

**County Board of Commissioners
County of Clinton, State of Michigan**

2000-4

**RESOLUTION AUTHORIZING
SEWAGE DISPOSAL SYSTEM LIMITED TAX
GENERAL OBLIGATION BONDS
(WATERTOWN CHARTER TOWNSHIP)**

WHEREAS, the County of Clinton (the "County"), acting by and through its Board of Commissioners and pursuant to the authority conferred upon it by Act 185, Public Acts of Michigan, 1957, as amended ("Act 185") has previously established a Department of Public Works in and for the County for the administration of the powers conferred upon the County by Act 185 (the "DPW"); and

WHEREAS, pursuant to Act 185, the County is authorized to establish sewage disposal systems to serve the townships within the County; and

WHEREAS, the County, by and through the DPW, and Watertown Charter Township (the "Township") have or will shortly enter into a contract (the "Contract") for the construction, financing and operation of certain sewage disposal system improvements as more particularly described in the Contract (the "Project"), which Contract is attached hereto and made a part of this resolution; and

WHEREAS, the Contract will be duly approved by resolutions of the DPW, the County Board of Commissioners, and the Township Board and fully executed by the parties thereto; and

WHEREAS, plans, specifications and estimates of cost of the Project have been prepared and have been duly approved by the DPW; and

WHEREAS, under the provisions of the Contract, the Township has obligated itself to pay the cost of said Project to be financed by the issuance of bonds of the County by paying the installments, plus interest, as specified in Section 8 of the Contract (the "Contractual Payments"), and has further obligated itself to collect sufficient moneys annually for the purpose of meeting the Contractual Payments, subject to statutory, constitutional, and charter limitations; and

WHEREAS, the County now proposes to issue its bonds, as authorized by Act 185, in anticipation of and secured primarily by the Contractual Payments which the Township has in the Contract obligated itself to provide in such amounts as may be necessary to pay the cost of acquiring constructing the Project, and all things necessary to the authorization and issuance of said bonds under Act 185 having been done, and the County being now empowered and desirous of authorizing the issuance of said bonds; and

WHEREAS, the DPW has approved this resolution and recommended its adoption by this Board of Commissioners.

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY, AS FOLLOWS:

1. There is hereby approved the establishment of a sewage disposal system for the Township, to be designated as the CLINTON COUNTY SEWAGE DISPOSAL SYSTEM (WATERTOWN CHARTER TOWNSHIP) (the "System"), for the collection, treatment and

disposal of sewage in the Township. There is hereby approved the acquisition and construction of the Project, which shall consist generally of various extensions and additions to the sewage disposal system for the Township together with all necessary and related appurtenances, attachments, works, instrumentalities, land, rights in land and properties used or useful in connection with the operation of a sewage disposal system in the Township, all as more specifically described in the plans therefor. The Project and the area to be served thereby are more specifically set out in the plans for the Project.

2. The plans, specifications and estimates of cost for the Project as prepared by the consulting engineers are hereby accepted and approved, and it is hereby determined to be advisable and necessary for the public health of the County to acquire, construct and complete the Project as provided in said plans and specifications.

3. The Contract is hereby ratified, confirmed and approved. The Chairperson and Secretary of the DPW are authorized and directed to execute the Contract for and on behalf of the County with such changes and insertions to the Contract in consultation with bond counsel as may be necessary or desirable to effectuate the sale and delivery of the Bonds by the County, permitted by Act 185 and otherwise by law, and not materially adverse to the County.

4. The total estimated cost of acquiring and constructing the Project including the costs of issuance of the Bonds is hereby approved and confirmed to be \$1,110,950. The estimated cost thereof to be paid from proceeds of the Bonds is hereby approved and confirmed to be \$995,000. The remaining costs of the Project shall be paid by the TOWNSHIP.

5. The estimated period of usefulness of the Project is determined to be not less than twenty-five (25) years.

6. For the purpose of defraying the cost of the Project, including payment of engineering, legal and financial expenses, there be borrowed the sum of not to exceed Nine Hundred Ninety-Five Thousand Dollars (\$995,000), and in evidence thereof there shall be issued the bonds of the County in an equivalent aggregate principal amount, which bonds are sometimes hereinafter referred to in this resolution as the "Bonds." The balance of the cost of the Project, if any, shall be paid by the Township as provided in the Contract.

7. The Bonds shall be designated SEWAGE DISPOSAL SYSTEM LIMITED TAX GENERAL OBLIGATION BONDS (WATERTOWN CHARTER TOWNSHIP), the principal of and interest thereon to be payable primarily out of the Contractual Payments required to be paid by the Township pursuant to the Contract. The title of the Bonds, the dated date of the Bonds, the series designation and the dates of principal maturities may be changed by the DPW at the time of the sale thereof. Said Bonds shall be registered as to principal and interests of the denomination of \$5,000 or multiples of \$5,000 up to the amount of a single maturity, numbered consecutively in order of authentication or registration from 1 upwards, dated as of May 1, 2000, or such other date as may be approved by the DPW at the time of sale of the Bonds, callable prior to maturity as hereinafter provided, and shall be payable annually on March 1 as follows or as otherwise provided by the DPW at the time of sale of the Bonds:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2004	\$50,000	2013	\$60,000
2005	50,000	2014	60,000

2006	55,000	2015	60,000
2007	60,000	2016	60,000
2008	60,000	2017	60,000
2009	60,000	2018	60,000
2010	60,000	2019	60,000
2011	60,000	2020	60,000
2012	60,000		

