time stated in such notice, permanently cease all violations.
- (b) Any person who shall continue any violation beyond the time limit provided for in section 28-269(a), shall be guilty of a misdemeanor.
- (c) Any person violating any of the provisions of this division shall become liable to the village, for any expense, loss, or damage occasioned the village by reason of such violation. (Code 1959, § 25.428)

Sec. 28-270. Conditions of service.

- (a) The village shall install and maintain at its expense that portion of the building sewer from the public sewer to near the lot or easement line, and the customer shall install and maintain at his expense that portion of the building sewer from the public sewer to his premises. The size and slope of the building sewers shall be subject to the approval of the authorized personnel of the village, but in no event shall the diameter be less than four inches. Whenever possible, the building sewer shall be brought to the building at an elevation below the basement floor.
- (b) Applications may be canceled and/or sewer service discontinued by the village for any violation of any rule, regulation, or condition of service, and especially for any of the following reasons:
 - (1) Misrepresentation in the application as to the property or fixtures to be serviced by the sanitary sewer system.
 - (2) Nonpayment of bills.
 - (3) Improper or imperfect service pipes and fixtures or failure to keep same in suitable state of repair.
- (c) Bills and notices relating to the conduct of the business of the village will be mailed to the customer at the address listed on the application, unless a change of address has been filed in writing at the business office of the village council; and the village shall not otherwise be responsible for delivery of any bill or notice, nor will the customer be excused from nonpayment of a bill or from any performance required in said notice.
- (d) The village shall, in no event, be held responsible for claim made against it by reason of the breaking of any mains for service pipes, or by reason of any other interruption of the service caused by the breaking of machinery or stoppage for necessary repairs, and no person shall be entitled to damages nor have any portion of a payment refunded for any interruption.
- (e) The premises receiving sanitary sewer service shall at all reasonable hours be subject to inspection by duly authorized personnel of the village.

(f) All substances and quantities which are prohibited from discharge to the system by P.L. 92-500, the regulations thereto, and other applicable United States law and regulation as same shall from time to time be published be and are hereby prohibited from discharge to the system.

(Code 1959, § 25.429)

Sec. 28-271. Sewage charges for premises connected to the system.

- (a) *Generally*. Charges for sewage disposal service to each premises within the service area having any connection to the system, shall be as provided in this section.
- (b) Charges for sewage disposal services. Except as herein otherwise provided, charges for sewage disposal services rendered by the system to premises connected to the system of the village shall be as follows:
 - (1) *Benefit charge*. For the benefit conferred by the sewer system upon all premises connecting thereto, or connecting to any sewer line tributary thereto, a benefit charge shall be paid for all premises so connecting as follows:
 - a. For each single-family dwelling unit the village shall furnish a sanitary sewer connection lead to the nearest property line of a user for a minimum advance payment as currently established or as hereafter adopted by resolution of the village council from time to time. Any installation costs over and above said payment for labor and material which shall be verified by a contractor bill shall be forthwith payable in full to the village upon completion of said sanitary sewer lead.
 - b. For all other miscellaneous buildings (including industrial and commercial buildings publicly or privately owned) not otherwise provided for in this subsection, the benefit charge shall be in an amount determined by resolution of the village council.

The benefit charge shall be paid upon application for a permit to connect such premises to the sewer system or may be paid in not to exceed 30 annual installments with interest at the rate of six percent per annum on the principal balance from time to time remaining unpaid. Provided that the minimum initial payment of ten percent of the benefit charge be paid at the time of application for a permit.

- (2) Surcharge. Any premises connecting to the system from which sewage emanates having waste characteristics greater than normal domestic sewage shall be charged a surcharge equal to the proportionately greater flow and strength (200 mg/l BOD_5 and 220 mg/l suspended solids) of such sewage to that of normal domestic sewage multiplied by the rate charged to residential users.
- (3) Monthly charge to users. The rates to be charged for service furnished by the system shall be as currently established or as hereafter adopted by resolution of the village council from time to time.

