

**TOWNSHIP OF MONTCALM**  
**COUNTY OF MONTCALM, MICHIGAN**

Minutes of a regular meeting of the Township Board of the Township of Montcalm, held at the Township Hall, 1880 S. Greenville Road, Greenville, Michigan 48838, on the 10th day of May, 2017, at 7:00 p.m. Local Time.

PRESENT: Members: Amy Richards, Clerk; Rosemary Hyde, Treasurer; Tim Rau, Trustee; and Steve Sprague, Trustee.

ABSENT: Members: Michael Adams, Supervisor.

The following preamble and resolution were offered by Member Steve Sprague, Trustee and supported by Member Rosemary Hyde, Treasurer:

**RESOLUTION NO. 2017-5**

**RESOLUTION TO AUTHORIZE THE FINANCING OF THE  
ACQUISITION AND CONSTRUCTION OF A NEW FIRE  
HALL BY INSTALLMENT PURCHASE AGREEMENT**

WHEREAS, the Township of Montcalm (the “Township”) is authorized by Act 99 of the Public Acts of Michigan of 1933, as amended (“Act 99”), to purchase real or personal property for public purposes, and to pay for such property in installments over the lesser of a period of thirteen (13) years or the useful life of such property; and

WHEREAS, the Township desires to acquire, by construction, a new fire hall, as described on Exhibit A attached hereto, which constitutes “real property” within the meaning of Act 99 (the “Property”), from the vendor (the “Vendor”) and at the purchase price (the “Purchase Price”) all as set forth on Exhibit A attached hereto; and

WHEREAS, it is in the best interest of the Township to obtain financing for the Purchase Price in the amount of \$260,000 (the “Financed Amount”); and

WHEREAS, the Financed Amount, when added to the currently outstanding balance of all other installment purchases made of real and personal property by the Township pursuant to Act 99, less permitted exceptions, does not exceed \$1,119,756, which is one and one quarter of one percent (1-1/4%) of the 2016 Taxable Value of the real and personal property in the Township (which totals \$89,580,496); and

WHEREAS, it is necessary to authorize the Township Supervisor, with the assistance of Mika Meyers PLC, as Special Legal Counsel, and H.J. Umbaugh & Associates, LLP, the Township's Registered Municipal Advisor, to obtain a financing proposal from a local area bank for the financing of the Financed Amount using an Act 99 installment purchase agreement; and

WHEREAS, the Registered Municipal Advisor, in response to the request of the Township, obtained a financial proposal from Mercantile Bank to finance the Financed Amount at the rate of 2.95% for thirteen (13) years, as more particularly described on Exhibit B.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. The Township Board hereby ratifies and approves the Township Supervisor, with the assistance of the Registered Municipal Advisor, obtaining the financing proposal from Mercantile Bank in the form attached hereto as Exhibit B.

2. The Township Board determines that it is necessary and in the best interest of the Township to purchase the Property for an amount equal to the Financed Amount and to utilize such Property for public and Township purposes. The difference between the Purchase Price and the Financed Amount, if any, shall be paid to the Vendor from Township funds on hand (including, but not limited to, the Township's fire apparatus, housing and equipment millage) and the payment of said amount is hereby appropriated and/or ratified.

3. The Township Board determines that it is necessary and in the best interests of the Township to finance the purchase of the Property pursuant to Act 99. The Financed Amount shall be financed by an installment purchase agreement as provided in this Resolution.

4. The useful life of such Property is hereby determined to be not less than thirteen (13) years.

5. The Township Board hereby awards the financing of the Property to Mercantile Bank on the terms set forth on Exhibit B.

6. An Installment Purchase Agreement by and between the Township, Mercantile Bank (the “Bank”), and the Vendor in the form attached to this Resolution as Exhibit C (the “Installment Purchase Agreement”) is hereby approved. The Installment Purchase Agreement shall:

a. be issued to Mercantile Bank in accordance with the Bank’s proposal and the term sheet set forth on Exhibit B; and

b. be issued in the principal amount of \$260,000;

c. bear interest at the rate of 2.5% per annum; and

d. be payable in accordance with the repayment schedule attached as Exhibit A to the Installment Purchase Agreement.