The Bonds shall bear interest at a rate or rates determined on sale thereof, not exceeding eight percent (8%) per annum payable on March 1, 2001 (or such other date as the DPW may select at the time of sale of the Bonds), and semiannually thereafter, by check drawn on the transfer agent for the Bonds and mailed to the registered owner at the registered address, as shown on the registration books of the County maintained by the transfer agent. Interest shall be payable to the registered owner of record as of the 15th day of the month prior to the payment date for each interest payment. The date of determination of registered owner for purposes of payment of interest as provided in this Section be changed by the County to conform to market practice in the future. Notwithstanding the foregoing, if the Bonds are held in book-entry form by DTC, payment shall be made in the manner prescribed by DTC. The principal of the Bonds shall be payable at such Michigan bank or trust company as shall be determined as transfer agent for the Bonds by the DPW, and the DPW is hereby authorized to enter into all required contractual arrangements with the transfer agent. The Bonds may be issued in book-entry only form through The Depository Trust Company in New York, New York (“DTC”) and the DPW is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry only form, and to make such changes in the form of the Bonds within the parameters of this Resolution as may be required to accomplish the foregoing.

8. The Bonds shall be subject to optional redemption prior to maturity at the times and prices and in the manner set forth in the bond form shown in Section 14 of this resolution or at such other times and prices as may be determined by the DPW at the time of sale of the Bonds.

Unless waived by any registered owner of bonds to be redeemed, official notice of redemption shall be given by the transfer agent on behalf of the County. Such notice shall be dated and shall contain at a minimum the following information: original issue date; maturity dates; interest rates; CUSIP numbers, if any; certificate numbers, and in the case of partial redemption, the called amounts of each certificate; the redemption date; the redemption price or premium; the place where bonds called for redemption are to be surrendered for payment; and that interest on bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date.

In addition, further notice shall be given by the transfer agent in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

9. The Chairperson of the Board of Commissioners and the County Clerk are hereby authorized and directed to execute said Bonds by means of their manual or facsimile signatures when issued and sold for and on behalf of the County and to cause to be imprinted thereon a facsimile of the seal of the County. No Bond of this series shall be valid until authenticated by an authorized officer of the transfer agent. The Bonds shall be delivered to the transfer agent for authentication and shall then be delivered to the purchaser in accordance with instructions from the County Treasurer upon payment of the purchase price for the Bonds in accordance with the bid therefor when accepted. Executed blank Bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the transfer agent for safekeeping.

Any bond may be transferred upon the books required to be kept pursuant to this Section by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the transfer agent. Whenever any bond or bonds shall be surrendered for transfer, the transfer agent shall authenticate and deliver a new bond or bonds, for like aggregate principal amount. 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.

10. The Bonds and the interest thereon shall be payable primarily from the Contractual Payments received by the DPW on behalf of the County, for the payment of which the Township has in the Contract pledged its full faith and credit pursuant to the provisions of Act 185. Pursuant to the provisions of Section 6, Article IX of the Michigan Constitution of 1963, the Township has covenanted and agreed to levy taxes annually to the extent necessary to provide the funds to meet its Contractual Payments when due in anticipation of which the Bonds are issued, which taxes shall be subject to statutory constitutional and charter limitations. All of such Contractual Payments are hereby pledged solely and only for the payment of principal of and interest on the Bonds.

11. Pursuant to the authorization provided in Act 185, the full faith and credit of the County is hereby pledged for the prompt payment of the principal of and interest on the Bonds as the same shall become due. If for any reason there are not sufficient funds on hand from the Contractual Payments to pay the principal of and interest on the Bonds when due, upon written notification by the DPW to the County Treasurer of the amount of such deficiency, the County Treasurer shall promptly deposit into the Debt Retirement Fund for said Bonds the amount of such deficiency out of general funds of the County. If it becomes necessary for the County to so advance any such moneys, it shall be entitled to reimbursement from any surplus from time to time existing in the fund which said principal and interest are primarily payable, or from any other legally available source. The County recognizes and covenants that its full faith and credit pledge hereunder is a first budget obligation, and, to the extent necessary to provide funds to meet such pledge herein provided, it is obligated to levy ad valorem taxes against the taxable property in the County, which taxes, however, shall be subject to statutory and constitutional limitations.

12. It shall be the duty of the DPW, after the adoption of this resolution and the sale of the Bonds herein authorized, to open an appropriate depository account with a bank or trust company to be designated by the DPW to be designated DEBT RETIREMENT FUND - CLINTON COUNTY SEWAGE DISPOSAL SYSTEM (WATERTOWN CHARTER

TOWNSHIP) BONDS, sometimes referred to herein as the “Debt Retirement Fund,” into which account the DPW shall deposit any accrued interest received upon delivery of the Bonds and all Contractual Payments as received, and into which account any advances made by the County pursuant to Section 11 of this resolution shall be deposited. The moneys from time to time on hand in said Debt Retirement Fund shall be used solely and only for the payment of the principal of and interest on the Bonds, or, to the extent of any surplus, to reimburse the County for any advances made pursuant to Section 11 hereof. The County shall have the right to invest moneys in the debt retirement account as provided in the Contract, which investments may be in obligations other than those of the depository bank or trust company only.

13. The operation, maintenance and administration of the System and the acquisition and construction of the Project shall be under the overall jurisdiction and control of the Township as agent of the County, and the provisions in the Contract relative to such operation, maintenance and administration are hereby recognized, approved and confirmed.

14. The Bonds shall be in substantially the following form with such revisions, additions and deletions as may be advisable or necessary to comply with the final terms of the Bonds established upon sale thereof:

United States of America
State of Michigan

COUNTY OF CLINTON
SEWAGE DISPOSAL SYSTEM LIMITED TAX
GENERAL OBLIGATION BONDS (WATERTOWN CHARTER TOWNSHIP)

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
____%	March 1, ____	_____, 2000	

Registered Owner:

Principal Amount: _____ (\$_____) Dollars

The County of Clinton, State of Michigan (the "County"), for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America on the Date of Maturity specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on March 1, 2001, and semiannually thereafter. Principal of this bond is payable at the _____ office of _____, Michigan, or such other transfer agent as the County may hereafter designate by notice mailed to the Registered Owner hereof not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the Registered Owner of record as of the fifteenth (15th) day of the month preceding the payment date as shown on the registration books of the County maintained by the Transfer Agent, by check or draft mailed to the Registered Owner at the registered address.

