

ST CLAIR RIVER WATER & SEWER AUTHORITY RESOLUTION 04-2022

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$6,500,000 ST. CLAIR RIVER SEWER AND WATER AUTHORITY
WATER SUPPLY SYSTEM BONDS, SERIES 2022
(CHARTER TOWNSHIP OF EAST CHINA)
(LIMITED TAX GENERAL OBLIGATION)

Minutes of a special meeting of the Board of Trustees of the St. Clair River Sewer and Water Authority held on the 18th day of August, 2022, at 5:00 p.m., prevailing Eastern Time.

PRESENT: Members: GRASKI, BEIER, FREEHAN

ABSENT: Members: KNOTTS, BEANOVA

The following preamble and resolution were offered by Member BEIER and supported by Member FREEHAN:

WHEREAS, the St. Clair River Sewer and Water Authority (the "Authority") has been incorporated under the provisions of Act 233, Public Acts of Michigan, 1955, as amended (the "Act"), by the Charter Township of East China for the purposes set forth in the Act; and

WHEREAS, the Authority and the Charter Township of East China (the "Local Unit") have entered into a St. Clair River Sewer and Water Authority Contract dated as of June 1, 2022 (the "Contract") for the purpose of acquisition, construction, furnishing, equipping and financing of certain improvements to the Authority's existing water supply system to serve the Local Unit, consisting generally of removing and replacing existing valves, abandonment of existing water main, transfer of existing water services with new stop box, hydrant assembly, open cut of PVC and ductile iron pipe, directional drilling of HDPE, bypass assembly, meter replacement assembly, meter register assembly, and other related work items including driveway and road removal and replacement and connections to existing water mains, together with all necessary interests in land, appurtenances and attachments thereto (the "Project"), to be acquired and constructed to serve the Local Unit; and

WHEREAS, under the provisions of the Contract, the Local Unit has obligated itself to pay its share of the cost of the Project to be financed by the issuance of bonds of the Authority by paying the installments plus interest thereon, as specified in Section 10 of the Contract, and the Local Unit has further obligated itself to levy taxes annually to the extent necessary for the purpose of meeting said installments plus interest thereon, subject, however, to applicable constitutional and statutory tax rate limitations, all as provided in Section 11 of the Contract; and

WHEREAS, the use of the Project will be made available to the Local Unit, and citizens thereof, in return for annual payments which will be applied to offset the payment obligations of the Authority; and

WHEREAS, the Authority now proposes to issue its bonds, as authorized by Section 9 of the Act, in anticipation of and secured solely by the contractual obligations of the Local Unit to provide the necessary funds to pay the Local Unit's share of the cost of acquiring and constructing the System (hereinafter defined), and all things necessary to the authorization and issuance of the Authority's bonds under the Act having been done and the Authority being now empowered to issue, and desirous of authorizing the issuance of, the bonds; and

WHEREAS, the Project qualifies for the State of Michigan Drinking Water Revolving Fund ("DWRP") financing program being administered by the Michigan Department of Environment, Great Lakes, and Energy ("EGLE") and the Michigan Finance Authority ("MFA"), whereby bonds of the Authority are sold to the MFA and bear interest at a fixed rate of two and one-eighth percent (2.125%) per annum; and

WHEREAS, the plans for the Project are in process of preparation and are anticipated to be approved by EGLE; and

WHEREAS, in pursuance of the authority granted by Act 233, the Authority desires to issue and sell the necessary bonds to the MFA to pay the cost of the Project.

