

**RESOLUTION 14-24**  
**BOND AUTHORIZING RESOLUTION**  
**2014 CAPITAL IMPROVEMENT BONDS**  
**(LIMITED TAX GENERAL OBLIGATION)**

**COUNTY OF ST. CLAIR**  
**STATE OF MICHIGAN**

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Minutes of a regular meeting of the Board of Commissioners of the County of St. Clair, State of Michigan (the "County"), held on May 15, 2014.

PRESENT: Commissioners GRATOPP, BUSHING, BILLY, BOHAY  
HEIDEMAN, TORMION, SIMASKO

ABSENT: Commissioners \_\_\_\_\_

The following preamble and resolution were offered by Commissioner Bushing and supported by Commissioner TORMION:

WHEREAS, the County does hereby determine that it is necessary to perform certain capital improvements consisting generally of acquiring, constructing, rehabilitating, expanding and installing certain improvements to the County's landfill, including but not limited to, a septage injection landfill cell and associated infrastructure, a pump station and force main, various components necessary for the operation of a septage bioreactor system in several areas of the landfill, and related site improvements (the "Project"); and

WHEREAS, the Project qualifies for the State of Michigan Clean Water Revolving Fund financing program being administered by the Michigan Finance Authority (the "Authority"), and the Michigan Department of Environmental Quality ("MDEQ"), whereby the bonds of the County are sold to the Authority and bear interest at a fixed rate of two and one-half percent (2.50%) per annum; and

WHEREAS, to finance the cost of the Project, the Board of Commissioners deems it necessary to borrow the principal sum of not to exceed Six Million Eight Hundred Seventy Thousand Dollars (\$6,870,000) and issue capital improvement bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"); and

WHEREAS, a notice of intent was published in accordance with Act 34 which provides that the capital improvement bonds may be issued without a vote of the electors of the County unless a proper petition for an election on the question of the issuance of the bonds is filed with the County Clerk within a period of forty-five (45) days from the date of publication.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Authorization of Bonds; Bond Terms. Subject to no petition being filed within the 45-day period referenced above, Bonds of the County designated 2014 CAPITAL IMPROVEMENT BONDS (LIMITED TAX GENERAL OBLIGATION) (the "Bonds"), are authorized to be issued in the aggregate principal sum of not to exceed Six Million Eight Hundred Seventy Thousand Dollars (\$6,870,000) for the purpose of paying the cost of the Project, including the costs incidental to the issuance, sale and delivery of the Bonds. The Bonds 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, payable in principal installments as finally determined at the time of sale of the Bonds and approved by the Authority and any of the Administrator/Controller, Deputy Controller/Finance Director, County Clerk or County Treasurer (collectively, the "Authorized Officers"). Final determination of the principal amount of and interest on the Bonds and the payment dates and amounts of principal installments of the Bonds shall be evidenced by the execution of a purchase contract (the "Purchase Contract"), between the County and the Authority providing for sale of the Bonds and each of the Authorized Officers is 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 first principal installment shall be due no earlier than October 1, 2015, the final principal installment shall be due no later than October 1, 2040 and the total principal amount shall not exceed \$6,870,000.

The Bonds shall bear interest at an interest rate per annum on the par value thereof as evidenced by execution of the Purchase Contract, but in any event not to exceed two and one-half percent (2.50%) per annum and any of the Authorized Officers as shall be appropriate shall deliver the Bonds in accordance with the delivery instructions of the Authority. The Bonds principal amount is expected to be drawn down by the County periodically, and interest on the principal amount shall accrue from the date such principal amount is drawn down by the County.

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 Bonds form in this Resolution.

The Bonds or principal installments thereof shall be subject to prepayment prior to maturity by the County with the prior approval of the Authority.

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

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

2. Execution of Bonds. The Chairperson of the Board of Commissioners and County Clerk are authorized to execute and deliver the Bonds in accordance with the delivery instructions of the Authority. The Bonds of this issue shall be executed in the name of the County with the manual or facsimile signatures of the Chairperson of the Board of Commissioners and County Clerk of the County and shall have the seal of the County, or a facsimile thereof, printed or impressed on the Bonds. The

Bonds bearing the manual or facsimile signatures of the Chairperson of the Board of Commissioners and the County Clerk sold to the Authority shall require no further authentication.

3. Transfer of Bonds. Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the transfer agent. Whenever any Bond or Bonds shall be surrendered for transfer, the County shall execute and the transfer agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The transfer agent shall require payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The County shall not be required (i) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the day of the giving of a notice of redemption of Bonds selected for redemption as described in the form of Bonds contained in Section 6 of this Resolution and ending at the close of business on the day of that giving of notice, or (ii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part. The County shall give the transfer agent notice of call for redemption at least 20 days prior to the date notice of redemption is to be given.