7. The Township Treasurer is hereby designated as the Registrar for the Installment Purchase Agreement.

8. The Installment Purchase Agreement is hereby designated as a “qualified tax exempt obligation” for purposes of deduction of interest expense by financial institutions under the provisions of Section 265(b)(3) of the Code, it being reasonably anticipated that the aggregate amount of qualified tax exempt obligations which will be issued by the Township and all subordinate entities to the Township shall not exceed \$10,000,000 during calendar year 2017.

9. The Supervisor of the Township and the Township Clerk are hereby authorized and directed to execute the Installment Purchase Agreement in substantially the form of Exhibit C with such necessary variations, additions, omissions, corrections, and insertions as they deem appropriate and/or required, for and on behalf of the Township.

10. The Township Supervisor, the Township Clerk, and/or the Township Treasurer are hereby authorized to execute and file all documents, instruments and certificates necessary or required to effectuate the execution and delivery of the Installment Purchase Agreement.

11. The obligation of the Township to pay the principal installments of the Financed Amount and interest thereon shall be a limited tax general obligation of the Township subject to applicable statutory and constitutional limitations.

12. The Township shall at all times have control of the Property and shall maintain the same for public use and public purposes.

13. The Township shall include in its annual general fund budget such sum or sums as may be necessary to pay and satisfy all payments when due under the Installment Purchase Agreement.

14. The execution and issuance of the Installment Purchase Agreement shall be subject to the acquisition of the Property.

15. All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

AYES: Members: Amy Richards, Clerk; Rosemary Hyde, Treasurer; Tim Rau, Trustee; and Steve Sprague, Trustee.

NAYS: Members: None.

RESOLUTION DECLARED ADOPTED.

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Amy Richards, Clerk

Township of Montcalm

I hereby certify this is a true and complete copy of a resolution adopted by the Township Board of the Township of Montcalm, County of Montcalm, Michigan, at a regular meeting held on May 10, 2017, which was conducted and public notice given in compliance with the Open Meetings Act, Act No. 267, Public Acts of Michigan of 1976, as amended.

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Amy Richards, Clerk  
Township of Montcalm

**EXHIBIT A**  
**DESCRIPTION OF PROPERTY**

<u>Description of Property</u>	<u>Vendor</u>	<u>Purchase Price</u>
Construction and furnishing of 42' x 56' building for use as Township Fire Hall (per proposal from Vendor dated April 25, 2017) (see attached)	Morton Buildings, Inc.	\$260,000

## **EXHIBIT B**

### **MERCANTILE BANK FINANCING PROPOSAL AND TERM SHEET**



May 2, 2017

Montcalm Township, Michigan  
c/o Mr. Andrew Campbell  
H.J. Umbaugh & Associates, LLP  
2150 Association Drive, Suite 100  
Okemos, MI 48864

Dear Mr. Campbell:

Pursuant to the information contained in your Term Sheet regarding Montcalm Township's Installment Purchase Agreement for \$260,000 to finance the acquisition of a new fire station ("Term Sheet"), Mercantile Bank of Michigan is pleased to submit our unconditional and firm bid of 2.95% for all indicated maturities and amounts, guaranteed through June 10, 2017.

The bid assumes: agreements dated on or before June 10, 2017; annual payments of principal as outlined in the Term Sheet beginning on May 1, 2019 and thereafter on May 1<sup>st</sup> until paid in full on May 1, 2031; interest payments paid semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup> of each year commencing on May 1, 2018; and interest calculated on a 30 day month, 360 day year.

Thank you for including us in your request solicitation.