This bond is payable primarily from the proceeds of contractual payments to be paid by Watertown Charter Township (the "Township"), located in the County of Clinton, Michigan, to the DPW, acting for and on behalf of the County, pursuant to a certain contract between the County and the Township, whereby said DPW, on behalf of the County, is to construct sewage disposal system improvements to service said Township, said system being designated as "Clinton County Sewage Disposal System (Watertown Charter Township)." By the provisions of said contract and pursuant to the authorization provided by law, the Township has pledged its full faith and credit for the payment of its contractual payments. The County has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due. As additional security for the payment of this bond, the County, pursuant to the provisions of Act 185, Public Acts of Michigan, 1957, as amended, and a vote of three-fifths (3/5) of the members-elect of its Board of Commissioners, has pledged its full faith and credit for the prompt

payment of the principal of and interest thereon. The full faith and credit pledges of the Township and of the County are limited tax general obligations of each severally, and each is required to pay its respective debt service commitments on this bond as a first budget obligation from its general funds, including the collection of any ad valorem taxes which each is authorized to levy. However, the ability of each to levy such taxes is subject to applicable statutory, constitutional and charter limitations.

This bond is one of a total authorized issue of bonds of even original issue date, aggregating the principal sum of \$_____, issued pursuant to a resolution duly adopted by the Board of Commissioners of the County on _____, 2000, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 185, Public Acts of Michigan, 1957, as amended, for the purpose of paying costs of constructing sewage disposal system improvements to service said Township. For a complete statement of the funds from which and the conditions under which this bond is payable, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the above described resolution.

Bonds of this issue maturing in the years 2004 to 2011, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 of this issue maturing in the years 2012 to 2020, inclusive, shall be subject to redemption prior to maturity, at the option of the County, in such order as the County shall determine and within any maturity by lot, on any interest payment date on or after March 1, 2011, at par and accrued interest to the date fixed for redemption.

In case less than the full amount of an outstanding bond is called for redemption, the Transfer Agent, upon presentation of the bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owners of bonds or portions thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. Bonds so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Transfer Agent to redeem said bonds.

This bond is transferable only upon the books of the County kept for that purpose at the office of the Transfer Agent by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolutions authorizing the bonds, and upon the payment of the charges, if any, therein prescribed.

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

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the County of Clinton, State of Michigan, by its Board of Commissioners, has caused this bond to be signed in the name of said County [by] / [with the facsimile signatures of] the Chairperson of the Board of Commissioners and the County Clerk and the County seal or a facsimile thereof to be [manually impressed/printed], all as of the Date of Original Issue.

COUNTY OF CLINTON, Michigan

[manual or facsimile
By signature to appear here]
Chairperson of the Board of Commissioners

(Seal)

Countersigned:

[manual or facsimile
By signature to appear here]
County Clerk

[FORM OF TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION]

Date of Registration:

CERTIFICATE OF AUTHENTICATION

This bond is [one of the bonds described in the within-mentioned resolution.]/ [valid and authentic].

_____ ,

Transfer Agent

By _____
Authorized Signature

[INSERT STANDARD FORM OF ASSIGNMENT]

15. Nothing contained in this resolution or the Contract shall be construed to prevent the County from issuing additional Bonds under the provisions of Act 185 for any of the purposes authorized by Act 185, but any such Bonds shall in no way have any lien on or be payable out of the Contractual Payments pledged to the payment of the Bonds of this authorized issue, except such additional Bonds as may be necessary may be issued to complete the Project pursuant to the authorization provided in the Contract.

16. The proceeds of the sale of the Bonds and the cash payment from the Township shall be deposited in a special depository account in a bank to be designated by the DPW, said account to be designated "Sewage Disposal System (Watertown Charter Township) Construction Fund" (hereinafter referred to as the "Construction Fund"). The moneys from time to time in the Construction Fund shall be used solely and only to pay costs of acquiring and constructing the Project. Any accrued interest and premium paid at the time of delivery of the Bonds shall be deposited into the Debt Retirement Fund established under the provisions of Section 12 of this resolution.

17. The provisions of this resolution, together with the Contract, shall constitute a contract between the County and the holder or holders of the Bonds from time to time, and after the issuance of such Bonds, no change, variation or alteration of the provisions of this resolution and the Contract may be made which would lessen the security for the Bonds. The provisions of this resolution and the Contract shall be enforceable by appropriate proceedings taken by such holder either at law or in equity.

18. The County covenants and agrees with the successive holders of the Bonds that as long as any of the Bonds remain outstanding and unpaid as to either principal or interest:

(a) The County and the DPW, as agent of the County, will punctually perform all of their obligations and duties under this resolution and the Contract, including all collection, segregation and application of the Contractual Payments in the manner required by the provisions of this resolution.

(b) The County and the DPW, as the agent of the County, will apply and use the proceeds of the sale of the Bonds for the purposes and in the manner required by the Contract and this resolution. The County will maintain and keep proper books of record and account relative to the application of funds for the construction of the Project and the Contractual Payments received pursuant to the Contract or monies advanced by the County. Not later than three (3) months after the end of each year, the DPW shall cause to be prepared a statement, in reasonable detail, sworn to by its chief accounting officer, showing the application of the proceeds of the sale of the Bonds, the cash receipts from the Contractual Payments or monies advanced by the County during such year, and the application thereof, and such other information as may be necessary to enable any taxpayer or any holder or owner of the Bonds, or anyone acting in their behalf, to be fully informed as to all matters pertaining to the construction of the Project and application of funds therefor or for the payment of Bonds during such year. A certified copy of said statement shall be filed with the County Treasurer and the Township Treasurer.