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

Section 1. Definitions. Wherever used in this resolution or in the Bonds to be issued hereunder, except where otherwise indicated by the context:

- (a) "Authority" means the St. Clair River Sewer and Water Authority.
- (b) "Bonds" means the bonds of the Authority described herein and, specifically, in Section 5 hereof.
- (c) "Contract" means the St. Clair River Sewer and Water Authority Contract dated as of June 1, 2022 between the Authority and the Local Unit.
- (d) "Contractual Payments" means the debt service installment payments required to be made by the Local Unit to the Authority pursuant to the provisions of Section 10 of the Contract and pledged to the payment of the principal of and interest on the Bonds authorized by the provisions of this resolution.
- (e) "Department of Treasury" means the Department of Treasury of the State of Michigan.
- (f) "Depository Bank" means the Michigan bank or trust company selected by the Board which is a member of the Federal Deposit Insurance Corporation.
- (g) "System" means the St. Clair River Sewer and Water Authority Water Supply System (Charter Township of East China), consisting of the Project, including site acquisition and development therefor, as more particularly described in the Contract,

together with all necessary appurtenances and rights in land thereto, being defrayed from the proceeds of the Bonds.

Section 2. Plans and Specifications; Necessity. The plans, specifications and cost estimates for the System as prepared by the Authority's consulting engineers (the "Consulting Engineers") are hereby accepted and approved, and it is hereby determined to be advisable and necessary for the public health of citizens of the Local Unit to acquire, construct and complete the System as provided in said plans and specifications.

Section 3. Estimated Cost; Useful Life of Local Unit's Share of System. The total estimated cost of acquiring and constructing the System, including payment of incidental expenses as specified in Section 5 of this resolution, in the amount of not to exceed \$6,500,000 and the Local Unit's share thereof of not to exceed \$6,500,000, is hereby approved and confirmed. The estimated period of usefulness of the System is determined to be not less than thirty (30) years.

Section 4. Authorization of Bonds. For the purpose of defraying the Local Unit's share of the cost of the System, including payment of engineering, legal and financing expenses, and other expenses incident thereto and incident to the issuance of the Bonds, there shall be borrowed the sum of not to exceed \$6,500,000, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 5. Details of Bonds. The Bonds shall be designated WATER SUPPLY SYSTEM BONDS, SERIES 2022 (CHARTER TOWNSHIP OF EAST CHINA) (LIMITED TAX GENERAL OBLIGATION), the principal of and interest thereon to be payable solely out of the Contractual Payments required to be paid by the Local Unit pursuant to the Contract, shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, and payable on April 1 in the years and amounts as follows, subject to revision by any Authorized Officer (hereinafter defined) in the event that the principal amount of the Bonds issued is reduced:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2025 | \$170,000 | 2039 | \$230,000 |
| 2026 | \$175,000 | 2040 | \$235,000 |
| 2027 | \$180,000 | 2041 | \$240,000 |
| 2028 | \$185,000 | 2042 | \$245,000 |
| 2029 | \$190,000 | 2043 | \$250,000 |
| 2030 | \$190,000 | 2044 | \$255,000 |
| 2031 | \$195,000 | 2045 | \$265,000 |
| 2032 | \$200,000 | 2046 | \$270,000 |
| 2033 | \$205,000 | 2047 | \$275,000 |
| 2034 | \$210,000 | 2048 | \$280,000 |
| 2035 | \$215,000 | 2049 | \$285,000 |
| 2036 | \$215,000 | 2050 | \$290,000 |
| 2037 | \$220,000 | 2051 | \$300,000 |
| 2038 | \$225,000 | 2052 | \$305,000 |

Final determination of the payment dates and amounts of principal installments of the Bonds shall be evidenced by execution of a Purchase Contract (the "Purchase Contract") between the Authority and the MFA providing for sale of the Bonds, and any of the Chair, Secretary and Treasurer of the Authority and the Township Supervisor and Township Manager (the "Authorized Officers") are authorized and directed to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above provided, however, that the principal installments shall not exceed thirty (30) in number, the total principal amount shall not exceed \$6,500,000, and the bond shall mature no later than October 1, 2055.

The Bonds or principal installments thereof will be subject to prepayment prior to maturity in the manner and at the times as provided in the form of Bonds contained in this resolution or as may be approved by the MFA at the time of prepayment.