Sincerely,

Charles E. Christmas  
EVP – Chief Financial Officer

310 LEONARD STREET NW  
Member FDIC

GRAND RAPIDS, MI 49504  
[www.mercbank.com](http://www.mercbank.com)

616.406.3000





*This term sheet is made by Montcalm Township, Michigan (the "Township") and contains certain information about the Township and the proposed Installment Purchase Agreement (the "IPA") and is for reference only. This term sheet is not a summary of the proposed IPA and is provided solely for the Township's use and is not intended to be used as an official statement for the proposed IPA or other disclosure document. The Township will not produce an official statement for the IPA or other disclosure document.*

## **Term Sheet**

### **Montcalm Township, Michigan Installment Purchase Agreement (Limited Tax General Obligation)**

It is the intention of the Township that interest on the IPA will be tax-exempt.

Par Amount: \$260,000

Dated: Date of close (expected to be May 25, 2017)

Principal Due: Annually on May 1<sup>st</sup>, beginning May 1, 2019

5/1/19	\$5,000
5/1/20	5,000
5/1/21	5,000
5/1/22	5,000
5/1/23	5,000
5/1/24	5,000
5/1/25	5,000
5/1/26	5,000
5/1/27	40,000
5/1/28	45,000
5/1/29	45,000
5/1/30	45,000
5/1/31	45,000

Interest Due: Semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, beginning May 1, 2018.  
30/360 basis.

Redemption: Maturities of this issue maturing in the years 2019 through 2029 shall not be subject to redemption prior to maturity. Maturities in years 2030 and thereafter, shall be subject to redemption prior to maturity, at the option of the Township, in such order as the Township may determine and by lot within any maturity, on any date, on or after May 1, 2029, at par and accrued interest to the date fixed for redemption.

Purchase Price: No premium or discount.

Bank Qualified: The IPA will be designated as a “Qualified Tax-Exempt Obligation” as described in Section 265(b)(3)(B) of the Code.

Purpose: To finance the acquisition of a new fire station.

Security: The IPA is issued under the provisions of Act 99, Public Acts of Michigan, 1933, as amended. The Township is required to include in its budget and pay the sums necessary each year to meet the payments of the installments of and interest on the IPA when due. In furtherance of such obligation, the Township shall levy sufficient ad valorem taxes within its authorized millage annually on all taxable property in the Township, which levy is subject to constitutional, charter and statutory tax rate limitations.

The Property acquisition will be financed by an installment purchase agreement by and between a construction contractor to be selected by the Township, as seller of the Property (the “Seller”), the Township, as purchaser, and a financial institution to be determined (the “Lender”), pursuant to Act 99 of the Public Acts of Michigan of 1933, as amended. The form of the installment purchase agreement is attached for reference and is subject to revision based on the receipt of proposals.

The Seller’s right to receive installment payments shall be assigned to the Lender, in return for a lump sum payment by the Lender equal to the principal amount of the Installment Purchase Agreement. The Township will use the lump sum payment to pay the Seller in the amounts and at times provided in the construction contract for the Property. The Township will then repay the Lender in installments over a period of years.

The Township will be the owner of the acquired Property. The installment purchase agreement provides that all warranties and liabilities with respect to the Property to be acquired shall remain the sole responsibility of the Seller and the Property manufacturer. No security interest in the Property or other assets of the Township shall be granted.

Legal Opinion: Mika Meyers PLC

Disclosure: The successful bidder will receive copies of all legal documents including the IPA Resolution, IPA counsel opinion and such other information that the successful bidder deems necessary. No Official Statement or other disclosure document and no Continuing Disclosure Undertaking Agreement will be delivered to the successful bidder.

Purchaser

Requirements: The successful bidder is required to certify that it is not an “Iran linked business” within the meaning of the Iran Economic Sanctions Act, Act 517, Public Acts of Michigan, 2012 (“Act 517”). The successful bidder will be expected to sign a “sophisticated investor” letter at closing in a form prepared by IPA Counsel and satisfactory to the Township. IPA Counsel’s opinion will be provided at closing at the expense of the Township.

Bid Hold: Acceptance of the bid is expected to take place on May 10 at the Township board meeting. Bidders are expected to hold their bid for no less than 30 days to allow for closing.