(c) The County shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Bonds pursuant to the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") in such a manner as to cause the Bonds to be "arbitrage Bonds" within

the meaning of the Internal Revenue Code and such applicable regulations. The County hereby covenants that, to the extent permitted by law, it will take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exemption of interest on the Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds, all as more fully set forth in the Non-Arbitrage and Tax Compliance Certificate to be delivered by the County with the Bonds.

19. The County may incur project expenditures prior to receipt of proceeds of the bonds and may advance moneys from the general fund for that purpose to be reimbursed from proceeds of the bonds when available. The DPW shall keep a specific record of all such expenditures.

20. The DPW is hereby designated, for and on behalf of the County, to notify the Michigan Department of Treasury of the County's intent to issue the bonds described herein, to pay the related fee from funds to be received from the Township and to request an order providing an exception for the bonds from prior approval by the Department of Treasury, or, if an exception is not available, an order of prior approval to issue the Bonds.

21. The DPW is hereby designated, for and on behalf of the County, to (a) prepare a form of notice of sale, fix a date of sale, conduct the sale, and accept the best bid received at such sale; (b) publish such notice of sale in either *The Bond Buyer*, New York, New York, or *The Detroit Legal News*, Detroit, Michigan, at least seven (7) full days prior to the date fixed for sale; and (c) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the bonds, including, if appropriate, purchase of the credit enhancements, and reducing the amount of Bonds sold and/or delivered if requested by the Township that the full amount thereof is not necessary to complete the Project.

22. The County hereby designates the Bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Internal Revenue Code.

23. The officers, administrators, agents and attorneys of the County are authorized and directed to take all other actions necessary and to facilitate issuance and sale of the Bonds, including preparation of a preliminary and final official statement regarding the Bonds, and to execute and deliver all other agreements, documents and certificates and to take all other actions necessary or convenient to complete the issuance and delivery of the Bonds in accordance with this Resolution

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

25. This resolution shall become effective immediately upon its passage.

I hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the County Board of Commissioners of the County of Clinton, Michigan at a regular meeting held on April 25, 2000 at 9:00 o'clock a.m. prevailing Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

I further certify that the following Members were present at said meeting: John Arehart, Russel H. Bauerle, Richard Hawks, Scott A. Hummel, Larry Martin, Sara Clark Pierson and Richard Hawks and that the following Members were absent: None

I further certify that Member Pierson moved for adoption of said resolution and that Member Bauerle supported said motion.

I further certify that the following Members voted for adoption of said resolution: Rademacher, Bauerle, Hummel, Martin, Pierson, Arehart and Hawks and that the following Members voted against adoption of said resolution: None.

I further certify that the Members voting for adoption of said resolution constitute a three-fifths (3/5) majority of the Members of the Board of Commissioners.

County Clerk

CONTRACT PROVIDING FOR ISSUANCE OF
CLINTON COUNTY SEWAGE DISPOSAL SYSTEM
LIMITED TAX GENERAL OBLIGATION BONDS
(WATERTOWN CHARTER TOWNSHIP)

THIS CONTRACT, made and entered into as of _____, 2000, by and between the COUNTY OF CLINTON, a Michigan county (the "COUNTY"), by and through its Department of Public Works (the "DPW"), party of the first part, and WATERTOWN CHARTER TOWNSHIP, a Michigan charter township located in the COUNTY (the "TOWNSHIP"), party of the second part,

WITNESSETH:

WHEREAS, the TOWNSHIP has determined that it is necessary for the public health, safety and welfare of the present and future residents of the TOWNSHIP that sewage disposal system improvements as hereinafter described (the "Project") be acquired and constructed to meet the present and future requirements of the TOWNSHIP; and

WHEREAS, after extensive study it has been determined that it is impractical and financially undesirable for the TOWNSHIP to finance the Project alone; and

WHEREAS, the COUNTY, under the provisions of Act 185, Public Acts of Michigan, 1957, as amended ("Act 185"), has established a Department of Public Works for the administration of the powers conferred upon the COUNTY by Act 185, which Department of Public Works is under the immediate control of the Board of Commissioners of the COUNTY; and

WHEREAS, Act 185 authorizes a county to acquire sewage disposal systems as defined in Act 185, and to improve, enlarge, extend, and combine such systems; and

WHEREAS, by the terms of Act 185 the COUNTY and the TOWNSHIP are authorized to enter into a contract for the acquisition and financing of the Project and the payment of the cost thereof by the TOWNSHIP, with interest, over a period of not exceeding forty (40) years, and the COUNTY is then authorized, pursuant to appropriate action by its Board of Commissioners, to issue bonds of the COUNTY to provide the funds necessary therefor, secured primarily by the full faith and credit contractual obligations of the TOWNSHIP and secondarily by the full faith and credit pledge of the COUNTY if duly authorized by appropriate resolution of its Board of Commissioners; and

WHEREAS, Act 185 provides the most practicable and economic method and means for acquiring and financing the Project so vitally necessary for the public health and welfare of the residents of the COUNTY residing in the areas of the TOWNSHIP to be served, and financing under Act 185 is expected to result in the lowest cost for the money necessary to be borrowed for such purpose; and

WHEREAS, plans and an estimate of cost for the Project in the amount of \$1,110,950 have been prepared; and

WHEREAS, the COUNTY and the TOWNSHIP desire to enter into a contract as provided by Act 185 pursuant to which the COUNTY will issue its bonds to provide funds in the amount of \$995,000 to pay a portion of the cost of the Project (the "Bonds"); and

WHEREAS, it is also necessary for the COUNTY and the TOWNSHIP to contract to provide for the operation and maintenance of the Project;

NOW, THEREFORE, in consideration of the premises and the covenants of each other, the parties hereto agree as follows.