The Bonds shall bear interest at a rate of two and one-eighth percent (2.125%) per annum on the par value thereof or such other rate as evidenced by execution of the Purchase Contract, but in any event not to exceed the rate permitted by law, and the Authorized Officers shall deliver the Bonds in accordance with the delivery instructions of the MFA.

The Bonds principal amount is expected to be drawn down by the Authority periodically, and interest on principal amount shall accrue from the date such principal amount is drawn down by the Authority.

The Bonds shall not be convertible or exchangeable into more than one fully-registered bond. Principal of and interest on the Bonds shall be payable as provided in the Bond form in this resolution.

The Secretary of the Authority shall record on the registration books payment by the Authority of each installment of principal or interest or both when made and the canceled checks or other records evidencing such payments shall be returned to and retained by the Secretary.

Upon payment by the Authority of all outstanding principal of and interest on the Bonds, the MFA shall deliver the Bonds to the Authority for cancellation.

Section 6. Execution and Delivery of Bonds. The Bonds shall be signed with the manual or facsimile signature of the Chair of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall have the corporate seal of the Authority impressed or imprinted thereon. The Bonds bearing the manual or facsimile signatures of the Chair and the Secretary sold to the MFA shall require no further authentication. U.S. Bank Trust Company, National Association, Detroit, Michigan, or such other bank as may be determined by the MFA, is hereby appointed to act as Transfer Agent for the Bonds.

Section 7. Source of Payment; Pledge; Remedies. The Bonds and the interest thereon shall be payable solely from the Contractual Payments received by the Authority, for the payment of which the Local Unit has, in the Contract, pledged its limited tax full faith and credit pursuant to the provisions of the Act, in the amounts set forth in the Contract. The Local Unit has covenanted and agreed to provide annually general or special funds in amounts sufficient to meet when due its Contractual Payments in anticipation of which the Bonds are issued, or, if necessary, to levy ad valorem taxes on all taxable property within their respective boundaries for such purpose, subject

to applicable constitutional and statutory tax rate limitations. All of such Contractual Payments are hereby pledged solely and only for the payment of principal of and interest on the Bonds. The holder or holders of the Bonds, representing in the aggregate not less than twenty percent (20%) of the entire issue then outstanding, may, by suit, action or other proceedings, protect and enforce the aforesaid pledge and enforce and compel the performance of all duties of the officials of the Authority, including, but not limited to, compelling the Local Unit, by proceedings in a court of competent jurisdiction or other appropriate forum, to make the Contractual Payments, appropriate general funds, and levy and collect appropriate taxes as herein authorized and as may be required under the Contract to be so appropriated, certified, levied and collected by the Local Unit for the Contractual Payments.

If required by the MFA and approved by the Local Unit, the Bonds may additionally be secured by a revenue sharing pledge of the Local Unit.

Section 8. Custody of Funds. The Treasurer of the Authority shall be custodian of all funds of the Authority belonging to or associated with the System, and such funds shall be deposited in the Depository Bank.

Section 9. Establishment of the Debt Retirement Fund. The Authority shall, after the adoption of this resolution and the delivery of the Bonds herein authorized, open a special depository account with the Depository Bank to be designated DEBT RETIREMENT FUND - ST. CLAIR RIVER SEWER AND WATER AUTHORITY WATER SUPPLY SYSTEM BONDS, SERIES 2022 (CHARTER TOWNSHIP OF EAST CHINA) (the "Debt Retirement Fund"), into which the Authority shall deposit the proceeds of the Bonds representing premium or accrued interest paid at the time of delivery of the Bonds, if any, and all Contractual Payments as received. The moneys from time to time on hand in the Debt Retirement Fund shall be used solely and only for the payment of the principal of and interest on the Bonds.

Section 10. Operation and Maintenance. The operation, maintenance and administration of the System, and the acquisition and construction thereof, shall be under the overall jurisdiction and control of the Authority.