- (4) Premises not serviced by village system. In the case of premises not serviced by the village's water system there shall be a charge as currently established or as hereafter adopted by resolution of the village council from time to time.
- (5) *Miscellaneous services*. For miscellaneous services or where a premises receives sewer service for which a special rate shall be established, such rates shall be fixed from time to time by resolution of the village council.
- (c) Billing.
- (1) The bills shall be due and payable within 30 days from the date thereof, and all bills not paid when due shall be deemed delinquent and a penalty of ten percent bimonthly of the amount of such billing shall be added thereto and become due and owing as a part hereof.
- (2) No free service shall be furnished by the system to any person, firm or corporation, public or private, or to any public agency or instrumentality.
- (3) Sewage disposal service billings shall be made quarterly along with the water service billings, payable on or before the 30th day of the month when due. All charges for sewage disposal shall be payable 30 days following date of billing. Charges not paid within 30 days after date of billing shall be subject to a collection charge bimonthly that the same remains unpaid following the date thereof. Any account not paid within 60 days after the date of the bill shall render the subject premises ineligible for continued service.
- (d) *Enforcement*. Benefit charges and charges for sewage disposal services are made a lien on all premises served thereby, are hereby recognized to constitute such lien and whenever any such charge against any property shall be delinquent for six months, the village official or officials in charge of the collection thereof shall certify annually, not later than June 1 of each year, to the tax assessing officer, the fact of such delinquency, whereupon such charge shall be by him entered upon the next tax roll as a charge against such premises and shall be collected and the lien thereof enforced in the same manner as general taxes against such premises are collected and the lien thereof enforced.

(Code 1959, § 25.430)

Sec. 28-272. No free service.

No free service shall be furnished by the system to any person, firm or corporation, public or private, or to any public agency or instrumentality. (Code 1959, § 25.431)

Sec. 28-273. Rate sufficiency.

The rates hereby fixed are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the said system as are necessary to preserve the same in good repair and working order, and to provide

for such other expenditures and funds for said system as this division may require. Such rates shall be fixed and revised periodically as may be necessary to produce these amounts. Further the rates for use of the system shall be based on the following:

- (1) Debt retirement charge. Each user of the system shall pay a monthly debt retirement charge to be determined from time to time by the village council.
- (2) O,M&R charge. Each user of the system shall pay a monthly O,M&R charge in proportion to the user's wastewater contributions to the system. Users that are also metered customers of the village water system shall be charged in an amount equal to the charge for the water system use. Users that are not metered water customers shall be charged a flat amount per residential equivalent unit assigned to the user's premises, as hereinabove stated.
- (3) Surcharges. Each user that discharges wastewater strengths, exceeding normal domestic sewage, as defined, shall pay appropriate surcharges for treatment of excess waste strengths in accordance with section 28-270.

(Code 1959, § 25.432)

Sec. 28-274. Audit review.

The village shall have the right to adjust the user charge rates based on an audit review of the system's operation and maintenances costs. Such an audit review shall be conducted annually by the village.

(Code 1959, § 25.433)

Sec. 28-275. Depreciation costs.

Each industrial user, shall pay the proportionate share of the operation, maintenance and replacement depreciation costs of the system that are allocable to the treatment of said user's industrial wastes.

(Code 1959, § 25.434)

Sec. 28-276. Wastewater not exceeding limits of normal domestic sewage.

Each industrial user that discharges process wastewater which does not exceed the limits of normal domestic sewage shall be charged and shall make payments to the village in amounts based on the actual waste volume from such premises.

(Code 1959, § 25.435)

Sec. 28-277. Wastewater exceeding limits of normal domestic sewage.

Each user that proposes to discharge wastewater to the system which exceeds the limits of normal domestic sewage will be required to either: (i) provide satisfactory pretreatment to reduce the strength of the wastewater to normal domestic sewage or (ii) pay a surcharge determined by the relative concentration of BOD, suspended solids, or other pollutant as compared to normal domestic sewage.

(Code 1959, § 25.436)

Sec. 28-278. Protection from damage.

No authorized person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance, or equipment which is a part of the sewage system. Any person violating this provision shall be subject to immediate arrest under charge of disorderly conduct.

(Code 1959, § 25.437)

Sec. 28-279. Powers and authority of inspectors.

The duly authorized employees of the village bearing proper credentials and identification shall be permitted to enter upon all properties for the purpose of inspection, observation, measurement, sampling and testing, in accordance with the provisions of this division. (Code 1959, § 25.438)

Sec. 28-280. Operating year.

The system shall be operated on the basis of the same operating year as the village. (Code 1959, § 25.439)

Sec. 28-281. Records and accounts; annual audit; insurance.

- (a) The village will maintain and keep proper books of records and accounts, separate from all other records and accounts, in which shall be made full and correct entries of all transactions relating to the system. The village will cause an annual audit of such books of record and account for the preceding operating year to be made by a recognized independent certified public accountant, and will supply such audit report to authorized public officials on request.
- (b) The village will maintain and carry insurance on all physical properties of the system, of the kinds and in the amounts normally carried by public utility companies and municipalities engaged in the operation of sewage disposal 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.

(Code 1959, § 25.440)