The transfer agent shall keep or cause to be kept at its principal office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the County; and upon presentation for such purpose the transfer agent shall under such reasonable regulations as it may prescribe transfer or cause to be transferred on said books Bonds as hereinbefore provided.

If any Bond shall become mutilated, the County, at the expense of the holder of the Bond, shall execute, and the transfer agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the transfer agent of the mutilated Bond. If any Bond issued under this Resolution shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the transfer agent and, if this evidence is satisfactory to both and indemnity satisfactory to the transfer agent shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended ("Act 354"), being sections 129.131 to 129.135, inclusive, of the Michigan Compiled Laws have been met, the County, at the expense of the owner, shall execute, and the transfer agent shall thereupon authenticate and deliver, a new Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the transfer agent may pay the same without surrender thereof.

4. Limited Tax Pledge; Debt Retirement Fund; Defeasance of Bonds. The County hereby pledges its limited tax full faith and credit for the prompt payment of the Bonds. The County shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance as a first budget obligation from its general funds available therefor, or, if necessary, levy taxes upon all taxable property in the County subject to applicable constitutional and statutory tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year.

The County Treasurer is authorized and directed to open a depository account with a bank or trust company designated by the Board of Commissioners, to be designated 2014 CAPITAL IMPROVEMENT BONDS DEBT RETIREMENT FUND (the "Debt Retirement Fund"), the moneys to be deposited into the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds as they mature.

In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay at maturity or irrevocable call for earlier optional redemption, the principal of, premium, if any, and interest on the Bonds, shall be deposited in trust, this Resolution shall be defeased and the owners of the Bonds shall have no further rights under this Resolution except to receive payment of the principal of, premium, if any, and interest on the Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein.

5. Construction Fund; Proceeds of Bond Sale. The County Treasurer is authorized and directed to open a separate depository account with a bank or trust company designated by the Board of Commissioners, to be designated 2014 CAPITAL IMPROVEMENT BONDS CONSTRUCTION FUND (the "Construction Fund") and deposit into said Construction Fund the proceeds of the Bonds less accrued interest, if any, which shall be deposited into the Debt Retirement Fund. The moneys in the Construction Fund shall be used solely to pay the costs of the Project and the costs of issuance of the Bonds.

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

UNITED STATES OF AMERICA  
STATE OF MICHIGAN

**COUNTY OF ST. CLAIR**

2014 CAPITAL IMPROVEMENT BOND  
(LIMITED TAX GENERAL OBLIGATION)

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: Six Million Eight Hundred Seventy Thousand Dollars  
(\$6,870,000)

DATE OF ORIGINAL ISSUE: June 25, 2014

The COUNTY OF ST. CLAIR, State of Michigan (the "County"), acknowledges itself to owe and 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 County pursuant to a Purchase Contract between the County and 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, in lawful money of the United States of America, unless prepaid or reduced prior thereto as hereinafter provided.

During the time the Principal Amount is being drawn down by the County under this bond, the Authority will periodically provide to 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 (subject to any principal forgiveness as provided for in Schedule A), 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 the Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$6,870,000 is disbursed to the County 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-half percent (2.50%) per annum. Interest is first payable on October 1, 2014, and semiannually thereafter and principal is payable on the first day of October commencing October 1, 2018 (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 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.

#### 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 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.

This bond is the single, fully registered, nonconvertible bond in the principal sum of \$6,870,000 issued for the purpose of paying the cost of capital improvements for the County. This bond is issued under the provisions of Act 34, Public Acts of Michigan, 2001, as amended and a duly adopted resolution of the County.

Bonds may be subject to redemption prior to maturity by the County 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 books of the County by the registered owner in person or 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 transfer agent, duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new 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, and upon payment of the charges, if any, therein prescribed.

This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the County, and the County is required, if necessary, to levy ad valorem taxes on all taxable property in the County for the payment thereof, subject to applicable constitutional and statutory tax rate limitations.

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

IN WITNESS WHEREOF, the County, by its Board of Commissioners, has caused this bond to be signed in the name of the County by the manual signatures of its Chairperson of the Board of Commissioners and County Clerk and [a facsimile of] its corporate seal [impressed] [to be printed hereon], all as of the Date of Original Issue.

