SPECIAL MEETING

BAY COUNTY BOARD OF COMMISSIONERS

A G E N D A

TUESDAY, AUGUST 20, 2013

4:15 P.M. (Or immediately following P/HS Committee meeting)

COMMISSION CHAMBERS, FOURTH FLOOR, BAY COUNTY BUILDING

PAGE NO.

I **CALL TO ORDER (CHAIRMAN KRYGIER)**

II **ROLL CALL**

III **INVOCATION**

IV **PLEDGE OF ALLEGIANCE**

V **CITIZEN INPUT (4:15 P.M.)**

VII **ITEMS FOR CONSIDERATION**

A. Department of Water and Sewer - Bay Area Water Treatment Plant and Raw Water Transmission Mains Project

1- 2 1. Letter of Explanation

3- 7 2. Resolution by Bay County Road Commission Approving Contract and Bond Resolution

4-24 3. Bay Area Water Treatment Plant and Raw Water Transmission Mains Project Contract **(Note: Contract signed by all parties will be available at Board meeting)**

25-64 4. Res. No. 2013-144 - Water Supply System Revenue Bonds, Series 2013 - Bay Area Water Treatment Plant and Raw Water Transmission Mains Project (DWS)

B. Personnel/Human Services Committee (8/20/13)

65 1. Res. No. 2013-145 - Waiver of Pay Scale - Assistant Prosecutor (Prosecutor's Office)

VIII UNFINISHED BUSINESS

A. Correctional Healthcare Companies - Inmates Health Services (Sheriff Dept.)

IX NEW BUSINESS

X MISCELLANEOUS

XI ANNOUNCEMENTS

XII CLOSED SESSION

XIII RECESS/ADJOURNMENT

Bay County
Department of Water And Sewer

BOARD OF
ROAD COMMISSIONERS:

RICHARD S. GROMASKI
Chairman

EDWARD L. RIVET
Vice Chairman

MICHAEL G. RIVARD
Commissioner

3933 PATTERSON ROAD, BAY CITY, MICHIGAN 48706-1993
TELEPHONE: (989) 684-3883 • FAX: (989) 684-5510 • TTY: (800) 649-3777
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THOMAS W. PAIGE, DIRECTOR

JAMES C. LILLO, P.E.
ENGINEER-MANAGER

2600 E. BEAVER ROAD
KAWKAWLIN, MICHIGAN 48631
(989) 686-4610

Date: August 15, 2013

To: Ernie Krieger, Chairman, Board of Commissioners

CC: Crystal Hebert, Tom Hickner, Bob Redmond, Jim Marter (all via email)

From: Tom Paige, Director, Bay County Department of Water and Sewer

RE: Bond Resolution

Background:

A *Resolution Approving Contract and Bond Resolution* was approved by the Bay County Board of County Road Commissioners at a Special Meeting on August 14, 2013. This Resolution granted approval of the *Bay Area Water Treatment Plant and Raw Water Transmission Mains Project Contract* (the "Contract") by the Board of County Road Commissioners and authorized the Chairman and Clerk to execute the Contact. The Resolution, a copy of which is included with this memo, also approved the form of the *Bond Resolution* for the project and directed that the *Bond Resolution* be submitted to the Board of Commissioners with the recommendation that the *Bond Resolution* be adopted by the Bay County Board of Commissioners.

The *Bay Area Water Treatment Plant and Raw Water Transmission Mains Project Contract* (the "Contract"), a copy of which is included with this memo, is the contract among the partners that provides for the financing of the Project. The Contract provides for the payment of services provided by the Project and the System and provides for the financing of all or part of the cost by the issuance of County revenue bonds in several series secured by revenues of the System including payments made by the Municipalities for the services provided by the Project and the System. The Contract, commonly referred to as the "Finance Agreement" in the January 30, 2013 Water Supply Agreement as "Exhibit A", is scheduled to be executed by all parties by August 19, 2013.

This institution is an equal opportunity provider.

The *Bond Resolution* before the Board of Commissioners is for the first 2 bond issues for the Project. An additional 2 bond issues are anticipated for completion of the Project. This Resolution authorizes a $12 million Drinking Water Revolving Fund (DWRF), Bond Series 2013-A, and a $30 Local Government Loan Program (LGLP), Bond Series 2013-B, through the Michigan Finance Authority (MFA). It is this $12 million DWRF Bond issue that is eligible for $6 million in principal forgiveness for the Project.

The Project is projected to receive an additional $6 million in 2014 DWRF funding with a closing date of December 12, 2013 (this will be the 3rd bond issue for the Project). In addition to the very favorable interest rate that the DWRF offers, the DEQ has additional principal forgiveness to allocate through the DWRF in FY2014. The Bay Area WTP Project is eligible for additional principal forgiveness.

A fourth bond issue of approximately $16 million is anticipated in the third quarter of 2014. This LGLP bond issue can be sized appropriately at that time for completion of the Project. If additional DWRF funding is available, this LGLP bond issue could reduced and an additional DWRF bond procured if it provides more favorable financing for the Project.

The *Bond Resolution* before the Board of Commissioners at this time is for Bond Series 2013-A ($12 million DWRF) and Bond Series 2013-B ($30 million LGLP). Additional Bond Resolutions will be prepared and submitted for the future bond issues.

Finance & Economics:

The bonds are Revenue Bonds and are being issued as authorized by the provisions of Act 342, Public Acts of 1939, and Act 94, Public Acts of 1933. The Bonds are payable from revenues of the Bay Area Water Treatment Plant System and are secondarily backed by the full faith and credit of the County of Bay.

Recommendation:

Approve and authorize execution of the *Bond Resolution.*

RESOLUTION APPROVING CONTRACT AND BOND RESOLUTION

At a special meeting of the Board of County Road Commissioners of the County of Bay, Michigan, held on the 14th day of August, 2013.

PRESENT: Gromaski, Rivet, Rivard

ABSENT: None

The following resolution was made by Gromaski and seconded by Rivet:

WHEREAS, the County of Bay, State of Michigan (the "County"), by resolution of its Board of Commissioners adopted on June 17, 1980, designated the Board of County Road Commissioners as the duly designated county agency (the "County Agency") for County water, sewer and/or sewage disposal systems pursuant to the provisions of Act 342, Public Acts of Michigan, 1939, as amended ("Act 342") for and on behalf of the County; and

WHEREAS, it is anticipated that the Board of Commissioners of the County will establish a system of water supply improvements and services to serve the Charter Townships of Bangor, Hampton, Monitor, Portsmouth and Williams, the Cities of Bay City, Essexville and Pinconning, the Townships of Beaver, Frankenlust, Fraser, Kawkawlin and Merritt (collectively, the "Municipalities") and the County, said system to be known as the "Bay Area Water Treatment Plant and Raw Water Transmission Mains System" (the "System"), and

WHEREAS, under and subject to the terms of Act 342, the County is authorized, through the County Agency, to acquire and construct the water supply facilities constituting the Bay Area Water Treatment Plant and Raw Water Transmission Mains Project (the "Project") as part of the

System, the County, by and through the County Agency, and the Municipalities are authorized to enter into the proposed Bay Area Water Treatment Plant and Raw Water Transmission Mains Project Contract (the "Contract") for the acquisition and construction of the Project by the County and for the payment of the cost thereof by the issuance of revenue bonds by the County pursuant to section 7 of Act 342 and the provisions of Act No. 94, Public Acts of Michigan, 1933, as amended, secured by the revenues of the System, including payments made by the Municipalities pursuant to the Contract; and

WHEREAS, to finance part of the cost of the Project it is proposed that the County borrow the sum of not to exceed $42,000,000 and issue its water supply system revenue bonds (the "Bonds"); and

WHEREAS, the County is authorized to pledge its full faith and credit for the payment of the Bonds and the interest thereon if authorized by majority vote of the members-elect of its Board of Commissioners; and

WHEREAS, preliminary plans for the Project and estimates of the cost and period of usefulness thereof have been prepared, all of which have been submitted to and placed on file with said Board of Commissioners in the office of the County Agency, said preliminary plans and estimates being set forth in Appendices #1 and #2, respectively, to the Contract; and

WHEREAS, there has been submitted to the County Agency (i) a form of the Contract and (ii) a form of resolution establishing the System, approving said estimates and the Contract and authorizing the issuance of the Bonds (the "Bond Resolution").

NOW, THEREFORE, BE IT RESOLVED by the Board of County Road Commissioners of the County of Bay, as follows:

1. The preliminary plans for the Project and estimates of the cost and period of usefulness thereof, in the form of Appendices #1 and #2, respectively, to the Contract, are approved and adopted.

2. The Contract, in the form presented to this meeting, is approved, and the Chairperson and the Clerk of the Board are authorized to execute the Contract in the form approved.

3. The Bond Resolution, in the form presented at this meeting, is approved and adopted and the Chairperson is directed to submit the Bond Resolution to the Board of Commissioners of the County with the recommendation that the Bond Resolution be adopted by said Board of Commissioners.

4. The County Agency accepts the duties and obligations imposed on it, on behalf of the County, in the Bond Resolution, and agrees to fulfill such duties and obligations on behalf of the County.

5. All resolutions and parts of resolutions, insofar as the same may be in conflict herewith, are hereby rescinded.

YEAS: Gromaski, Rivet, Rivard

NAYS: None

ABSENT: None

RESOLUTION DECLARED ADOPTED.

STATE OF MICHIGAN)
)ss
COUNTY OF BAY)

I hereby certify that the foregoing is a true and complete copy of a resolution adopted at a special meeting of the Board of County Road Commissioners of the County of Bay, Michigan held on the 14th day of August, 2013, the original of which resolution is on file in my office. I further certify that notice of said meeting was given in accordance with the provisions of the Open Meetings Act, Act No. 267, Public Acts of 1976, as amended.