Section 11. Bond Form. The Bonds shall be in substantially the following form, subject to such modifications which may be required by the Michigan Attorney General and the MFA and approved by bond counsel:

R-1
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF ST. CLAIR

ST. CLAIR RIVER SEWER AND WATER AUTHORITY

WATER SUPPLY SYSTEM BOND, SERIES 2022
(CHARTER TOWNSHIP OF EAST CHINA)
(LIMITED TAX GENERAL OBLIGATION)

REGISTERED OWNER: Michigan Finance Authority
PRINCIPAL AMOUNT: Six Million Five Hundred Thousand Dollars (\$6,500,000)
DATE OF ORIGINAL ISSUE: September 20, 2022

The ST. CLAIR RIVER SEWER AND WATER AUTHORITY, a public corporation of the State of Michigan (the "Issuer"), for value received, hereby promises to pay to the Michigan Finance Authority (the "Authority"), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, in lawful money of the United States of America, unless prepaid or reduced prior thereto as hereinafter provided.

During the time funds are being drawn down by the Issuer under this Bond, the Authority will periodically provide the Issuer 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 Issuer 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

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth on Schedule A attached hereto and made a part hereof, as such Schedule A may be adjusted if less than \$6,500,000 is disbursed to the Issuer or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of two and one-eighth percent (2.125%) per annum. Interest is first payable on April 1, 2023, and semiannually thereafter and principal is payable on the first day of October, commencing April 1, 2025 (as identified in the Purchase Contract) and annually thereafter.

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 U.S. Bank Trust

Company, National Association or at such other place as shall be designated in writing to the Issuer by the Authority (the "Authority's Depository"); (b) the Issuer 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 Issuer's deposit by 12:00 noon on the scheduled day, the Issuer 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 Issuer and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

Additional Interest

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 Issuer'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 Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the Authority) of such deficiency as additional interest on this bond.

This bond is the single, fully-registered, non-convertible bond in the principal sum of \$6,500,000, issued under and in pursuance of a resolution duly adopted by the Board of Trustees of the Issuer under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of paying the cost of constructing improvements to the System (as hereinafter defined).

This bond is payable solely from the proceeds of contractual payments to be paid by the Charter Township of East China, St. Clair County, Michigan (the "Local Unit") to the Issuer pursuant to a certain St. Clair River Sewer and Water Authority Contract dated as of June 1, 2022 (the "Contract"), between the Local Unit and the Issuer, whereby the Issuer is to assist in the financing of the cost of acquiring and constructing water supply system improvements and appurtenances and attachments thereto in the Local Unit, said system being designated as St. Clair River Sewer and Water Authority Water Supply System (Charter Township of East China) (the "System"). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Unit has pledged its limited tax full faith and credit for the payment of its contractual payments, and the Local Unit is obligated to pay such amounts from its general funds, including

collections of ad valorem taxes on all taxable property within their boundaries, subject to applicable constitutional and statutory tax rate limitations. The Issuer has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due.

Bonds may be subject to redemption prior to maturity by the Issuer only with the prior written consent of the Authority and on such terms as may be required by the Authority.

This bond is transferable only upon the registration books of the Issuer by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Issuer duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required to be done, exist and happen, precedent to and in the issuance of this bond, in order to make it a valid and binding obligation of said Issuer, have been done, exist and have happened in regular and due form and time as provided by law, and that the total indebtedness of said Local Unit does not exceed any constitutional or statutory limitation.

For a complete statement of the funds from which and the conditions under which this bond is payable and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Contract and the resolution of the Issuer authorizing the issuance of this bond.

IN WITNESS WHEREOF, the Issuer, by its Board of Trustees, has caused this bond to be signed in the name of said Issuer with the manual or facsimile signature of its Chair and to be countersigned by the manual or facsimile signature of its Secretary and its corporate seal to be impressed or imprinted hereon, all as of the Date of Original Issue.