26. The COUNTY and the TOWNSHIP approve the acquisition and construction of the Project under Act 185 as a part of a sewage disposal system to be established by the COUNTY to be designated as the Clinton County Sewage Disposal System (Watertown Charter Township) (the "System"). The Project shall consist generally of various extensions and additions to the System described in Exhibit A attached hereto and made part hereof, together with all necessary and related appurtenances, attachments, works, instrumentalities, land, rights in land and properties used or useful in connection with the operation of a sewage disposal system in the Township, all as more specifically described in the plans therefor. The Project and the area to be served thereby are more specifically set out in the plans for the Project.

27. The Project is designed to serve the TOWNSHIP and the users of the System and is immediately necessary to protect and preserve the public health. The parties hereto consent to the furnishing of sewage disposal service, as provided in Section 6 hereof, to the individual users in the service area of the TOWNSHIP; both parties specifically agree, however, that the COUNTY shall not have the right to take over operation of the Project and serve individual customers directly, the COUNTY being limited to other remedies prescribed in this Contract in the event of any default hereunder by the TOWNSHIP.

28. The total estimated cost of the Project including the costs of issuance of the Bonds is hereby approved to be \$1,110,950. The DPW and the TOWNSHIP hereby approve and confirm the plans for the Project and the estimated cost thereof to be paid from proceeds of the Bonds in the sum of not more than \$995,000. Said estimated cost includes all surveys, plans, specifications, acquisition of property for rights-of-way, physical construction necessary to acquire and construct the Project, the acquisition of all materials, machinery and necessary equipment, and engineering, engineering supervision, administrative, legal and financing expenses necessary in connection with the acquisition and construction of the Project and the financing thereof. The remaining costs of the Project in the amount of \$115,950.00 shall be paid by the TOWNSHIP. Costs in excess of the amount of the Bonds will be paid to the DPW in cash by the TOWNSHIP from funds on hand.

29. The Project shall be acquired by the DPW in accordance with the plans and specifications therefor approved by this Contract, and for that purpose the DPW hereby appoints the TOWNSHIP as its agent to take bids for the acquisition and construction thereof prior to the issuance of the Bonds. In no event shall the parties hereto enter into any final contract or contracts for the acquisition and construction of the Project if such contract price or prices will be such as to cause the actual cost of the Project to exceed the estimated cost as approved in Section 3 of this Contract, unless the TOWNSHIP, by resolution of its Township Board, (a) approves said increased total cost and (b) agrees to pay said increased amount, either in cash or by specifically authorizing the maximum principal amount of the Bonds to be increased as provided in this Contract to an amount which will provide sufficient funds to meet said increased cost and a similar increase in the installment obligations of the TOWNSHIP pledged under the terms of this Contract to the payment of the Bonds.

30. All matters relating to engineering plans and specifications, together with the making and letting of final contracts for acquisition of the Project, the approval of work and materials thereunder, and construction supervision, shall be in the exclusive control of the TOWNSHIP as the agent of the DPW. The Project shall be acquired in accordance with the plans and specifications therefor approved by this Contract; provided, however, that variations from said plans and specifications may be made without the approval of the DPW if such variation shall not materially affect such plans and specifications.

The TOWNSHIP, as agent of the DPW, will require and procure from the contractor or contractors undertaking the actual construction and acquisition of the Project necessary and proper bonds to guarantee the performance of the contract or contracts and such labor and material bonds as may be required by law, in such amount and such forms as may be approved by the TOWNSHIP.

31. While the Bonds remain outstanding, the COUNTY shall be the owner of the Project. The COUNTY does hereby let and lease the Project to the TOWNSHIP, and the TOWNSHIP does hereby lease the Project from the COUNTY, for a term commencing upon the date any part of the Project is placed into operation, and ending upon the expiration of this Contract. The TOWNSHIP shall be responsible for the operation, maintenance and administration of the Project as a part of the System for and on behalf of and as the agent of the COUNTY for such purpose.

The TOWNSHIP will retain the exclusive right and option to establish, maintain and collect rates and charges for services to its inhabitants or other persons using any facilities of the System. Revenues derived from any such rates or charges shall be first used and applied to pay any operation and maintenance costs for sewage disposal service in the TOWNSHIP, including costs of the Project. Thereafter revenues shall be applied to debt service on any sewage disposal system revenue bonds of the TOWNSHIP and then shall be used to pay obligations to the COUNTY hereunder. Any remaining revenues may be applied by the TOWNSHIP to any expenses reasonably related to sewage disposal system purposes.

The TOWNSHIP covenants that should it appear that additional funds will be needed to pay the expenses of operation, maintenance and administration of the System and/or debt service on the bonds when due, the TOWNSHIP will promptly increase rates and charges for the use of all sewage disposal system facilities of the TOWNSHIP or take such other action as they shall deem necessary to provide such funds, so that sufficient revenues will be available for such purposes. The COUNTY shall have the right to examine the books and records of the TOWNSHIP relative to the System and, after conferring with the TOWNSHIP, shall have the authority to direct the TOWNSHIP to increase such rates and charges should it appear to the COUNTY that additional funds will be reasonably needed for such purposes.