Jackie McCarthy

Clerk, Board of County Road Commissioners
County of Bay

BLOOMFIELD 9260-3 1307111v2

BAY AREA WATER TREATMENT PLANT AND
RAW WATER TRANSMISSION MAINS PROJECT CONTRACT

THIS CONTRACT, made and entered into as of the 1st day of July, 2013, by and among the COUNTY OF BAY, a county corporation in the State of Michigan (the "County"), by and through its Board of County Road Commissioners, as designated County Agency (the "County Agency"), and the CHARTER TOWNSHIP OF BANGOR, a Michigan charter township, the CITY OF BAY CITY, a Michigan home rule city, the TOWNSHIP OF BEAVER, a Michigan township, the CITY OF ESSEXVILLE, a Michigan home rule city, the TOWNSHIP OF FRANKENLUST, a Michigan township, the TOWNSHIP OF FRASER, a Michigan township, the CHARTER TOWNSHIP OF HAMPTON, a Michigan charter township, the TOWNSHIP OF KAWKAWLIN, a Michigan township, the TOWNSHIP OF MERRITT, a Michigan township, the CHARTER TOWNSHIP OF MONITOR, a Michigan charter township, the CITY OF PINCONNING, a Michigan home rule city, the CHARTER TOWNSHIP OF PORTSMOUTH, a Michigan charter township, and the CHARTER TOWNSHIP OF WILLIAMS, a Michigan charter township, all located in the County of Bay, State of Michigan (collectively, the "Municipalities" or individually, a "Municipality").

W I T N E S S E T H:

WHEREAS, pursuant to Act No. 342, Public Acts of Michigan, 1939, as amended ("Act 342"), and Act No. 35, Public Acts of Michigan, 1951, as amended, the Municipalities and the County Agency entered into the Water Supply Agreement dated January 30, 2013 (the "Water Supply Agreement"), for the purpose of describing the terms and conditions by which the County Agency will provide treated water and related services to and for the Municipalities and the County; and

WHEREAS, the Water Supply Agreement contemplates a financing agreement between the County and the Municipalities to finance the costs of the Bay Area Water Treatment Plant (as defined in the Water Supply Agreement), which financing agreement is to be attached as Exhibit A to the Water Supply Agreement and incorporated therein; and

WHEREAS, pursuant to Act 342, the Board of Commissioners of the County has established a system of water supply improvements and services to serve the Municipalities and the County, said system to be known as the "Bay Area Water Treatment Plant and Raw Water Transmission Mains System" (the "System"), and designated the Board of County Road Commissioners of the County of Bay as the County Agency for the System with all powers and duties with respect thereto as are provided by Act 342; and

WHEREAS, under and subject to the terms of Act 342, the County is authorized, through the County Agency, to acquire and construct the water supply facilities hereinafter described as constituting the Bay Area Water Treatment Plant and Raw Water Transmission Mains Project (the "Project") as part of the System, the County and the Municipalities are authorized to enter into a contract, as hereinafter provided, for the acquisition and construction of the Project by the County and for the payment of the cost thereof by the issuance of revenue bonds by the County pursuant to section 7 of Act 342 and the provisions of Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94"), secured by the revenues of the System, including payments made by the Municipalities pursuant to the Water Supply Agreement and this contract; and

WHEREAS, the County is authorized to issue such bonds and, if authorized by majority vote of the members-elect of its Board of Commissioners, to pledge its full faith and credit for the payment of such bonds and the interest thereon; and

WHEREAS, there is an urgent need of such water supply facilities to the Municipalities in order to promote the health and welfare of the residents thereof, which improvements would likewise benefit the Municipalities and the County and their residents, and the parties hereto have concluded that such improvements can be provided and financed most economically and efficiently by the County through the exercise of the powers conferred by Act 342, particularly sections 5 and 7 thereof, and Act 94; and

WHEREAS, preliminary plans for the Project and estimates of the cost and period of usefulness thereof have been prepared, all of which have been submitted to and approved by the Board of Commissioners of the County and the governing bodies of the Municipalities and placed on file with said Board of Commissioners in the office of the County Agency, said preliminary plans and estimates being set forth in Appendices #1 and #2, respectively, hereunto attached; and

WHEREAS, it is proposed that the cost of the Project be financed in whole or in part by the issuance of several series of bonds, which bonds are expected to be sold to the Michigan Finance Authority (the "MFA") through its Drinking Water Revolving Fund Program and/or its Local Government Loan Program; and

WHEREAS, in order to provide for the acquisition and construction of the Project by the County and the financing of all or part of the cost thereof by the issuance of County bonds, and for other related matters, it is necessary for the parties hereto to enter into this contract.

THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS OF EACH OTHER, THE PARTIES HERETO AGREE as follows:

1. The parties hereto approve and agree to the acquisition, construction and financing of the Project as part of the System as herein provided, under and pursuant to Act 342 and Act 94. The Municipalities by way of compliance with Section 29, Article VII, Michigan Constitution of 1963, consent and agree to the establishment and location of the Project within their corporate boundaries and to the use by the County of their streets, highways, alleys, lands, rights-of-way or other public places for the purpose and facilities of the Project and any necessary improvements, enlargements or extensions thereof, and the Municipalities further agree that, in order to evidence and effectuate the foregoing agreement and consent, they will execute and deliver to the County such grants of easement, right-of-way, license, permit as necessary for the Project.

2. The Project shall consist of the water supply system facilities as described and specified in the preliminary plans set forth in Appendix #1, which is hereunto attached and is made a part hereof, and which preliminary plans are on file with the County Agency and are approved and adopted. The Project shall be acquired and constructed substantially in accordance with said preliminary plans and in accordance with final plans and specifications to be prepared and submitted by the consulting engineers, but variations therefrom that do not materially change the location, capacities or overall design of the Project may be permitted on the authority of the County Agency. Other variations or changes may be made if approved by the County Agency and the Advisory Committee established under paragraph 12 of the Water Supply Agreement (the "Advisory Committee"). The estimate of the cost of the Project and the estimate of the period of usefulness thereof as set forth in Appendix #2 are approved and adopted.

3. The County Agency shall take or cause to be taken all actions required or necessary, in accordance with Act 342, to procure the issuance and sale of bonds by the County, in several series, in the aggregate principal amount necessary to finance the cost of the Project not paid from other sources. Such bonds shall be issued in anticipation of, and be payable

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primarily from, revenues of the System including the payments to be made by the Municipalities to the County as provided in the Water Supply Agreement and this contract, and shall be secured secondarily, if so voted by the Board of Commissioners of the County, by a pledge of the full faith and credit of the County, and the said bonds shall be payable in annual maturities the last of which shall be not more than forty years from the date thereof.

4. The County Agency shall proceed to take construction bids for the Project and, subject to the sale and delivery of bonds, enter into construction contracts with the lowest responsible bidder or bidders, procure from the contractors all necessary and proper bonds, cause the Project to be constructed within a reasonable time, and do all other things required by this contract and the laws of the State of Michigan. The County Agency may, in its sole discretion, retain the services of a third-party engineering firm to perform contract administration of the Project, and payment for such services shall be part of the cost of the Project as described in paragraph 6 hereof. In such case, all certificates for required payments to contractors shall be approved by the consulting engineers before presentation to the County Agency and the latter shall be entitled to rely on such approval in making payments.

5. Prior to the issuance of the first series of bonds for the Project, if the estimated cost of the Project shall exceed $71,997,100, then the County shall not proceed to issue the bonds or cause the Project to be constructed unless the governing bodies of the Municipalities representing at least 66% of the volume of billed water consumption of the Municipalities in the previous fiscal year shall have adopted a resolution approving such increased or excess costs and agreeing that the same (or such part thereof as is not available from other sources) shall be defrayed by the issuance of increased or additional bonds in anticipation of increased or additional payments agreed to be made by the Municipalities to the County in the manner hereinafter provided. After the issuance of the first series of bonds for the Project, if the estimated or actual cost of the Project shall exceed $71,997,100, then the County shall not be

obligated to pay such increased or excess costs unless the governing bodies of the Municipalities representing at least 66% of the volume of billed water consumption of the Municipalities in the previous fiscal year shall have adopted a resolution approving such increased or excess costs and agreeing that the same (or such part thereof as is not available from other sources) shall be defrayed by the issuance of additional bonds in anticipation of increased or additional payments agreed to be made by the Municipalities to the County in the manner hereinafter provided. The adoption of such resolutions by the governing bodies of the Municipalities shall not be required prior to or as a condition precedent to the issuance of additional bonds by the County if the issuance of the additional bonds is necessary (as determined by the County) to pay such increased, additional or excess costs as are essential to completion of the Project according to the plans as last approved prior to the time when the previous bonds were issued.

6. The Municipalities shall pay to the County their respective shares for the services provided by the Project and the System, including the costs of construction of the Project (as evidenced by the principal of and interest on the bonds) and maintenance of the Project and the System, from funds collected as rates, charges, or assessments from the users and beneficiaries of the Project and the System, or from any other fund available which may be validly used for such purposes. The methodology for determining such shares shall be as described in the Water Supply Agreement. A Municipality may raise the amounts required to be paid by the Water Supply Agreement and this contract by collecting connection charges, and rates, charges, or assessments from the users and beneficiaries of the Project and the System, or by levy upon its taxable property in accordance with the same procedure as provided under the general laws of the State of Michigan. The County Agency shall have those powers described in section 5 of Act 342 with respect to the obligations of the Municipalities under the Water Supply Agreement and this contract. The parties hereto agree that, to the extent of any conflict between the terms and conditions of the obligations of the Municipalities set forth in subparagraph 4(a)(i) of the Water Supply Agreement and this paragraph, the terms and conditions of this paragraph shall control;

provided, however, that nothing in this paragraph shall reduce the obligation of the County to pay for its use of the System as set forth in the Water Supply Agreement.

7. The County Agency is hereby authorized, but not required, to utilize County personnel for the administration of the Project. The Municipalities agree that the costs of contract administration, auditing and financial services shall be part of the cost of the Project for purposes of paragraph 6 hereof, whether such services are provided by County personnel or third parties. In the case of County personnel, the costs attributed to the Project shall include the allocable share of such personnel's salary and fringe benefits to the Project based upon the County personnel's actual hours of service.

8. After completion of the Project the operation and maintenance of the Project shall be in accordance with the provisions of the Water Supply Agreement.

