

Village of Lake Isabella
1010 Clubhouse Drive
Lake Isabella, MI, 48893

Resolution 2009-09
RESOLUTION AUTHORIZING EXECUTION AND DELIVERY
OF AN INSTALLMENT PURCHASE AGREEMENT

Minutes of a special meeting of the Village Council of the Village of Lake Isabella, Isabella County, Michigan, held in the Village Hall, 1010 Clubhouse Drive, Lake Isabella, Michigan 48893, on September 1, 2009, at 1:00 p.m. local time.

MEMBERS PRESENT: Pattison, Lacca, Grey, Miller, Griffin, & Torgerson

MEMBERS ABSENT: Kiel

The following resolution was offered by Member Miller and supported by Member Lacca:

WHEREAS, the Village of Lake Isabella (the "Village"), desires to purchase and construct a salt storage building (the "Property"); and

WHEREAS, Act 99, Public Acts of Michigan, 1933, as amended ("Act 99"), provides a means by which the Village may enter into agreements for the purchase of real or personal property for public purposes, to be paid for in installments; and

WHEREAS, the Village plans to enter into a contract with JBS Contracting of Mt. Pleasant, MI (the "Contractor"), to construct and purchase the Property (the "Purchase Contract"); and

WHEREAS, the Village has received a proposal for financing the acquisition of the Property from Isabella Bank (the "Bank"), and the Bank has agreed to purchase the interest of the Contractor in the Purchase Contract and accept assignment thereof, and to finance the purchase of the Property by entering into an Installment Purchase Agreement pursuant to which the Village will make payments of principal and interest to the Bank; and

WHEREAS, this Village's outstanding balance of all installment purchases, exclusive of interest, not including (i) contracts entered into under Act No. 31, Public Acts of 1948, First Extra Session, as amended, or (ii) contracts or leases between public corporations or municipalities, but including the principal amount of the Installment Purchase Agreement authorized by this resolution, shall not exceed one and one-quarter percent (1-1/4%) of the taxable value of the real and personal property in the Village.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. Purchase of the Property is hereby found to be a public purpose and in the best interest of the health, safety and welfare of the Village.

2. The Village approves the proposal of the Bank and authorizes and directs the President and Clerk (the "Authorized Officers") (i) to execute an Installment Purchase Agreement (the "Agreement") in the amount of not-to-exceed \$70,000.00, as finally determined by the Authorized Officers, in such form as they shall approve, and (ii) to execute an Installment Note (the "Note") with the Bank in conformance with the Agreement, each with an interest rate on the principal amount outstanding of not-to-exceed 4 and 75/100 percent (4.75%) per annum, as finally determined by the Authorized Officers.

3. The Village shall include in its budget each year the amount necessary to make all installment payments of principal and interest thereon under the Agreement during such year, when and as the same shall become due.

4. The Village shall, at all times while any payments on the Agreement are outstanding, have control of the Property and shall maintain the same for public purposes.

5. The useful life of the Property is hereby determined to be not less than fifteen (15) years.

6. The obligation of the Village to make the principal and interest payments pursuant to the Note are the general obligations of the Village, and the Village hereby pledges its limited tax full faith and credit, general obligation to the payment of principal of, and interest on the Note, subject to constitutional, statutory and charter limitations.

7. The Village hereby covenants and agrees for the benefit of the Bank, and any assignee thereof, that it will comply with all applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and except as required by law, will take no action or omit to take any action which, by commission or omission, would cause the payments on the Note (the "Installment Payments") not to be

excluded from the adjusted gross income of the Bank for Federal income tax purposes or to be “arbitrage bonds” as defined in Section 148 of the Code and any successor provision, act or statute and the regulations from time to time promulgated or proposed thereunder.

8. The Village will not permit any of the proceeds of the Agreement or any other funds of the Village to be used directly or indirectly in a manner which would result in the exclusion of any of the payments on the Note from the treatment afforded by Section 103(a) of the Code, as amended from time to time, by reason of the classification of such payments as “private activity bonds” within the meaning of Section 141 of the Code, or as obligations guaranteed by the United States of America, as provided in Section 149(b) of the Code; or cause the interest on the Installment Payments to be includable in any alternative minimum tax other than an alternative minimum tax which applies to all tax exempt bonds generally.

9. The Village reasonably anticipates that the amount of qualified tax-exempt obligations which will be issued by the Village and all subordinate entities during the calendar year 2009 shall not exceed \$30,000,000.

10. The Village hereby designates the total principal amount of the Installment Purchase Agreement and Note as a “qualified tax-exempt obligation” (“Qualified Tax-Exempt Obligation”) for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”).

11. The proceeds of the Note shall not be used to reimburse the Village for expenditures incurred prior to the declaration of official intent required by Section 1.103-8(a)(5) of the Treasury regulations.

12. The authority granted herein shall not be construed to require the Village to levy taxes in excess of any constitutional, charter or statutory limitations.

13. The President, Clerk and Treasurer, or any one or more of them, are hereby authorized to do all acts and things and to execute any documents or certificates as may be necessary or desirable, and to deliver such documents to the parties to effectuate the transaction described in the Agreement.

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

YEAS: Pattison, Lacca, Grey, Miller, Griffin, & Torgerson

NAYS: None

ABSENT: Kiel

RESOLUTION DECLARED ADOPTED 6-0-0.

Jeffrey P. Grey
Clerk

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Village Council of Village of Lake Isabella, Isabella County, Michigan, at a special meeting held September 1, 2009, and that public notice of the meeting was given pursuant to Act 267, Public Acts of Michigan, 1976, as amended.

IN WITNESS WHEREOF, I have hereto affixed my official signature on September 1, 2009.

Jeffrey P. Grey
Clerk