The TOWNSHIP shall operate, maintain and administer the Project as a part of the System and integrated with its other sewage disposal and treatment facilities and pay all costs thereof, so as to keep all such facilities in proper repair and working order, and the COUNTY shall have the right to inspect the Project at reasonable times to insure that TOWNSHIP servicing is appropriate. If the COUNTY in its sole discretion shall determine that repairs to the Project are necessary, or that some other operation, maintenance or administrative action is necessary, it shall have the right to order the TOWNSHIP in writing to make such repairs or take such action. If the TOWNSHIP shall not make the necessary repairs or take the necessary action

within 30 days after the date such notice is sent, the COUNTY shall have the authority to make the necessary repairs or take the necessary action itself and charge the same to the TOWNSHIP, using any of the methods provided herein for collection of such charges. As a part of its obligation to operate, maintain and administer properly, the TOWNSHIP shall provide and pay for insurance on the Project as well as liability insurance protecting the Project and the COUNTY and all officers and employees thereof, such insurance to be in amounts and coverage as is generally carried for public utilities similar to the Project.

The parties hereto agree that the Project shall be acquired, constructed, operated, administered and maintained for the sole use and benefit of the TOWNSHIP and its various sewage disposal system users, and the TOWNSHIP shall pay all costs in connection therewith, the COUNTY remaining the titular owner of the Project only to comply with the requirements of Act 185. The TOWNSHIP shall have the exclusive right and discretion, subject only to review by the COUNTY on the basis of sound public utility operational procedure, to determine policy for the use, expansion, improvement, operation and administration of the Project.

32. To provide for the construction and financing of the Project in accordance with the provisions Act 185, the DPW shall take the following steps:

(a) The DPW will submit to the Board of Commissioners of the COUNTY a resolution providing for the issuance of the Bonds in the aggregate principal amount of Nine Hundred Ninety-Five Thousand Dollars (\$995,000) to finance the cost of the Project. The Bonds shall be secured primarily by the contractual obligations of the TOWNSHIP to pay the annual installments due, plus interest, as hereinafter provided in this Contract, and secondarily, if approved by a three-fifths (3/5) majority of the members of the Board of Commissioners, by the full faith and credit of the COUNTY. After due adoption of the resolution, the DPW will take all steps necessary to effectuate the sale and delivery of the Bonds.

(b) The DPW upon receipt of the proceeds of sale of the Bonds will comply with all provisions and requirements provided for in the resolution authorizing the issuance of the Bonds and this Contract relative to the disposition and use of the proceeds of sale of the Bonds.

(c) The COUNTY may temporarily invest any proceeds of the Bonds or other funds held by it for the benefit of the TOWNSHIP as permitted by law, and investment income shall accrue to and follow the fund producing such income. The COUNTY and the TOWNSHIP hereby covenant that they shall not invest, reinvest or accumulate any moneys deemed to be proceeds of Bonds pursuant to the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") in such a manner as to cause the Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code. The COUNTY and the TOWNSHIP each hereby covenant that, to the extent permitted by law, it will 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 interest on Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of bond proceeds and moneys deemed to be bond proceeds, all as more fully set forth in the Non-Arbitrage and Tax Compliance Certificate to be delivered by the Township and the County with delivery of the Bonds.

33. The costs of the Project to be financed by the issuance of the Bonds shall be charged to and paid by the TOWNSHIP to the DPW in the manner and at the times herein set

forth. The principal amount thereof (not to exceed \$995,000) shall be paid by the TOWNSHIP to the DPW in annual principal installments, plus interest and other expenses as hereinafter provided, six days before March 1st of each year, as follows, provided that at the time of sale of the Bonds, the DPW is authorized to reduce the aggregate amount of the Bonds if requested by the TOWNSHIP and to revise the serial annual principal installments.

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2004	\$50,000	2013	\$60,000
2005	50,000	2014	60,000
2006	55,000	2015	60,000
2007	60,000	2016	60,000
2008	60,000	2017	60,000
2009	60,000	2018	60,000
2010	60,000	2019	60,000
2011	60,000	2020	60,000
2012	60,000		

It is understood and agreed that the Bonds of the COUNTY will be issued in anticipation of the above contractual obligation, with principal maturities on March 1st of each year, commencing with the year 2004, corresponding to the principal amount of the above installments, and the TOWNSHIP shall also pay to the DPW in addition to said principal installments, six days before March 1st and September 1st of each year, commencing March 1, 2001 (or such other date as the first payment of interest shall be due), as accrued interest on the principal amount remaining unpaid, an amount sufficient to pay all interest due on the next succeeding interest payment date (March 1st and September 1st, respectively) on the Bonds from time to time outstanding. From time to time as the DPW is billed by the paying agent for the Bonds for its services as paying agent and transfer agent for the Bonds, and as other costs and expenses accrue to the DPW from handling of the payments made by the TOWNSHIP, or from other actions taken in connection with the Project, the DPW shall promptly notify the TOWNSHIP of the amount of such fees and other costs and expenses, and the TOWNSHIP shall promptly remit to the DPW sufficient funds to meet such fees and other costs and expenses. ACI Finance, Inc., Mason, Michigan is hereby retained to act as financial consultant for the Bonds, and the TOWNSHIP and the COUNTY each hereby consent to their appointment as financial consultant. Miller, Canfield, Paddock and Stone, P.L.C., is hereby retained to act as bond counsel for the Bonds. The parties recognizes that Bond Counsel has represented from time to time and currently represents bond underwriters, financial consultants, financial institutions, the TOWNSHIP, the COUNTY and other potential participants in the bond financing process and makes this appointment of Bond Counsel notwithstanding these actual and potential concurrent representations.

Should cash payments be required from the TOWNSHIP in addition to the amounts specified in Section 3 and in the preceding paragraph to meet costs of constructing the Project, the TOWNSHIP shall, upon written request by the DPW, furnish to the DPW written evidence of its agreement and ability to make such additional cash payments, and the DPW may elect not to

proceed with the acquisition or financing of the Project until such written evidence satisfactory to the DPW, has been received by it. The TOWNSHIP shall pay to the DPW such additional cash payments within thirty (30) days after written request for such payment has been delivered by the DPW to the TOWNSHIP.