9. It is understood and agreed by the parties hereto that the System is to serve the Municipalities and not the individual property owners and users thereof. The responsibility of requiring connection to and use of the System and/or providing such additional facilities as may be needed shall be that of the Municipality wherein such property is located and such Municipality shall cause to be constructed and maintained, directly or through the County, any such necessary additional facilities. The County shall not be obligated to acquire or construct any facilities other than those designated in paragraph 2 hereof.

10. The County shall have no obligation or responsibility for providing facilities except as herein expressly provided with respect to the acquisition and construction of the Project or as otherwise provided by the Water Supply Agreement. The Municipalities shall have the authority and the responsibility to provide such other facilities and shall have the right to expand the facilities of the System only as set forth in the Water Supply Agreement.

11. The parties hereto agree that the costs and expenses of any lawsuits or Claims (as hereinafter defined) arising directly or indirectly out of the construction or financing of the Project, to the extent that such costs and expenses are chargeable against the County or the County Agency, shall be deemed to constitute a part of the cost of the Project. In the event of such litigation or claims, the County Agency shall consult with the Advisory Committee and shall retain legal counsel agreeable to the County and the Advisory Committee to represent the County; provided that if the County and the Advisory Committee cannot agree as to such representation within a reasonable time, the County Agency shall exercise its discretion as to the retention of such counsel. In this contract, "Claims" means any alleged losses, claims, complaints, demands for relief or damages, liability, penalties, costs, and expenses, including, but not limited to, reimbursement for reasonable attorney fees, witness fees, court costs, investigation expenses, litigation expenses, amounts paid in settlement, and/or other amounts or liabilities of any kind which are imposed on, incurred by, or assessed against the County, County Agency or Municipalities, or for which the County, County Agency or Municipalities may become legally and/or contractually obligated to pay or defend against, whether direct, indirect or consequential, whether based upon any alleged violation of the federal or the State constitution, any federal or State statute, rule, regulation, or any alleged violation of federal or State common law, whether any such claims are brought in law or equity, tort, contract, or otherwise, and/or whether commenced or threatened. This paragraph shall not apply to a lawsuit instituted by any of the Municipalities to enforce their respective rights under this contract or the Water Supply Agreement.

12. All powers, duties and functions vested by this contract in the County shall be exercised and performed by the County Agency, for and on behalf of the County, unless otherwise provided by law or in the Water Supply Agreement or this contract.

13. It is anticipated that the bonds will be sold to the MFA in several series, and therefore each series of the bonds shall bear an original issue date, be payable in the amounts and on the dates and at such place, bear interest at the rates, be subject to redemption and otherwise have such terms and provisions as shall be determined in the County's agreements with the MFA, and all County, County Agency and Municipality officials, agents and employees are hereby directed to take all actions necessary or desirable to implement such a method of sale. The parties hereto hereby authorize their respective chief executive officers, clerks, treasurers, other officers, employees and/or agents to execute any documents necessary to implement this contract, including but not limited to MFA or Michigan Department of Environmental Quality documents or other required documents.

14. In the event that any one or more of the provisions of this contract for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this contract shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

15. The parties hereto agree that this contract shall be attached to the Water Supply Agreement as Exhibit A thereto and shall be incorporated therein.

16. This contract shall become effective after its execution by each party hereto. This contract shall terminate forty (40) years from its date or on such earlier date when the Municipalities are not in default hereunder and the principal, interest and bond service charges on the bonds issued as hereinabove described and all other amounts owed by the Municipalities to the County hereunder are fully paid and discharged. This contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Nothing herein contained, however, shall require the County to finance the Project if it is unable to sell the bonds to finance the same. This contract may be executed in any number of counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed and delivered by the undersigned, being duly authorized by their respective governing bodies.

COUNTY OF BAY
By the Board of County Road Commissioners
of the County of Bay

By: _____
Richard S. Gromaski, Chairperson

Executed on 8/14, 2013

By: _____
Jackie McCarthy, Clerk

CHARTER TOWNSHIP OF BANGOR

By: _____
Terry Watson, Supervisor

Executed on _____, 2013

And: _____
Dawn Bublitz, Clerk

CITY OF BAY CITY

By: _____
Christopher Shannon, Mayor

Executed on _____, 2013

And: _____
Dana L. Muscott, Clerk

TOWNSHIP OF BEAVER

By: _____
Ronald D. Robbins, Supervisor

Executed on 8-12, 2013

And: _____
Stacey M. Mieske, Clerk

CITY OF ESSEXVILLE

By: _____
Russell R. Tanner, Mayor

Executed on 8/14, 2013

And: _____
Sarah J. Wilcox, Clerk

TOWNSHIP OF FRANKENLUST

By: _____
Ronald Campbell, Supervisor

Executed on _____, 2013

And: _____
Donna L. Reichard, Clerk

TOWNSHIP OF FRASER

By: _____
Mark C. Galus, Supervisor

Executed on _____, 2013

And: _____
Sally Sherman, Clerk

CHARTER TOWNSHIP OF HAMPTON

By: _____
Thomas J. Foret, Supervisor

Executed on 8/14, 2013

And: _____
Pamela J. Wright, Clerk

TOWNSHIP OF KAWKAWLIN

By: _____
Dennis J. Bragiel, Supervisor

Executed on 8/14, 2013

And: _____
Gregory A. Petrimoulx, Clerk

TOWNSHIP OF MERRITT

By: David Schabel
David Schabel, Supervisor

Executed on 8/14, 2013

And: Kathy Brener
Kathy Brener, Clerk

CHARTER TOWNSHIP OF MONITOR

By: Gary A. Brandt
Gary A. Brandt, Supervisor

Executed on 8/14, 2013

And: Cindy L. Kowalski
Cindy L. Kowalski, Clerk

CITY OF PINCONNING

By: _____
Jennifer DeLorge, Mayor

Executed on _____, 2013

And: _____
Terri Hribek, Clerk

CHARTER TOWNSHIP OF PORTSMOUTH

By: _____
Robert J. Pawlak, Supervisor

Executed on _____, 2013

And: _____
Judith A. Bukowski, Clerk

CHARTER TOWNSHIP OF WILLIAMS

By: Paul M. Wasek
Paul M. Wasek, Supervisor

Executed on 8-13, 2013

And: Amy Charney
Amy Charney, Clerk

APPENDIX #1

Bay Area Water Treatment Plant and Raw Water Transmission Mains Project Description

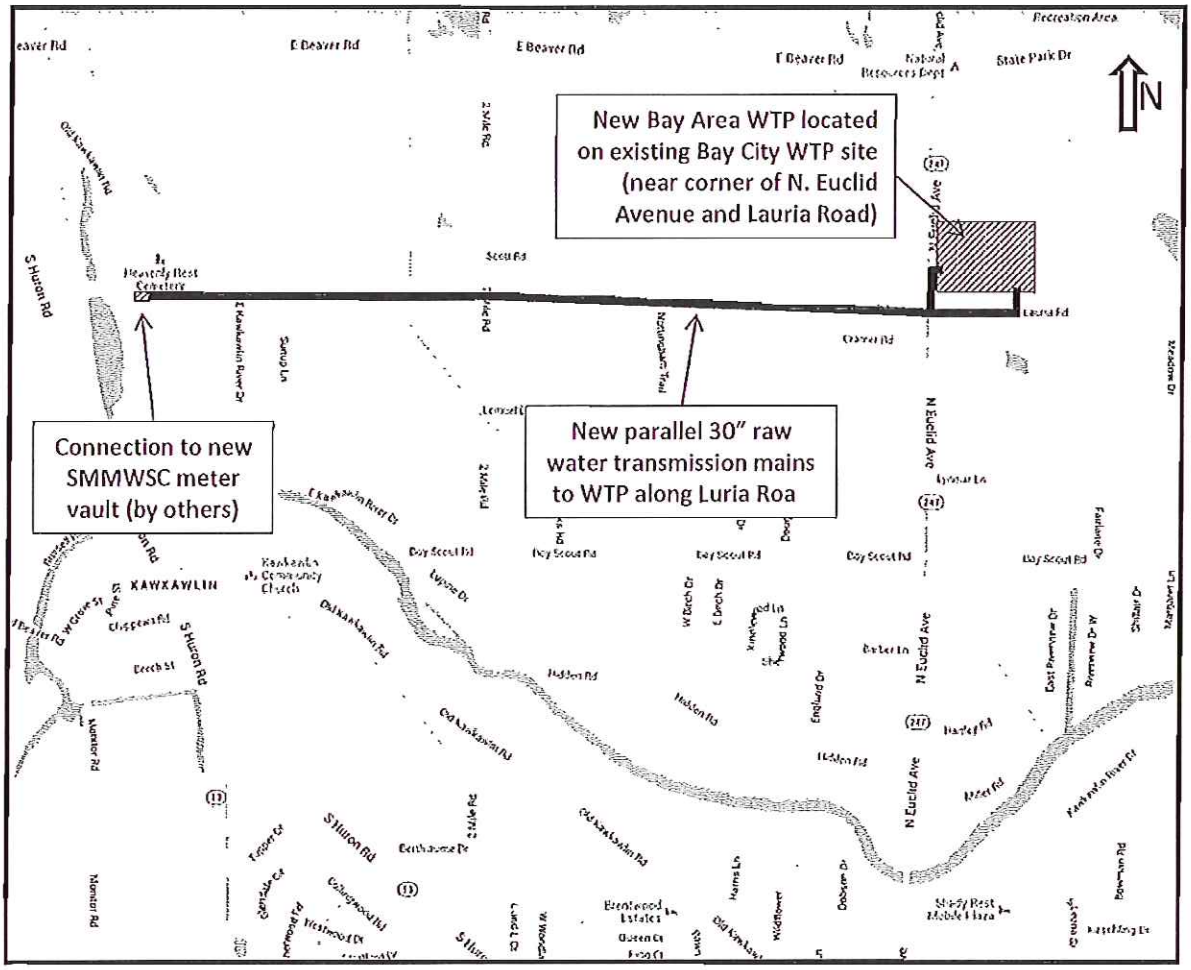
The Bay Area Water Treatment Plant and Raw Water Transmission Mains will consist of the design and construction of a 17.4 mgd membrane filtration water treatment plant with and approximately 2 miles of twin 30 inch Raw Water Transmission Mains to connect the new Water Treatment Plant to the Saginaw Midland Municipal Water Supply Corporation raw water supply system.