ST. CLAIR RIVER SEWER AND WATER AUTHORITY

By: John L. Grubski
Vice Chair

(SEAL)

Countersigned:

By:

Robert J. ...
Secretary

EGLE Project No.: 7610-01
 EGLE Approved Amt: \$6,500,000*

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of the principal of the bond shall be made until the full amount advanced to the Issuer is repaid. In the event the Order of Approval issued by the Department of Environment, Great Lakes and Energy (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 Issuer 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 Issuer by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

| <u>Principal Installment</u> <u>Due on</u> | <u>Amount of Principal</u> <u>Installment</u> | <u>Principal Installment</u> <u>Due on</u> | <u>Amount of Principal</u> <u>Installment</u> |
|---|--|---|--|
| April 1, 2025 | \$170,000 | April 1, 2039 | \$230,000 |
| April 1, 2026 | \$175,000 | April 1, 2040 | \$235,000 |
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| April 1, 2029 | \$190,000 | April 1, 2043 | \$250,000 |
| April 1, 2030 | \$190,000 | April 1, 2044 | \$255,000 |
| April 1, 2031 | \$195,000 | April 1, 2045 | \$265,000 |
| April 1, 2032 | \$200,000 | April 1, 2046 | \$270,000 |
| April 1, 2033 | \$205,000 | April 1, 2047 | \$275,000 |
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| April 1, 2036 | \$215,000 | April 1, 2050 | \$290,000 |
| April 1, 2037 | \$220,000 | April 1, 2051 | \$300,000 |
| April 1, 2038 | \$225,000 | April 1, 2052 | \$305,000 |

Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the Issuer, pursuant to the Order from the date such portion is disbursed, until paid, at the rate of 2.125% per annum, payable April 1, 2023 and semi-annually hereafter.

The Issuer agrees that it will deposit with the Authority's Depository, or such other place as shall be designated in writing to the Issuer by the Authority 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 Issuer's deposit by 12:00 noon on the scheduled day, the Issuer 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.

*Not to exceed amount. Loan reductions at close out will result in a proportional decrease.

Section 12. Additional Bonds. Nothing contained in this resolution or the Contract shall be construed to prevent the Authority from issuing additional bonds under the provisions of the Act, but any such additional bonds shall in no way have any lien on or be payable out of the Contractual Payments pledged to the payment of the Bonds, except such additional bonds as may be necessary may be issued to complete the System pursuant to the authorization provided in Section 16 of the Contract.

Section 13. Construction Fund. The proceeds of sale of the Bonds, other than proceeds for premium or accrued interest described below, shall be deposited in a special depository account in the Depository Bank designated "ST. CLAIR RIVER SEWER AND WATER AUTHORITY WATER SUPPLY SYSTEM BONDS, SERIES 2022 (CHARTER TOWNSHIP OF EAST CHINA) CONSTRUCTION FUND" (the "Construction Fund"). Proceeds of the Bonds representing premium or accrued interest paid at the time of delivery of the Bonds shall be deposited into the Debt Retirement Fund established under the provisions of Section 9 of this resolution. The moneys in the Construction Fund shall be used solely and only to pay costs of the improvements authorized in this resolution and any engineering, legal, bond insurance, financing or other expenses incidental thereto on authorization of the Authority, in accordance with the provisions of the Contract. Any unexpended balance remaining in the Construction Fund after completion of the System may be used for the improvement or enlargement of the System or for other projects of the Authority undertaken on behalf of the Local Unit, if such use be approved by the Local Unit. Any balance remaining after such use, if any, shall be paid into the Debt Retirement Fund, and the Local Unit shall receive a credit for the amount of such balance against the Contractual Payment next due.

Section 14. Investment of Funds. Moneys in any funds and accounts of the Authority may be invested by the Authority in United States government obligations, the principal of and interest on which are guaranteed by the United States government, or in interest-bearing time deposits, as shall from time to time be determined by the Authority. In the event such investments are made, the securities representing the same shall be kept on deposit with the depository or depositories of the fund or funds from which such investments are made and such securities and the income therefrom shall become part of the Debt Retirement Fund, to the extent necessary to pay amounts owing on the Bonds.