The DPW shall, within thirty (30) days after the delivery of the Bonds, furnish the TOWNSHIP with a complete schedule of maturities of principal and interest thereon, and the DPW shall also, at least thirty (30) days prior to each principal and/or interest installment due date, advise the TOWNSHIP, in writing, of the exact amount of principal and/or interest due on the Bonds on the next succeeding bond principal and/or interest due date, and payable by the TOWNSHIP on the first day of the month immediately preceding, as hereinbefore provided. Failure of the DPW to notify the TOWNSHIP of any such payment shall not relieve the TOWNSHIP of the obligation to make such payment.

If any principal installment or interest is not paid when due, the amount not so paid shall be subject to a penalty, in addition to interest, of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date.

34. The TOWNSHIP, pursuant to authorization of Section 12 of Act 185, hereby irrevocably pledges its full faith and credit for the prompt and timely payment of its obligations pledged for payments of principal of and interest on the Bonds as expressed in this Contract. Pursuant to such pledge, if other funds are not available, the TOWNSHIP shall be required to pay such amounts from any of its general funds as a first budget obligation and shall each year levy an ad valorem tax on all the taxable property in the TOWNSHIP in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under this Contract becoming due before the time of the following year's tax collections, such annual levy, however, to be subject to applicable charter, statutory and constitutional tax limitations. The foregoing commitments of the TOWNSHIP are expressly recognized as being for the purpose of providing funds to meet the contractual obligations of the TOWNSHIP in anticipation of which the Bonds are issued. Nothing herein contained shall be construed to prevent the TOWNSHIP from using any, or any combination of, the means and methods provided in paragraph 2, Section 12 of Act 185 for the purpose of providing funds to meet its obligations under this Contract, and if at the time of making the annual tax levy there shall be other funds on hand earmarked and set aside for the payment of the contractual obligation due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

35. The TOWNSHIP may pay in advance any of the payments required to be made by this Contract, in which event the DPW shall credit the TOWNSHIP with such advance payment on future-due payments to the extent of such advance payment.

36. The TOWNSHIP may pay additional moneys over and above any of the payments specified in this Contract, with the written request that said additional funds be used to call bonds for redemption prior to maturity, in which event the DPW shall be obligated to apply and use said moneys for such purpose to the fullest extent possible. Such moneys shall not then be credited as advance payments under the provisions of Section 10 of this Contract.

37. In the event the TOWNSHIP shall fail for any reason to pay to the DPW at the times specified the amounts required to be paid by the provisions of this Contract, the DPW shall immediately give notice of such default and the amount thereof, in writing, to the TOWNSHIP

Treasurer, the Treasurer of the COUNTY, the State Treasurer of the State of Michigan, and such other officials charged with disbursement to the TOWNSHIP of funds returned by the State and now or hereafter under Act 185 available for pledge as provided in this paragraph and in Section 17 of Act 185, and if such default is not corrected within ten (10) days after such notification, the State Treasurer, or other appropriate official charged with disbursement to the TOWNSHIP of the aforesaid funds, is, by these presents, specifically authorized by the TOWNSHIP, to the extent permitted by law, to withhold from the aforesaid funds the maximum amount necessary to cure said deficit and to pay said sums so withheld to the DPW, to apply on the obligations of the TOWNSHIP as herein set forth. Any such moneys so withheld and paid shall be considered to have been paid to the TOWNSHIP within the meaning of the Michigan Constitution and statutes, the purpose of this provision being to voluntarily pledge and authorize the use of said funds owing to the TOWNSHIP to meet any past-due obligations of the TOWNSHIP due under the provisions of this Contract. In addition to the foregoing, the DPW shall have all other rights and remedies provided by law to enforce the obligations of the TOWNSHIP to make its payments in the manner and at the times required by this Contract, including the right of the COUNTY to direct the TOWNSHIP to make a tax levy or rate increase to reimburse the COUNTY for any funds advanced. The TOWNSHIP will not take any action to reduce the right of the COUNTY to receive the aforesaid state-returned moneys in the event of default.

38. It is specifically recognized by the TOWNSHIP that the debt service payments required to be made by the TOWNSHIP pursuant to the terms of Section 8 of this Contract are to be pledged for and used to pay the principal of and interest on the Bonds to be issued by the COUNTY, as provided by this Contract and authorized by law, and the TOWNSHIP covenants and agrees that it will make all required payments to the DPW promptly and at the times specified herein without regard to whether the Project is actually completed or placed in operation.

39. If after construction bids are let the proceeds of the sale of the Bonds to be issued by the COUNTY are for any reason insufficient to complete the Project, and additional funds become necessary therefor, it is agreed by the parties hereto that this Contract may be supplemented or amended to provide for the issuance of additional bonds by the COUNTY in an aggregate principal amount sufficient to complete the Project, and the annual payments required to be made by the TOWNSHIP shall also be increased in an amount so that the total payments required to be made as increased will be sufficient to meet the annual principal and interest requirements on the Bonds herein authorized, plus the additional bonds to be issued. Any such additional bonds shall in all respects comply with the requirements of Act 185, and any increases in the annual payments shall be made in the manner and at the times specified in this Contract. In lieu of said additional bonds, the TOWNSHIP and the DPW may enter into any other mutually agreeable arrangement to meet increased costs or bring such costs within the amount of funds available for construction of the Project.