The Saginaw Midland Municipal Water Supply Corporation currently supplies raw water from its Whitestone Point facility near AuGres to the cities of Midland and Saginaw. The new Bay Area Water Treatment Plant Project will design and construct approximately 2 miles of twin 30 inch transmission mains to connect to this raw water supply system and supply water to the new Bay Area Water Treatment Plant.

The new Bay Area Water Treatment Plant will be constructed on the same site as the current Bay City Water Treatment Plant at 2691 Euclid Avenue, Bay City, Michigan in the Charter Township of Bangor. The Bay Area Water Treatment Plant consists of construction of a 17.4 mgd membrane filtration water treatment plant with raw and finished water pumping, two finished water tanks, administration and process equipment building, chemical storage and feed facilities, residuals treatment facilities, plant control system, electrical system, yard piping, piping to connect to finished water transmission systems, and site improvements.

The Raw Water Transmission Mains consist of construction of approximately 19,000 linear feet of 30 inch ductile iron watermain, approximately 10,200 linear feet of road reconstruction, and related construction and restoration work.

APPENDIX #1
FIGURE #1
Bay Area Water Treatment Plant
and
Raw Water Transmission Mains
Bay County, Michigan



LOCATION MAP
NTS

APPENDIX #2

Bay Area Water Treatment Plant
and Raw Water Transmission Mains
Estimate of Project Costs
Revised 07-01-2013

Construction Costs			$ 63,500,000
Bay Area Water Treatment Plant	$	54,000,000	
Raw Water Transmission Mains	$	9,500,000	
Engineering Consultants			$ 5,342,100
Design Engineering	$	2,600,000	
Construction Engineering	$	2,400,000	
Residuals Handling Engineering	$	42,100	
Engineering Contingencies	$	300,000	
Legal and Financial			$ 930,000
Local Legal Costs	$	50,000	
Land Acquisition	$	250,000	
County Bond Issuance Costs	$	105,000	
MI Finance Authority Issuance Costs	$	525,000	
Project Sub Total			$ 69,772,100
Project Contingencies			$ 2,225,000
Total Project Costs as of 7/1/2013			$ 71,997,100

The Bay Area Water Treatment Plant and Raw Water Transmission Mains are being designed and constructed with a useful service life of 40 years and upwards.

No. 2013-144

BAY COUNTY BOARD OF COMMISSIONERS

8/20/13

BOND RESOLUTION

Water Supply System Revenue Bonds, Series 2013

Minutes of a special meeting of the Board of Commissioners of the County of Bay, Michigan (the "County"), held on the 20th day of August, 2013.

PRESENT: _____

_____

ABSENT: _____

The following Bond Resolution (this "Resolution") was adopted by the Board of Commissioners of the County at a special meeting duly called and held on Tuesday, August 20, 2013:

WHEREAS, this Board of Commissioners does hereby determine that it is necessary to acquire and construct the Bay Area Water Treatment Plant and Raw Water Transmission Mains Project consisting of a 17.4 mgd membrane filtration water treatment plant and approximately two miles of 30-inch raw water transmission mains to connect the new water treatment plant to the Saginaw Midland Municipal Water Supply Corporation raw water supply system (the "Project") as part of the Bay Area Water Treatment Plant and Raw Water Transmission Mains System (the "System"); and

WHEREAS, the cost of acquiring and constructing the Project is estimated to be approximately Seventy-One Million Nine Hundred Ninety-Seven Thousand One Hundred Dollars ($71,997,100); and

WHEREAS, the County desires to issue bonds, as authorized by the provisions of Act 342, Public Acts of 1939, as amended ("Act 342"), especially Section 7 thereof, and Act 94, Public Acts of 1933, as amended ("Act 94"), to pay part of the cost of acquiring and constructing the Project; and

WHEREAS, the County is authorized by the terms of Act 342 to enter into a contract with the Charter Township of Bangor, the City of Bay City, the Township of Beaver, the City of Essexville, the Township of Frankenlust, the Township of Fraser, the Charter Township of Hampton, the Township of Kawkawlin, the Township of Merritt, the Charter Township of Monitor, the City of Pinconning, the Charter Township of Portsmouth, and the Charter Township of Williams (collectively, the "Municipalities") for the acquisition and construction of the Project by the County and for payment of the use of the System, including the cost of the Project, by the Municipalities; and

WHEREAS, there has been submitted to this Board of Commissioners for such purpose a proposed Bay Area Water Treatment Plant and Raw Water Transmission Mains Project Contract between the County, by and through its the Board of County Road Commissioners, as designated County Agency, and the Municipalities (the "Contract"), and

WHEREAS, there have also been submitted, for approval and adoption by this Board of Commissioners, preliminary plans and an estimate of the cost of the acquisition and construction of the Project; and

WHEREAS, this Board of Commissioners also has determined to sell the Series 2013 Bonds in private negotiated sales to the Michigan Finance Authority (the "Authority") as authorized by Act 227, Public Acts of Michigan, 1985, as amended ("Act 227"), and Executive Order No. 2010-2, in order to enable the Authority to provide assistance with respect to the

Project from the proceeds of the State of Michigan Drinking Water Revolving Fund and the State of Michigan Local Government Loan Program.

THEREFORE, BE IT RESOLVED by the Board of Commissioners of the County of Bay, Michigan, as follows:

1. DEFINITIONS. Whenever used in this Resolution, except when otherwise indicated by the context:

(a) "Additional Bonds" means any additional bonds issued pursuant to Section 29 of this Resolution and having equal standing with the Series 2013 Bonds.

(b) "Board of Commissioners" means the Board of Commissioners of the County.

(c) "Bonds" means the Series 2013 Bonds, together with any Additional Bonds.

(d) "Revenues" and "Net Revenues" shall be construed as defined in Section 3 of Act 94.

(e) "Series 2013 Bonds" means the Series 2013-A Bonds and the Series 2013-B Bonds of the County authorized by this Resolution.

(f) "Series 2013-A Bonds" means the Water Supply System Revenue Bonds, Series 2013-A of the County authorized by this Resolution.

(g) "Series 2013-B Bonds" means the Water Supply System Revenue Bonds, Series 2013-B of the County authorized by this Resolution.

2. NECESSITY; PUBLIC PURPOSE; PROJECT COSTS; PERIOD OF USEFULNESS. It is hereby determined to be a necessary public purpose of the County to acquire and construct the Project and establish the System. The preliminary plans and specifications for the Project are on file with the County Clerk and are hereby approved and adopted. The County hereby adopts the estimate of 40 years as the period of usefulness of the Project and also the estimate of $71,997,100 as the cost of the Project, both of which estimates are on file with the County Clerk.

3. ESTABLISHMENT OF SYSTEM; APPROVAL OF PROJECT AND DESIGNATION OF COUNTY AGENCY. The Board of Commissioners by majority vote of its members-elect does hereby approve, under and pursuant to Act 342, the establishment of the Bay Area Water Treatment Plant and Raw Water Transmission Mains System, which shall consist of (i) the Project and (ii) the services provided thereby; that the Project and the System shall serve the Municipalities and the County; that the Board of County Road Commissioners of the County is hereby designated and appointed as the "County Agency" for the Project and the System; that the County Agency shall have all the powers and duties with respect to the Project and the System as are provided by law and especially by Act 342; and that all obligations incurred by the County Agency with respect to the Project and the System, unless otherwise provided in this Resolution or authorized by the Board of Commissioners, shall be payable solely from revenues of the System including payments made by the Municipalities as provided by the Contract or otherwise.

4. APPROVAL OF CONTRACT. The Bay Area Water Treatment Plant and Raw Water Transmission Mains Project Contract between the County, by and through its Board of

County Road Commissioners and the Municipalities, which Contract has been submitted to the Board of Commissioners, is hereby approved and adopted, and the Chairperson and Clerk of the Board of County Road Commissioners of the County are hereby authorized and directed to execute and deliver the same in substantially the form submitted for and on behalf of the County, in as many counterparts as may be deemed advisable.

5. SERIES 2013 BONDS AUTHORIZED. To pay part of the cost of the Project, including payment of legal, financial and other expenses incidental thereto and incidental to the issuance and sale of the Series 2013 Bonds, the County shall borrow the sum of Forty-Two Million Dollars ($42,000,000), and issue the Series 2013 Bonds therefor pursuant to the provisions of Act 342, Act 94 and other applicable statutory provisions. The remaining cost of Project shall be paid by the County from the issuance of additional bonds, federal or state grants and/or from funds on hand and legally available for such use.

6. SERIES 2013-A BOND DETAILS. The Series 2013-A Bonds shall be designated "Water Supply System Revenue Bonds, Series 2013-A"; shall be dated the date of their delivery thereof; shall be numbered from 1 upward; shall be fully registered; shall be in any denomination not exceeding the aggregate principal amount for each maturity at the option of the bondholder (provided, however, that so long as the Series 2013-A Bonds are registered in the name of the Authority, the Series 2013-A Bonds may be in the form of a single bond in the denomination of $12,000,000, with an exhibit attached thereto which identifies the annual maturities for the Series 2013-A Bonds and references herein to the Series 2013-A Bonds shall mean that single bond registered in the name of the Authority); shall bear interest at the rate of 2.00% per annum, from the date of delivery of the various principal installments as hereinafter described, payable on such dates as shall be determined by the Chairperson of the Board of Commissioners; and shall mature on such dates and in such years and principal amounts as shall be determined by the Chairperson of the Board of Commissioners, provided that the final

maturity date shall not be later than 30 years after the date on which the Series 2013-A Bonds are delivered to the original purchaser thereof.

The Series 2013-A Bonds are expected to be delivered to the Authority as the initial purchaser thereof in installments equal to the amounts advanced from time to time by the Authority to the County pursuant to the Series 2013-A Purchase Contract and the Supplemental Agreement (each as hereinafter defined).