COUNTY OF ST. CLAIR  
State of Michigan

By: \_\_\_\_\_ [facsimile]

Its: Chairperson, Board of  
Commissioners

(SEAL)

By:  \_\_\_\_\_ [facsimile]

Its: County Clerk

DEQ Project No.: 5587-01  
 DEQ Approved Amt: \$6,870,000  
 Loan Amount Forgiven: \_\_\_\_\_  
 Loan Amount to be Repaid: \$

**SCHEDULE A**

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of 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, (2) that less than the principal amount of assistance approved by the Order is disbursed to the County by the Authority or (3) that any portion of the principal amount of assistance approved by the Order and disbursed to the County is forgiven pursuant to the Order, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the County.

| <u>Principal Installment</u><br><u>Due on</u> | <u>Amount of Principal</u><br><u>Installment</u> |
|---|--|
| October 1, 2018                               | \$295,000  |
| October 1, 2019                               | 300,000  |
| October 1, 2020                               | 305,000  |
| October 1, 2021                               | 310,000  |
| October 1, 2022                               | 315,000  |
| October 1, 2023                               | 320,000  |
| October 1, 2024                               | 325,000  |
| October 1, 2025                               | 330,000  |
| October 1, 2026                               | 335,000  |
| October 1, 2027                               | 340,000  |
| October 1, 2028                               | 345,000  |
| October 1, 2029                               | 350,000  |
| October 1, 2030                               | 355,000  |
| October 1, 2031                               | 360,000  |
| October 1, 2032                               | 365,000  |
| October 1, 2033                               | 370,000  |
| October 1, 2034                               | 380,000  |
| October 1, 2035                               | 385,000  |
| October 1, 2036                               | 390,000  |
| October 1, 2037                               | <u>395,000</u>                                   |
|   | \$6,870,000                                      |

Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the County which has not been forgiven pursuant to the Order from the date such portion is disbursed, until paid, at the rate of 2.50% per annum, payable October 1, 2014, and semi-annually thereafter.

The County agrees that it will deposit with the Authority's Depository, or such other place as shall be designated in writing to the County 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 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.



7. Sale of Bonds. The County hereby determines that it is in the best interest of the County to negotiate the sale of the Bonds to the Authority because the Clean Water Revolving Fund financing program provides significant interest savings to the County compared to a competitive sale in the municipal bond market. The Authorized Officers are hereby authorized to make application to the Authority and to the MDEQ for placement of the Bonds with the Authority.

8. Execution of Documents. The actions taken by the Authorized Officers with respect to the Bonds prior to the adoption of this Resolution are ratified and confirmed. The Authorized Officers are authorized to execute and deliver the Purchase Contract, Supplemental Agreement and County's Certificate to the Authority. Prior to the delivery of the Bonds to the Authority, any Authorized Officer is hereby authorized to make such changes to the form of Bond contained in Section 6 of this Resolution as may be necessary to conform to the requirements of Act 227, Public Acts of Michigan 1985, as amended ("Act 227"), including, but not limited to changes in the principal maturity and interest payment dates and references to additional security required by Act 227.

9. Approval of Bond Counsel. The representation of the County by Miller, Canfield, Paddock and Stone, P.L.C. ("Miller Canfield"), as bond counsel is hereby approved, notwithstanding the representation by Miller Canfield of the Authority which may include advising the Authority with respect to this borrowing.

10. Approval of Bond Details. The Authorized Officers are each hereby authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing is authorized to exercise the authority and make the determinations authorized pursuant to Section 315(1)(d) of Act 34, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, and other matters, provided that the principal amount of Bonds issued shall not exceed the principal amount authorized in this Resolution, the interest rate per annum on the Bonds shall not exceed two and one-half percent (2.50%) per annum, and the Bonds shall mature in annual installments not to exceed twenty (20) in number.

11. Useful Life of Project. The estimated period of usefulness of the Project is hereby declared to be not less than thirty (30) years.

12. Tax Covenant. The County shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of Bond proceeds and moneys deemed to be Bond proceeds.


13. Authorization of Other Actions. The Authorized Officers are each authorized and directed to take all other actions necessary or advisable, and to make such other filings with any parties, to enable the sale and delivery of the Bonds as contemplated herein.

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

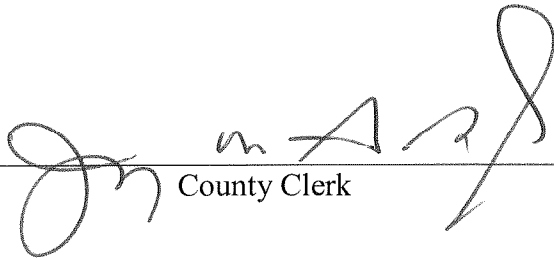
AYES: Commissioners: GRATOPP, MUSHING, BAILY, BOHM  
HEIDTAWN, TORION, SIMASKO

NAYS: Commissioners: \_\_\_\_\_

RESOLUTION DECLARED ADOPTED.

  
\_\_\_\_\_  
County Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Commissioners of the County of St. Clair, State of Michigan, at a regular meeting held on May 15, 2014, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

  
\_\_\_\_\_  
County Clerk

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

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