40. After completion of the Project and payment of all costs thereof, any surplus remaining from the proceeds of sale of the Bonds shall be used by the DPW for either of the following purposes, at the option of and upon request made by resolution of the TOWNSHIP, to wit: (a) for additional sewage disposal improvements in the System, or (b) credited by the DPW toward the next payments due to the DPW by the TOWNSHIP hereunder.

41. The obligations and undertakings of each of the parties to this Contract shall be conditioned on the successful issuance and sale of the Bonds pursuant to Act 185, and if for any reason whatsoever the Bonds are not issued and sold within three (3) years from the date of this Contract, this Contract, except for payment of preliminary expenses and ownership of engineering data, shall be considered void and of no force and effect. In the event that the Bonds are not issued and sold, all preliminary legal and engineering costs shall be paid by the TOWNSHIP, and the TOWNSHIP shall have ownership, possession and use of all plans and specifications, surveys and other engineering data and materials prepared.

42. The DPW and the TOWNSHIP each recognize that the holders from time to time of the Bonds issued by the COUNTY under the provisions of Act 185 to finance costs of the Project will have contractual rights in this Contract, and it is therefore covenanted and agreed by each of them that as long as any of the Bonds shall remain outstanding and unpaid, the provisions of this Contract shall not be subject to any alteration or revision which would in any manner materially affect either the security of the Bonds or the prompt payment of principal or interest thereon. The TOWNSHIP and the DPW further covenant and agree that they will each comply with their respective duties and obligations under the terms of this Contract promptly at the times and in manner herein set forth, and will not suffer to be done any act which would in any way impair the Bonds, the security therefor, or the prompt payment of principal and interest thereon. It is hereby declared that the terms of this Contract, insofar as they pertain to the security of the Bonds, shall be deemed to be for the benefit of the holders of the Bonds.

43. This Contract shall remain in full force and effect for a period of forty (40) years from the date hereof, or until such time as all bonds issued by the COUNTY to finance the Project are paid in full. At such time within said forty-year term as all of said bonds are paid, this Contract shall be terminated and ownership of the Project shall revert to the TOWNSHIP, unless at that time there are other COUNTY bonds outstanding relative to the System or there are other contractual arrangements between the TOWNSHIP and COUNTY. In any event, the obligations of the TOWNSHIP to make payments required by Section 8 of this Contract shall be terminated at such time as all of said bonds are paid in full, together with any deficiency or penalty thereon.

44. The parties hereto hereby expressly agree that the COUNTY shall not be liable for and the TOWNSHIP shall pay, indemnify and save the COUNTY harmless of, from and against all liability of any nature whatever regardless of the nature in which such liability may arise, for any and all claims, actions, demands, expenses, damages, and losses of every conceivable kind, whatsoever (including, but not limited to, liability for injuries to or death of persons and damages to or loss of property) asserted by or on behalf of any person, firm, corporation or governmental authority arising out of, resulting from, or in any way connected with ownership, acquisition, construction, operation, maintenance and repair of the Project, this Contract, or the issuance, sale and delivery of the bonds herein described. It is the intent of the parties that the COUNTY be held harmless by the TOWNSHIP from liability for such claim, actions, demands, expenses, damages and losses, however caused or however arising including, but not limited to, to the extent prohibited by law, such claims, actions, demands, expenses, damages and losses even though caused, occasioned or contributed to by negligence, sole or concurrent, of the COUNTY or by negligence for which the COUNTY may be held liable. In any action or proceeding brought about by reason of any such claim or demand, the TOWNSHIP will also pay, indemnify and save the COUNTY harmless from and against, all costs, reasonable

attorneys' fees, and disbursements of any kind or nature incidental to or incurred in said defense, and will likewise pay all sums required to be paid by reason of said claims, demands or any of them, in the event it is determined that there is any liability on the part of the COUNTY. Upon the entry of any final judgment by a court of competent jurisdiction or a final award by an arbitration panel against the COUNTY on any claim, action, demand, expense, damage or loss contemplated by this Section and notwithstanding that the COUNTY has not paid the same, the TOWNSHIP shall be obligated to pay to the COUNTY upon written demand therefor, the amount thereof not more than sixty (60) days after such demand is made. In the event that any action or proceeding is brought against the COUNTY by reason of any such claims or demands, whether said claims or demands are groundless or not, the TOWNSHIP shall upon written notice and demand from the COUNTY, resist and defend such action or proceeding in behalf of the COUNTY but will not settle any such action in the proceeding without written consent of the COUNTY. Notwithstanding the foregoing, nothing contained in this Section shall be construed to indemnify or release the COUNTY against or from any liability which it would otherwise have arising from the wrongful or negligent actions or failure to act on the part of the COUNTY'S employees, agents or representatives with respect to matters not related to the ownership, acquisition, construction, operation, maintenance or repair of the Project, this Contract or the issuance, sale or delivery of the bonds herein described.

The COUNTY will require or procure from the contractor or contractors undertaking the actual construction of the Project insurance protecting both the TOWNSHIP and the COUNTY (including the DPW) from liability in connection with such construction. The cost of such insurance shall be considered to be a part of the cost of the Project.

45. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

46. This Contract shall become effective upon approval by the Township Board of the TOWNSHIP, by the DEPARTMENT OF PUBLIC WORKS of the COUNTY and by the Board of Commissioners of the COUNTY, and when duly executed by the Supervisor and Clerk of the TOWNSHIP and by the Chairperson and Secretary of the DEPARTMENT OF PUBLIC WORKS for and on behalf of the COUNTY. This Contract may be executed in several counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the date and year first above written.

COUNTY OF CLINTON
By its DEPARTMENT OF PUBLIC WORKS

By _____
Its Chairperson

By _____
Its Secretary

WATERTOWN CHARTER TOWNSHIP

By _____
Its Supervisor

By _____
Its Township Clerk

EXHIBIT A

The description of the Project.