7. SERIES 2013-B BOND DETAILS. The Series 2013-B Bonds shall be designated "Water Supply System Revenue Bonds, Series 2013-B"; shall be dated the date of delivery thereof in the principal amount of $30,000,000; shall be issued as serial bonds or term bonds, as determined by order of the Chairperson of the Board of Commissioners; shall be fully registered; shall be numbered from 1 upwards; shall be in the denomination of $5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the bondholder; shall be sold at par or a discount as shall be determined by the Chairperson of the Board of Commissioners, provided that such discount shall not exceed 4.00% of the aggregate principal amount of the Series 2013-B Bonds; shall bear interest at the rates as shall be determined by the Chairperson of the Board of Commissioners, provided that the net interest rate on the Series 2013-B Bonds shall not exceed 7.00% per annum; shall be payable as to interest on the dates as shall be determined by the Chairperson of the Board of Commissioners, and shall mature in such principal amounts and on such dates as shall be determined by the Chairperson of the Board of Commissioners, provided that the final maturity date shall be not later than 30 years after the date on which the Series 2013-B Bonds are delivered to the initial purchaser thereof.

8. PAYMENT OF PRINCIPAL AND INTEREST. The Bonds and the interest thereon shall be payable from the Net Revenues, and to secure such payment, there is hereby created a statutory lien, upon the whole of the Net Revenues that 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 direct obligations of the United States of America or obligations the principal and interest of which are fully guaranteed by the United States of America, not redeemable at the option of the issuer thereof, the principal and interest payments on which, without reinvestment of interest, come due at such times and in such amounts as to be fully sufficient to pay, when due, the principal of and interest on all Bonds payable from the Net Revenues on their stated maturity date or earlier redemption, shall have been deposited in trust for payment in full of such Bonds to their maturity or, if called for redemption, to the date fixed for redemption. Upon such deposit, the statutory lien herein created shall be terminated with respect to such Bonds, the holders of such Bonds shall have no further rights under this Resolution except for payment from the deposited funds, and such Bonds no longer shall be considered to be outstanding under this Resolution

The principal of, premium, if any, and interest on the Series 2013-A Bonds shall be payable in lawful money of the United States. So long as the Series 2013-A Bonds are registered in the name of the Authority, the Series 2013-A Bonds are payable as to principal, redemption premium, if any, and interest at The Bank of New York Mellon Trust Company, N.A. or at such other place as shall be designated in writing to the County by the Authority (the "Authority's 2013-A Depository"). So long as the Authority is the owner of the Series 2013-A Bonds, the County agrees that it will deposit with the Authority's 2013-A Depository payments of the principal of, premium, if any, and interest on the Series 2013-A Bonds in immediately available funds at least five business days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise. If the Series 2013-A Bonds are not registered in the name of the Authority, the principal of and premium, if any, on the Series 2013-A Bonds are payable upon the surrender thereof at the office of the bond registrar and paying agent and the interest is payable by check or draft mailed by the bond registrar and paying agent to the registered owner of the Series 2013-A Bonds at the address appearing on the registration books of the County kept

by the bond registrar and paying agent as of the 15th day of the month preceding the month in which an interest payment is due.

The principal of, premium, if any, and interest on the Series 2013-B Bonds shall be payable in lawful money of the United States. Notwithstanding any other provision of this Resolution to the contrary, so long as the Series 2013-B Bonds are owned by the Authority, (a) the Series 2013-B Bonds are payable as to principal, premium, if any, and interest at the corporate trust office of U.S. Bank National Association, St. Paul, MN or at such other place as shall be designated in writing to the County by the Authority (the "Authority's 2013-B Depository"); (b) the County agrees that it will deposit with the Authority's 2013-B Depository payments of the principal of, premium, if any, and interest on the Series 2013-B Bonds in immediately available funds at least five business days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise; and (c) written notice of any redemption of the bonds shall be given by the County and received by the Authority's Depository at least 40 days prior to the date on which redemption is to be made. If the Series 2013-B Bonds are not registered in the name of the Authority, the principal of and premium, if any, on the Series B Bonds are payable upon the surrender thereof at the office of the bond registrar and paying agent and the interest is payable by check or draft mailed by the bond registrar and paying agent to the registered owner of the bonds at the address appearing on the registration books of the County kept by the bond registrar and paying agent as of the 15th day of the month preceding the month in which an interest payment is due.

9. PRIOR REDEMPTION. The Series 2013-A Bonds shall be subject to redemption prior to maturity upon the terms and conditions set forth in the form of Series 2013-A Bond set forth in Section 23 hereof. The Series 2013-B Bonds shall be subject to redemption prior to maturity upon the terms and conditions as shall be determined by the Chairperson of the Board of Commissioners.

10. BOND REGISTRAR AND PAYING AGENT. Until a successor is appointed by the Board of Commissioners, the County Treasurer shall be the bond registrar and paying agent for the Series 2013 Bonds.

11. EXECUTION AND DELIVERY OF THE SERIES 2013 BONDS. The Series 2013 Bonds shall be executed in the name of the County by the manual or facsimile signatures of the Chairperson of the Board of Commissioners and the County Clerk and authenticated by the manual signature of the bond registrar and paying agent, and the seal of the County (or a facsimile thereof) shall be impressed or imprinted on the Series 2013 Bonds. After the Series 2013-A Bonds have been executed and authenticate for delivery to the Authority as the initial purchaser thereof, they shall be delivered by the County Treasurer or the Chairperson of the Board of Commissioners to the purchaser upon receipt of the first principal payment from the purchaser or upon compliance with the terms and conditions of the Series 2013-A Purchase Contract (as hereinafter defined). After the Series 2013-B Bonds have been executed and authenticated for delivery to the Authority as the original purchaser, they shall be delivered by the County Treasurer or the Chairperson of the Board of Commissioners to the purchaser upon receipt of the purchase price or upon compliance with the terms and conditions of the Series 2013-B Purchase Contract (as hereinafter defined). Additional Series 2013 Bonds bearing the manual or facsimile signatures of the Chairperson of the Board of Commissioners and the County Clerk, and upon which the seal of the County (or a facsimile thereof) has been impressed or imprinted, may be delivered to the bond registrar and paying agent for authentication and delivery in connection with the exchange or transfer of the Series 2013 Bonds.

12. EXCHANGE AND TRANSFER OF THE SERIES 2013 BONDS. Any Series 2013 Bond, upon surrender thereof to the bond registrar and paying agent with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney, at the option of the registered owner thereof,

may be exchanged for Series 2013 Bonds of any other authorized denominations of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Series 2013 Bond. Each Series 2013 Bond shall be transferable only upon the books of the County, which shall be kept for that purpose by the bond registrar and paying agent, upon surrender of such Series 2013 Bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney.

Upon the exchange or transfer of any Series 2013 Bond, the bond registrar and paying agent on behalf of the County shall cancel the surrendered Series 2013 Bond and shall authenticate and deliver to the transferee a new Series 2013 Bond or Bonds of any authorized denomination of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Series 2013 Bond. If, at the time the bond registrar and paying agent authenticates and delivers a new Series 2013 Bond pursuant to this Section, payment of interest on the Series 2013 Bonds is in default, the bond registrar and paying agent shall endorse upon the new Series 2013 Bond the following: "Payment of interest on this bond is in default. The last date to which interest has been paid is _____, ____."

The County and the bond registrar and paying agent may deem and treat the person in whose name the Series 2013 Bonds shall be registered upon the books of the County as the absolute owner of the Series 2013 Bonds, whether such Series 2013 Bonds shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Series 2013 Bonds and for all other purposes, and all payments made to such registered owner, or upon his order, in accordance with the provisions of the Resolution shall be valid and effectual to satisfy and discharge the liability upon such Series 2013 Bonds to the extent of the sum or sums so paid, and neither the County nor the bond registrar and paying agent shall be affected by any notice to

the contrary. Registration of the Series 2013 Bonds shall not be transferred less than five (5) days prior to an interest payment date.

For every exchange or transfer of the Series 2013 Bonds, the County or the bond registrar and paying agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The bond registrar and paying agent shall not be required to transfer or exchange Series 2013 Bonds or portions of Series 2013 Bonds which have been selected for redemption.

13. BONDHOLDERS' RIGHTS; RECEIVER. The registered owner or owners of the Bonds representing in the aggregate not less than twenty percent (20%) 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 and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the County, 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.

If there is a default in the payment of the principal of or interest on the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the County 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 County more particularly set forth herein and in Act 94.

The registered owner or owners of the Bonds shall have all other rights and remedies given by Act 94 for the payment and enforcement of the Bonds and the security therefor.

14. RATES AND CHARGES. The rates and charges for service furnished by and the use of 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 this Resolution.

15. NO FREE SERVICE OR USE. 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.

16. FIXING AND REVISING RATES; RATE COVENANT. Rates shall be fixed and revised from time to time by the County Agency so as to produce amounts that are sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to pay an amount equal to at least 100% of the principal of and interest on the Bonds as the same become due and payable, and to provide for all other obligations, expenditures and funds for the System required by law and this Resolution. The County covenants and agrees to review such rates at least annually and maintain at all times such rates for service furnished by the System as shall be sufficient to provide for the foregoing.

17. OPERATING AND FISCAL YEAR. The System shall be operated on the basis of an operating and fiscal year commencing on January 1 and ending on the last day of the following December 31.

18. ACCOUNTS; FLOW OF FUNDS. All Revenues of the System shall be set aside as collected and credited to the WATER SUPPLY SYSTEM RECEIVING ACCOUNT (the

"Receiving Account") which is hereby established. Moneys on hand in the Receiving Account are pledged for the purpose of the following accounts and shall be transferred from the Receiving Account periodically in the manner and at the times and in the following order of priority:

A. Operation and Maintenance Account: There shall be first set aside in, or credited to, an account designated OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account"), periodically, a sum sufficient to provide for all payment of the expenses of administration and operation of the System and such current expenses for maintenance thereof as may be necessary to preserve the System in good repair and working order.

B. Bond and Interest Redemption Account: There shall be established and maintained a separate depository account designated BOND AND INTEREST REDEMPTION ACCOUNT (the "Redemption Account"), the moneys on deposit therein from time to time to be used solely for the purpose of paying the principal of and interest on the Bonds. The moneys in the Redemption Account shall be accounted for separately.