Section 15. Resolution and Contract. The provisions of this resolution, together with the Contract, shall constitute a contract between the Authority and the holder or holders from time to time of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of the provisions of this resolution and the Contract may be made which would materially lessen the security for the Bonds.

Section 16. Covenants with Bondholders. The Authority covenants and agrees with the successive holders of the Bonds, so long as any of the Bonds remain outstanding and unpaid as to either principal or interest, as follows:

- (a) The Authority will punctually perform all of its obligations and duties under this resolution and the Contract, including the collection, segregation and application of the Contractual Payments in the manner required by the provisions of this resolution.

(b) The Authority will apply and use the proceeds of sale of the Bonds for the purposes and in the manner required by the Contract and this resolution.

(c) The Authority will maintain and keep proper books of record and account relative to the application of funds for the construction of the System and the Contractual Payments received pursuant to the Contract. Not later than three (3) months after the end of each year, the Authority shall cause to be prepared a statement in reasonable detail, sworn to by its chief accounting officer, showing the application of the proceeds of sale of the Bonds, the cash receipts from the Contractual Payments during such year and the application thereof, and such other information as may be necessary to enable any taxpayer or any holder or owner of the Bonds, or anyone acting in their behalf, to be fully informed as to all matters pertaining to the construction of the System and application of funds therefor or for the payment of the Bonds during such year. A certified copy of said statement shall be filed with the Clerk of the Local Unit and a copy shall also be sent to the manager or managers of the account purchasing the Bonds. The Authority shall also cause an annual audit of the books of record and account for the preceding operating year to be made by a recognized independent certified public accountant and shall mail such audit to the manager or managers of the account purchasing the Bonds and the Department of Treasury. The aforesaid audit may be submitted to said manager(s) in place of the aforesaid statement.

(d) The Authority shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Bonds pursuant to §148(c) of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder, in such a manner as to cause the bonds to be "arbitrage bonds" within the meaning of §103(b)(2) and §148 and the applicable regulations thereunder.

Section 17. Negotiated Sale. The Board has considered the option of selling the Bonds through a competitive sale and a negotiated sale, and, pursuant to the requirements of Act 34, based on the advice of its financial advisor, has determined to proceed with the sale of the Bonds by means of a negotiated sale with the MFA because of the efficiency provided by a negotiated sale to the MFA through the DWRP financing program in order to best achieve the most favorable terms and advantageous interest rates and obtain the lowest issuance costs and interest costs for the Authority and the Local Unit.

Section 18. Purchase Contract. When prepared, the proposed forms of Purchase Contract between the Authority and the MFA and Supplemental Agreement among the Authority, the MFA and EGLE shall be authorized to be approved by any or all of the Authorized Officers, and they are each authorized and directed to execute such documents with such revisions permitted by law and not materially adverse to the Authority as may be necessary or advisable to accomplish the sale of the Bonds to the MFA as contemplated herein.

The Authorized Officers are hereby jointly or severally authorized to take any actions necessary to comply with requirements of the MFA and EGLE in connection with sale of the Bonds to the MFA. The Authorized Officers are hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other

papers as may be required by the MFA or EGLE or as may be otherwise necessary or convenient to effect the approval, sale and delivery of the Bonds.

Section 19. Section Headings. Section headings are for convenience only and do not constitute a part of this resolution.

Section 20. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are repealed.

Section 21. Effective Date. This resolution shall become effective immediately upon its adoption.

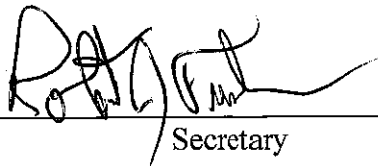
The foregoing resolution was offered by Member BEIER and supported by Member FREENAN and adopted by the following roll call vote:

AYES: Members: GRABSKI, BEIER, FREENAN

NAYS: Members: NONE


Secretary

I, the undersigned, Secretary of the St. Clair River Sewer and Water Authority, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Trustees of the Authority at a special meeting held on August 18, 2022 and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.


Secretary

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