Further information may be obtained by contacting Tom Traciak or Andy Campbell at Umbaugh 517-321-0110. Umbaugh is a municipal adviser registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Umbaugh is providing certain specified advisory services to the Township. Umbaugh is not a placement agent to the Township and will not act as such.

## EXHIBIT C

### INSTALLMENT PURCHASE AGREEMENT

THIS INSTALLMENT PURCHASE AGREEMENT (the “Agreement”) is dated as of \_\_\_\_\_, 2017, between and among the TOWNSHIP OF MONTCALM, a Michigan general law Township (the “Township”), MORTON BUILDINGS, INC., an Illinois corporation (the “Vendor”), and MERCANTILE BANK, a Michigan banking corporation (the “Bank”), as assignee of certain of Vendor’s rights in this Agreement as provided herein.

WHEREAS, the Township is the purchaser and the Vendor is the seller pursuant to that certain agreement by and between the Township and the Vendor (the “Contract”), relating to the purchase by the Township by acquisition and construction of certain real and personal property comprising a 42'x56' building for use as a Township fire hall (the “Property”); and

WHEREAS, the Township proposes to pay for the Property in installments in accordance with Act 99 of the Public Acts of Michigan of 1933, as amended (“Act 99”);

NOW, THEREFORE, in consideration of their mutual undertakings and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Acquisition of Property; Payment of Contract Sum.** The Township agrees to purchase the Property for the sum of \$260,000 as set forth in the Contract (the “Contract Sum”). A portion of the Contract Sum in the amount of \$260,000 (the “Financed Amount”) shall be paid by the Township to the Vendor in the manner provided in this Agreement. The balance of the Contract Sum, if any, shall be paid by the Township to the Vendor from available Township funds on hand, in accordance with the Contract.

2. **Payment of Financed Amount in Installment Payments.** The Township shall pay the Financed Amount to the Vendor according to the repayment schedule attached hereto as Exhibit

A (each payment is referred to herein as the “Installment Payment”). The Installment Payments include principal and interest on the unpaid principal balance from the date of this Agreement at the rate or rates set forth on Exhibit A. The Installment Payments shall be due as set forth on Exhibit A.

3. **Assignment by Vendor to Bank.** The Vendor hereby assigns (the “Assignment”) to the Bank its right to receive the Installment Payments in consideration of (a) the payment by the Bank of an amount equal to the Financed Amount to the Township in accordance with Paragraph 4(a); and (b) the obligation of the Township to make payment(s) to the Vendor in accordance with Paragraph 4(b). It is expressly agreed between the Vendor, the Township and the Bank that as a condition of Vendor’s assignment to Bank that the Township shall make all Installment Payments directly to the Bank.

4. **Payment by Bank; Payment by Township to Vendor; Useful Life.**

a. The Bank, as assignee of the rights of the Vendor to receive the Installment Payments, will pay to the Township, upon execution of this Agreement, an amount equal to the Financed Amount.

b. The Township shall, upon receipt of such payment by the Bank, pay an amount equal to the Financed Amount to the Vendor at the times and in the manner required by the Contract.

c. The Vendor certifies to the Township and, in reliance thereon, the Township in turn certifies to the Bank that the useful life of the Property is equal to or longer than the term of the Installment Payments.

5. **Consent by Township to Assignment by Vendor to Bank.** The Township hereby consents to the Assignment. The warranties and other obligations of the Vendor set forth in the Contract and Paragraph 8 of this Agreement shall remain the sole responsibility of the Vendor and shall not be assignable. The Vendor hereby acknowledges that all of said warranties and other

obligations shall not be assigned and shall remain the sole responsibility of the Vendor. With respect to the Bank, the Township hereby waives any defenses based upon warranty, failure or inability of the Vendor to perform its non assignable obligations or the failure of title to the Property. The Township's obligation to the Bank is absolute and unconditional and shall remain in full force and effect until the amounts owed hereunder shall have been paid by the Township to the Bank, and such obligation shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following:

- a. Any failure of title with respect to the Vendor's interest in the Property or the invalidity, unenforceability or termination of this Agreement;
- b. The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in this Agreement;
- c. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment or other similar proceedings affecting the Vendor or any of its assets or any allocation or contest of the validity of this Agreement, or the disaffirmance of this Agreement in any such proceedings;
- d. To the extent permitted by law, any event or action which would, in the absence of this clause, result in release or discharge by operation of law of the Vendor from the performance or observation of any obligation, covenant or agreement contained in this Agreement;
- e. The default or failure of the Vendor fully to perform any of its obligations set forth in this Agreement, the Contract or any other agreement; or
- f. Any casualty or destruction of the Property.