After provision for the Operation and Maintenance Fund, there shall be set aside in the Redemption Account a sum proportionately sufficient to provide for the payment when due of the current principal of and interest on the Bonds, less any amount in the Redemption Account representing accrued interest or capitalized interest on the Bonds. Commencing the calendar quarter immediately following the date of delivery of the Bonds to the initial purchaser thereof (the "Delivery Date"), the amount set aside each quarter for interest on the Series 2013 Bonds shall be 1/2 of the total amount of interest on the Bonds next coming due. Commencing the calendar quarter immediately following the Delivery Date, the amount set aside each quarter for principal of the Bonds shall be 1/4 of the amount of principal next coming due by maturity.

If there is any deficiency in the amounts previously set aside, that deficiency shall be added to the next succeeding quarter's requirements.

No further payments need to be made into the Redemption Account after enough of the Bonds have been retired so that the amount then held in the Redemption Account is equal to the entire amount of principal and interest that will be payable at the time of maturity of all the then outstanding Bonds.

C. Repair and Replacement Account: There shall be established and maintained an account designated REPAIR, REPLACEMENT AND IMPROVEMENT ACCOUNT (the "Repair and Replacement Account"). The County Agency shall include in the annual budget and there shall be deposited in the Repair and Replacement Fund such amounts so as to maintain the System in proper repair and working order. Out of the Revenues remaining after meeting the quarterly requirements of the foregoing funds, there shall be deposited quarterly into the Repair and Replacement Fund such amounts described in the preceding sentence. The money deposited in said Fund shall be used for the purpose of paying the costs of making repairs and replacements to parts of the System as determined by the County Agency or to reimburse the County for any amounts advanced for such purpose.

D. Surplus Moneys: Any Revenues remaining in the Receiving Account at the end of any operating year after satisfying the foregoing requirements of this Section shall be deemed to be surplus moneys, and may, at the option of the County Agency, be used and applied for any purpose related to the System for which the foregoing accounts were established or to improve or extend the System; provided however, that if there should be any deficit in the Operation and Maintenance Account or the Redemption Account, then deposits of surplus moneys shall be made to such accounts in the priority and order named to the extent of any such deficit.

19. DEPOSITARY AND FUNDS ON HAND. Moneys in the several accounts of the System established pursuant to this Resolution and moneys derived from the proceeds of the sale of the Bonds shall be deposited with a bank, savings and loan association, or credit union designated by resolution of the Board of Commissioners. Moneys in the several accounts, except moneys in the Redemption Account and moneys derived from the proceeds of the sale of the Bonds, may be kept in one account at a bank, savings and loan association or credit union; provided that the moneys in the account shall be allocated on the books and records of the County Agency in the manner provided in this Resolution. The moneys in the Redemption Account and moneys derived from the proceeds of the sale of the Bonds shall each be kept in a separate depository account.

20. PRIORITY OF ACCOUNTS. In the event the moneys in the Receiving Account are insufficient to provide for the current requirements of the Operation and Maintenance Account or the Redemption Account, any moneys or securities in other funds of the System, except the proceeds of the sale of the Series 2013 Bonds, shall be credited or transferred, first, to the Operation and Maintenance Account and second, to the Redemption Account, to the extent of any deficit therein.

21. INVESTMENTS. Except as herein otherwise provided, moneys in the funds and accounts established herein and moneys derived from the proceeds of sale of the Series 2013 Bonds may be invested by the County in accordance with the County's investment policy adopted by the Board of Commissioners pursuant to Act 20, Public Acts of Michigan, 1943, as amended. Profit realized or interest income earned on investment of funds in the Receiving Account, the Operation and Maintenance Account, the Redemption Account and the Repair and Replacement Account shall be deposited in or credited as received to the Receiving Account.

22. SERIES 2013 BOND PROCEEDS. From the proceeds of the sale of the Series 2013 Bonds there shall be immediately deposited in the Redemption Account an amount equal to the accrued interest and premium, if any, received on the delivery of the Series 2013 Bonds. The balance of such proceeds shall be deposited in a construction fund and used solely to pay all or part of the cost of the Project and any engineering, legal and other expenses incident thereto, and shall be paid out only upon authorization of the County Agency; provided that the County Agency shall not authorize the payment of any such moneys for acquisition and construction until there shall have been first filed with it by the consulting engineer in charge of such work, a written statement to the effect that the sum so to be paid is in full or partial payment of a contractual obligation in connection with such improvements and that the County Agency has received the consideration for such payment. The statement of the consulting engineer shall also show the cost of acquisition and construction that has theretofore been approved by it for payment and the amount of the balance that will be required for completion of the Project.

23. SERIES 2013-A BOND FORM. The Series 2013-A Bonds shall be in substantially the following form, with such changes and additions as shall be determined appropriate by the Chairperson of the Board of Commissioners:

UNITED STATES OF AMERICA
STATE OF MICHIGAN

COUNTY OF BAY
WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2013-A

INTEREST RATE	MATURITY DATE	DATE OF ORIGINAL ISSUE
_____%	See Exhibit A	

Registered Owner: Michigan Finance Authority

Principal Amount:

The County of Bay, State of Michigan (the "County"), acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above or so much thereof as shall have been advanced to the County pursuant to a Purchase Contract between the County and the Michigan Finance Authority (the "Authority") and a Supplemental Agreement by and among the County, the Authority and the State of Michigan acting through the Department of Environmental Quality on the maturity dates and in the amounts set forth in Exhibit A attached hereto, unless redeemed prior thereto as hereinafter provided, the final payment to be made upon presentation and surrender of this bond at the office of the County Treasurer, County of Bay, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest at the rate per annum specified above on such Principal Amount, to the extent advanced to the County pursuant to the Purchase Contract and the Supplemental Agreement and not forgiven pursuant to the related Order of Approval issued by the Michigan Department of Environmental Quality, until the County's obligation with respect to the payment of such Principal Amount is discharged. Interest is payable on the first days of _____ and _____ in each year, commencing on _____ 1, 201_. Principal and interest are payable in lawful money of the United States of America.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the

bonds of the Authority issued to provide funds to purchase this bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the County's default. Such additional interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority) the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the County shall and hereby agrees to pay on demand only the County's pro rata share (as determined by the Authority) of such deficiency as additional interest on this bond.

During the time funds are being drawn down by the County under this bond, the Authority periodically will provide the County a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the County of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this bond.

This bond is a single obligation in the principal amount of _____ Dollars ($_____) issued by the County under and pursuant to a resolution duly adopted by the Board of Commissioners of the County on _____, 2013 (the "Resolution"), and under and in full compliance with the Constitution and statutes of the State of Michigan including specifically Act 342, Public Acts of 1939, as amended, and Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of paying part of the cost of acquiring and constructing the Bay Area Water Treatment Plant and Raw Water Transmission Mains Project as part of the Bay Area Water Treatment Plant and Raw Water Transmission Mains System (the "System").

The County has authorized and pledged the revenues of the System to be used to pay the principal of and interest on this bond and any other bonds payable from such revenues when due. In addition, the County has irrevocably pledged its full faith and credit for the prompt payment of the principal of and interest on this bond as the same become due. The principal of and interest on this bond are payable as a first budget obligation of the County from its general funds. The ability of the County to raise such funds is subject to applicable statutory and constitutional limitations on the taxing power of the County. The amount of taxes necessary to pay the principal of and interest on the bonds, together with the taxes levied for the same year, shall not exceed the limit authorized by law.

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 additional bonds of equal standing may hereafter be issued, the rights and limitations on the owner of this bond and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Resolution.

The County has covenanted and agreed, and does hereby covenant and agree to fix and maintain at all times while any bonds payable from the revenues of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the principal of and interest on this bond and any other bonds payable from such revenues as and when the same shall become due and payable, and to maintain a bond redemption 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 Resolution.

This bond is transferable, as provided in the Resolution, only upon the books of the County kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the Registered Owner or his attorney duly authorized in writing. Upon the exchange or transfer of this bond a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in any increments not exceeding the aggregate principal amount for each maturity.

The bond registrar and paying agent shall not be required to transfer or exchange this bond or any portion of this bond which has been selected for redemption.

This bond is subject to redemption prior to maturity at the option of the County only with the prior written consent of the Authority and upon such terms as may be required by the Authority. That portion of this bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

Notwithstanding any other provision of this bond, so long as the Authority is the owner of this bond, (a) this bond is payable as to principal, premium, if any, and interest at The Bank of New York Mellon Trust Company, N.A. or at such other place as shall be designated in writing to the County by the Authority (the "Authority's Depository"); (b) the County agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the County's deposit by 12:00 noon on the scheduled day, the County shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this bond shall be given by the County and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of the County, including this bond, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the County of Bay, State of Michigan, by its Board of Commissioners, has caused this bond to be executed in its name by manual or facsimile signatures of the Chairperson of the Board of Commissioner and the County Clerk and its corporate seal (or facsimile thereof) to be impressed or imprinted hereon, all as of the Date of Original Issue. This bond shall not be valid unless the Certificate of Authentication has been manually executed by the bond registrar and paying agent.

COUNTY OF BAY

[SEAL]

By: _____
Chairperson, Board of Commissioners

And: _____
County Clerk

Dated: _____, 2013

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Resolution.

_____

County Treasurer, County of Bay
Bond Registrar and Paying Agent

AUTHENTICATION DATE:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

_____

(please print or type name, address and taxpayer identification number of transferee) the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

_____

attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Signature Guaranteed: _____

Signatures must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

EXHIBIT A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the bond to which this Exhibit A is attached (the "Bond") shall be made until the full amount advanced to the County is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the County and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the County by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the County.

The principal amounts and maturity dates applicable to the bond to which this Exhibit A is attached are as follows:

MATURITY DATE 1	PRINCIPAL MATURITY
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	

[END OF BOND FORM]

24. SERIES 2013-B BOND FORM. The Series 2013-B Bonds shall be in substantially the following form, with such changes and additions as shall be determined appropriate by the Chairperson of the Board of Commissioners:

UNITED STATES OF AMERICA
STATE OF MICHIGAN

COUNTY OF BAY
WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2013-B

INTEREST RATE	MATURITY DATE	DATE OF ORIGINAL ISSUE
See Exhibit A	See Exhibit A	

Registered Owner: Michigan Finance Authority

Principal Amount:

The County of Bay, State of Michigan (the "County"), acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount on the Maturity Dates and in the amounts set forth in Exhibit A attached hereto, unless redeemed prior thereto as hereinafter provided, the final payment to be made upon presentation and surrender of this bond at the office of County Treasurer, County of Bay, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest at the Interest Rates specified on Exhibit A on such Principal Amount from the Date of Original Issue specified above or such date through which interest has been paid until County's obligation with respect to the payment of such Principal Amount is discharged. Interest is payable on the first day of _____ and _____ in each year, commencing on _____ 1, 201_. Principal and interest are payable in lawful money of the United States of America.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest that is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the County's default. Such additional interest shall be payable on the interest payment date following demand of the Authority.

This bond is a single obligation in the principal amount of _____ Dollars ($_____) issued by the County under and pursuant to a resolution duly adopted by the Board of Commissioners of the County on _____, 2013 (the "Resolution"), 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 paying part of the cost of acquiring and constructing the Bay Area Water Treatment Plant and Raw Water Transmission Mains Project as part of the Bay Area Water Treatment Plant and Raw Water Transmission Mains System County (the "System").

The County has authorized and pledged the revenues of the System to be used to pay the principal of and interest on this bond and any other bonds payable from such revenues when due. In addition, the County has irrevocably pledged its full faith and credit for the prompt payment of the principal of and interest on this bond as the same become due. The principal of and interest on this bond are payable as a first budget obligation of the County from its general funds. The ability of the County to raise such funds is subject to applicable statutory and constitutional limitations on the taxing power of the County. The amount of taxes necessary to pay the principal of and interest on the bonds, together with the taxes levied for the same year, shall not exceed the limit authorized by law.

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 additional bonds of equal standing may hereafter be issued, the rights and limitations on the owner of this bond and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Resolution.

The County has covenanted and agreed, and does hereby covenant and agree to fix and maintain at all times while any bonds payable from the revenues of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the principal of and interest on this bond and any other bonds payable from the Net Revenues as and when the same shall become due and payable, and to maintain a bond redemption 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 Resolution.

This bond is transferable, as provided in the Resolution, only upon the books of the County kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the Registered Owner or his attorney duly authorized in writing. Upon the exchange or transfer of this bond a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in the denomination of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

The bond registrar and paying agent shall not be required to transfer or exchange this bond or any portion of this bond which has been selected for redemption.

This bond is subject to optional redemption in whole or in part in such order as the County shall determine, in integral multiples of $5,000 on any interest payment date on or after _____ 1, 20__ at the redemption price of par, plus accrued interest to the redemption date. Bonds or portions of bonds called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

Notwithstanding any other provision of this bond, so long as the Authority is the owner of this bond, (a) this bond is payable as to principal, premium, if any, and interest at the corporate trust office of U.S. Bank National Association, St. Paul, MN or at such other place as shall be designated in writing to the County by the Authority (the "Authority's Depository"); (b) the County agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this bond in immediately available funds at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; and (c) written notice of any redemption of this bond shall be given by the County and received by the Authority's Depository at least 40 days prior to the date on which redemption is to be made.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of the County, including this bond, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the County of Bay, State of Michigan, by its Board of Commissioners, has caused this bond to be executed in its name by manual or facsimile signatures of the Chairperson of the Board of Commissioner and the County Clerk and its corporate seal (or facsimile thereof) to be impressed or imprinted hereon, all as of the Date of Original Issue. This bond shall not be valid unless the Certificate of Authentication has been manually executed by the bond registrar and paying agent.

COUNTY OF BAY

[SEAL]

By: _____
Chairperson, Board of Commissioners

And: _____
County Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Resolution.

_____

County Treasurer, County of Bay
Bond Registrar and Paying Agent

AUTHENTICATION DATE:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

_____

(please print or type name, address and taxpayer identification number of transferee) the within bond and all rights thereunder and does hereby irrevocably constitute and appoint

_____

attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Signature Guaranteed: _____

Signatures must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

EXHIBIT A

The principal amounts, interest rates and maturity dates applicable to the bond to which this Exhibit A is attached are as follows:

MATURITY DATES (1)	PRINCIPAL AMOUNTS	INTEREST RATES
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		

[END OF BOND FORM]

25. SECURITY. It is expected that the principal of and interest on the Bonds will be paid from revenues of the System, and such revenues are hereby authorized to be used for such purpose. In addition, the full faith and credit of the County are pledged hereby to the payment of the principal and interest on the Series 2013 Bonds authorized by this Resolution. Each year the County shall include in its budget as a first budget obligation an amount sufficient to pay such principal and interest as the same shall become due. The ability of the County to raise such funds is subject to applicable constitutional, statutory and charter limitations on the taxing power of the County. The amount of taxes necessary to pay the principal of and interest on the Series 2013 Bonds, together with the taxes levied for the same year, shall not exceed the limit authorized by law. To the extent that the revenues of the System are insufficient to pay the principal of and interest on the Series 2013 Bonds, the proceeds of such taxes (both current and delinquent) shall be deposited as collected into the bond and interest redemption account established in Section 18B hereof, and until the principal of and the interest on the Series 2013 Bonds are paid in full, such proceeds shall be used only for payment of such principal and interest.

26. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF SERIES 2013 BONDS. The Series 2013 Bonds shall be sold at private, negotiated sales to the Authority, as authorized by Act 227. It is hereby determined that this method of sale is in the best interests of the County and is calculated to provide the County with the lowest cost of borrowing money.

The sale of the Series 2013-A Bonds shall be made pursuant to the terms and conditions to be set forth in a Purchase Contract (the "Series 2013-A Purchase Contract") and a Supplemental Agreement (the "Supplemental Agreement"). The Chairperson of the Board of Commissioners is authorized to execute and deliver the Supplemental Agreement and the Series 2013-A Purchase Contract in such forms as shall be approved by the Chairperson of the Board of Commissioners, with such approval to be evidenced by the Chairperson of the Board of

Commissioners' signature thereon. Notwithstanding any other provision of this Resolution, the Series 2013-A Bonds shall be initially sold to the Authority as one bond, numbered 1, in the full aggregate principal amount of the Series 2013-A Bonds. The Chairperson of the Board of Commissioners is authorized to execute one or more written orders (i) containing the determinations that the Chairperson of the Board of Commissioners is authorized to make as provided in this Resolution and (ii) making such changes in the provisions of the Series 2013-A Bonds or this Resolution to comply with the requirements of the Authority or otherwise to enable the Series 2013-A Bonds to be sold to the Authority. In addition, the Chairperson of the Board of Commissioners, the County Clerk, the County Treasurer, the County Finance Director and other County and County Agency employees and officials are authorized to execute and deliver to the Authority the Issuer's Certificate and any such certificates and documents as the Authority or bond counsel shall require and to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Series 2013-A Bonds in accordance with the provisions of this Resolution.

The sale of the Series 2013-B Bonds shall be made pursuant to the terms and conditions to be set forth in a Purchase Contract (the "Series 2013-B Purchase Contract"). Notwithstanding any other provision of this Resolution, the Series 2013-B Bonds shall be initially sold to the Authority as one bond, numbered 1, in the full aggregate principal amount of the Series 2013-B Bonds. The Chairperson of the Board of Commissioners is authorized to execute one or more written orders (i) containing the determinations that the Chairperson of the Board of Commissioners is authorized to make as provided in this Resolution and (ii) making such changes in the provisions of the Series 2013-B Bonds or this Resolution to comply with the requirements of the Authority or otherwise to enable the Series 2013-B Bonds to be sold to the Authority; provided, however, that the net interest rate on the Series 2013-B Bonds shall not exceed 7.00% per annum. The Chairperson of the Board of Commissioners is authorized to execute and deliver the Series 2013-B Purchase Contract, in such form as the Chairperson of the

Board of Commissioners shall deem appropriate. In addition, the Chairperson of the Board of Commissioners, the County Clerk, the County Treasurer, the County Finance Director and other County and County Agency employees and officials are authorized to execute and deliver a nonarbitrage certificate, a non-litigation certificate and such other certificates or documents as the Authority and bond counsel shall require or are otherwise necessary to complete the transaction including, but not limited to, any certificates relating to federal or state securities laws, rules or regulations, and to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Series 2013-B Bonds in accordance with the provisions of this Resolution.

27. REPLACEMENT OF BONDS. Upon receipt by the County Clerk of proof of ownership of an unmatured Bond, of satisfactory evidence that the Bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the County Clerk, the County Clerk may authorize the bond registrar and paying agent to deliver a new executed Bond to replace the Bond lost, apparently destroyed or wrongfully taken in compliance with applicable law. In the event an outstanding matured Bond is lost, apparently destroyed or wrongfully taken, the County Clerk may authorize the bond registrar and paying agent to pay the Bond without presentation upon the receipt of the same documentation required for the delivery of a replacement Bond. The bond registrar and paying agent, for each new Bond delivered or paid without presentation. as provided above, shall require the payment of expenses, including counsel fees, which may be incurred by the bond registrar and paying agent and the County in the premises. Any Bond delivered pursuant the provisions of this Section in lieu of any Bond lost, apparently destroyed or wrongfully taken shall be of the same form and tenor and be secured in the same manner as the Bond in substitution for which such Bond was delivered.

28. COVENANTS. The County hereby covenants and agrees with the registered owner, from time to time, of the Series 2013 Bonds herein proposed to be issued, that it will punctually perform all duties with reference to the System and the Series 2013 Bonds required by the Constitution and laws of the State of Michigan and by this Resolution; that it will not sell, lease, mortgage or in any manner dispose of the System or any substantial part thereof, until all Bonds shall have been paid in full; and that it will not, to the extent permitted by law, permit any person, firm or corporation to compete with it in the furnishing of water supply services to premises within its corporate limits. The County further covenants and agrees with the registered owner of the Series 2013 Bonds that it will maintain the System in good condition and operate the same in an efficient manner and at a reasonable cost, so long as the Series 2013 Bonds are outstanding; that it will maintain insurance on the System for the benefit of the registered owner of the Series 2013 Bonds in an amount that usually would be carried by private companies engaged in a similar type of business; that it will prepare, keep and file such records, statements and accounts as may be required by Act 94; and that it will furnish a copy of the foregoing statements and the annual audit of the System prepared by a certified public accountant to the registered owner of the Series 2013 Bonds upon payment of the actual cost of such copy.