6. **Representation of Vendor.** The Vendor represents and warrants that the Assignment does not violate any agreement, contract, or loan agreement to which it is a party and that the Agreement has been duly executed and delivered by the Vendor. After payment of an amount equal to the Financed Amount to the Township in accordance with Paragraph 4(a), the Bank shall have no liability for payment of monies to the Vendor or for the performance of any obligations to the Vendor.

7. **Limited Tax General Obligation.** The obligation of the Township to pay the Installment Payments hereunder is a limited tax general obligation subject to applicable constitutional and statutory limitations, and charter limitations, if any, on the taxing power of the Township. The Township shall include in its General Fund budget and pay each year, until this Agreement is paid in full, such sum or sums as may be necessary each year to pay the Installment Payments when due.

8. **Delivery Date; Warranties.** The Vendor will deliver the Property to the Township in the manner and at the times set forth in the Contract. Warranties, if any, with respect to the Property shall not be assigned but shall remain enforceable by the Township against Vendor or the manufacturer of the Property, as the case may be, in accordance with the Contract.

9. **Tax Covenant.** The Township covenants and agrees, to the extent permitted by law, that it shall take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exclusion of the interest portion of the Installment Payments from gross income within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”). In addition, the Township hereby covenants that it will make no use of the proceeds of the Agreement which, if such use had been reasonably expected on the date of the Agreement, would have caused the Agreement to be considered an “arbitrage bond,” as defined in Section 148 of the Code. Further, this Agreement has been designated as a “qualified tax-exempt obligation” by the

Township, within the meaning of Section 265(b)(3) of the Code, it being reasonably anticipated that the aggregate amount of qualified tax-exempt obligations which will be issued by the Township and all subordinate entities to the Township shall not exceed \$10,000,000 during calendar year 2017.

10. **Compliance with Act 99.** The Township covenants and agrees that the Township shall at all times have control of the Property and shall maintain the same for public use and purposes, and that it shall otherwise take all actions within its control and that it shall not fail to take any action as may be necessary to comply with Act 99.

11. **Condition for Transfer or Assignment by Bank.** This Agreement may not be transferred or assigned by the Bank, except by appropriate entry in the register maintained by the Township Treasurer, it being the intention that this Agreement be registered within the meaning of Section 149(a) of the Code.

12. **Entire Agreement; Conflict; Counterparts.** Except for the Contract, this Agreement constitutes the entire agreement of the parties. All other prior or contemporaneous agreements, understandings, representations and statements, oral or written, are hereby terminated. In the event of a conflict in terms between the Contract and this Agreement, the specific terms of this Agreement shall govern. This Agreement may be entered in counterparts.

13. **Amendments.** Any attempt to modify the terms of this Agreement or of any supporting document shall be ineffective unless approved in writing by all of the parties hereto. Any provision of this Agreement not concerning Vendor may be modified by agreement of the Bank and Township only.

IN WITNESS WHEREOF, the parties have hereunto set their hands this \_\_\_\_ day of \_\_\_\_\_, 2017.



MORTON BUILDINGS, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

TOWNSHIP OF MONTCALM

By: \_\_\_\_\_

Michael Adams

Its: Township Supervisor

By: \_\_\_\_\_

Amy Richards

Its: Township Clerk

MERCANTILE BANK

By: \_\_\_\_\_

Jeffrey A. Hicks

Its: Vice President, Commercial Banking

**Exhibit A**  
**Repayment Schedule**