29. ADDITIONAL BONDS. In accordance with the provisions of Act 94, the right is reserved to issue Additional Bonds payable from the Revenues of the System that shall be of equal standing and priority of lien on the Net Revenues of the System with the Series 2013 Bonds for completion of the Project, for the acquisition and construction of repairs, enlargements extensions, additions and improvements to the System, for refunding all or a part of any outstanding Bonds or any other debt incurred by the County for any purpose for which Bonds may be issued hereunder, for paying costs of issuing such Additional Bonds and for payment of interest on such Additional Bonds. Except as provided in the last paragraph of this Section, Additional Bonds for such purposes shall not be issued unless the actual or augmented (as

hereinafter detailed in this Section) Net Revenues of the System for the then last preceding audited fiscal year shall be equal to at least 100% of the maximum annual principal and interest requirements on any outstanding Bonds and Additional Bonds then being issued. If the Additional Bonds are to be issued in whole or in part for refunding of outstanding Bonds, the annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each fiscal year the annual principal and interest requirements of any Bonds or Bonds to be refunded from the proceeds of the Additional Bonds. For purposes of this Section, the County may elect to use as the last preceding fiscal year any fiscal year ending not more than sixteen months prior to the date of delivery of the Additional Bonds for which an audit is available. If any change in the rates, fees or charges of the System shall be authorized at or prior to the time of the resolution authorizing the sale of any Additional Bonds, the Net Revenues for the preceding fiscal year shall be augmented by an amount reflecting the effect of such change had the System's billings during such fiscal year been at the adopted rates. In addition, the actual Net Revenues for the preceding audited fiscal year may be augmented by 70% of the estimated increase in Net Revenues to accrue as a result of the acquisition and construction of the repairs, enlargements, extensions, additions and improvements to the System to be paid for in whole or in part from the proceeds of the Additional Bonds and 100% of the increase in Net Revenues resulting from any repair, enlargement, extension, addition or improvement that was made subsequent to the end of the last audited fiscal year. Determination by the County Agency as to existence of conditions permitting the issuance of Additional Bonds shall be conclusive; provided, however, that with respect to augmentation of Net Revenues, the County shall engage the services of and receive the certificate of a consulting engineer (with experience in advising municipalities with respect to setting rates and charges for the use of water supply systems) regarding the existence of such conditions or, if no augmentation is required, the County Agency may rely only on audited financial statements. Except as provided in the last paragraph of this Section no Additional Bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in this Section if

the County shall then be in default in making its required payments to any accounts created hereunder.

Notwithstanding any provision of this Section to the contrary, the County may issue Additional Bonds for any purpose described in this Section if it pledges the full faith and credit of the County as additional security for the payment of the principal of and interest on the Additional Bonds when due.

30. TAX COVENANT. The County covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, necessary to assure that the interest on the Series 2013 Bonds will be and will remain excludable from gross income for federal income tax purposes. The Chairperson of the Board of Commissioners, the County Clerk, the County Treasurer and the County Finance Director, and other appropriate employees and officials of the County and the County Agency, are to be authorized to do all things necessary to assure that the interest on the Series 2013 Bonds will be and will remain excludable from gross income for federal income tax purposes.

31. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF BONDS. The Chairperson of the Board of Commissioners, the County Clerk, the County Treasurer and the County Finance Director, and other officers and employees of the County and the County Agency, are authorized to do all things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Series 2013 Bonds in accordance with the provisions of this Resolution.

32. APPROVAL OF MICHIGAN DEPARTMENT OF TREASURY. The issuance and sale of the Series 2013 Bonds is subject to approval being granted therefor by the

Department of Treasury of the State of Michigan in accordance with Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and the County Treasurer and the Chairperson of the Board of Commissioners are each authorized to file an application with the Department of Treasury for permission to issue the Series 2013 Bonds as provided in Act 34.

33. OFFICIAL STATEMENT. The County Treasurer and the Chairperson of the Board of Commissioners are each authorized to approve on behalf of the County the disclosure relating to the County contained in the official statement relating to the initial offering of the Authority's bonds being issued for the purpose of raising moneys to purchase the Series 2013-B Bonds and are each further authorized to approve the use and distribution of such official statement by the underwriters of the Authority's bonds.

34. CONTINUING DISCLOSURE. The County Treasurer and the Chairperson of the Board of Commissioners are each authorized to execute and deliver in the name and on behalf of the County a continuing disclosure certificate in connection with the issuance of the Series 2013-B Bonds to comply with the requirements for a continuing disclosure undertaking by the County pursuant to paragraph (b)(5) of Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended, and amendments to such certificate from time to time in accordance with the terms of such certificate (the certificate and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Certificate"). The County hereby covenants and agrees that it will comply with and carry out all the provisions of the Continuing Disclosure Certificate.

35. REDUCTION OF PRINCIPAL AMOUNTS OF SERIES 2013 BONDS. In the event that the Chairperson of the Board of Commissioners determines that it is not necessary for

the County to issue Series 2013 Bonds in the aggregate principal amounts set forth in Sections 5, 6 and 7 of this Resolution, the Chairperson of the Board of Commissioners is authorized to reduce such amounts by executing a written order that sets forth the new aggregate principal amounts of the Series 2013 Bonds and designates principal maturity amounts. In such case, the form of the Series 2013-A Bonds and the Series 2013-B Bonds set forth in this Resolution shall be modified accordingly.

36. RATIFICATION OF ACTIONS. The actions of the Director of the Bay County Department of Water and Sewer in connection with the applications with State of Michigan agencies for assistance through the Drinking Water Revolving Fund and other assistance relating to the Project are ratified and confirmed.

37. SUBSTITUTION OF VICE CHAIRPERSON FOR CHAIRPERSON. In the event of the unavailability of the Chairperson of the Board of Commissioners to take any action authorized by the terms of this Resolution, the Vice Chairperson of the Board of Commissioners is authorized to act for and in his place.

38. REPEAL, SAVINGS CLAUSE. All resolutions and parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, repealed.

39. SEVERABILITY; PARAGRAPH HEADINGS; AND CONFLICT. If any paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such paragraph, clause or provision shall not affect any of the other provisions of this Resolution. The paragraph headings in this Resolution are furnished for convenience of reference only and shall not be considered to be part of this Resolution.

40. PUBLICATION AND RECORDATION. This Resolution shall be published in full once in a newspaper of general circulation in the County promptly after its adoption and shall be recorded in the minutes of the meeting of the Board of Commissioners at which this Resolution was adopted. Such recording shall be authenticated by the signatures of the Chairperson of the Board of Commissioners and the County Clerk.

41. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

Adopted and signed on the 20th day of August, 2013.

COUNTY OF BAY

By: _____
Chairperson, Board of Commissioners

And: _____
County Clerk

MOVED BY COMM._____

SUPPORTED BY COMM._____

COMMISSIONER	Y	N	E	COMMISSIONER	Y	N	E	COMMISSIONER	Y	N	E
BRANDON KRAUSE				KIM J. COONAN				MICHAEL E. LUTZ			
ERNIE KRYGIER				THOMAS M. HEREK							
VAUGHN J. BEGICK				DONALD J. TILLEY							

VOTE TOTALS:
ROLL CALL: YEAS_____ NAYS_____ EXCUSED_____
VOICE: YEAS_____ NAYS_____ EXCUSED_____

DISPOSITION: ADOPTED_____ DEFEATED_____ WITHDRAWN_____
AMENDED_____ CORRECTED_____ REFERRED_____

STATE OF MICHIGAN)
)ss
COUNTY OF BAY)

I hereby certify that the foregoing constitutes a true and complete copy of a Resolution duly adopted by the Board of Commissioners of the County of Bay, Michigan, at a special meeting held on the 20th day of August, 2013, and that the meeting was conducted and public notice was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976 (the "Act"), and that the minutes of the meeting were kept and will be or have been made available as required by the Act.

_____
County Clerk
County of Bay

BLOOMFIELD 9260-3 1306476v2

No. 2013-145

BAY COUNTY BOARD OF COMMISSIONERS

8/20/13

RESOLUTION

BY: PERSONNEL/JUDICIAL COMMITTEE (8/20/13)

WHEREAS, On May 21, 2013, via resolution no. 2013-93, the Bay County Board of Commissioners authorized filling an Assistant Prosecutor vacancy which resulted from a retirement; and

WHEREAS, Applications were received and interviews conducted with the candidate chosen being an Assistant Prosecutor in Saginaw County with over 27 years of experience; and

WHEREAS, The Bay County Prosecutor is requesting a waiver of the County's step process in the PN10 pay scale to allow this candidate to hire in at the 3 year step of the PN10 level instead of the entry level; Therefore, Be It

RESOLVED That the Bay County Board of Commissioners waives the PN10 level, in this instance, to allow the newly hired Assistant Prosecutor to be compensated at the PN10 3 year step ($37.65/hr.) effective with the date said Assistant Prosecutor begins employment.

BRANDON KRAUSE, CHAIR
AND COMMITTEE

Prosecutor - Waiver of Pay Scale - Assistant Prosecutor

MOVED BY COMM._____

SUPPORTED BY COMM._____

COMMISSIONER	Y	N	E	COMMISSIONER	Y	N	E	COMMISSIONER	Y	N	E
BRANDON KRAUSE				KIM J. COONAN				MICHAEL E. LUTZ			
ERNIE KRYGIER				THOMAS M. HEREK							
VAUGHN J. BEGICK				DONALD J. TILLEY							

VOTE TOTALS:
ROLL CALL: YEAS_____ NAYS_____ EXCUSED_____
VOICE: YEAS_____ NAYS_____ EXCUSED_____

DISPOSITION: ADOPTED_____ DEFEATED_____ WITHDRAWN_____
AMENDED_____ CORRECTED_____ REFERRED_____