

Agenda
Milk River Intercounty Drain Drainage Board
Macomb and Wayne Counties
Thursday, September 3, 2020, at 10:00 a.m.
Special Virtual Meeting

To Join the Zoom Meeting: <https://us02web.zoom.us/j/7499589010>
Meeting ID: 749 958 9010
Password: 12345678a\$

To Join by Telephone: (312) 626-6799
Meeting ID: 749 958 9010
Password: 453490

1. Call to Order
Board Members
Michael R. Gregg, Chair, Michigan Department of Agriculture & Rural Development
Elmeka N. Steele, Esq., Wayne County Drain Commissioner, Wayne County
Candice Miller, Macomb County Public Works Commissioner, Macomb County
Bryan Babcock, P.E., Director of Public Works/Water, City of St. Clair Shores
John Szymanski, Acting City Manager, City of Harper Woods
2. Approval of Agenda
3. Approval of the Minutes for:
 - a. August 13, 2020, Regular Drainage Board Meeting
4. Reports (None)
5. New Business (None)
6. Unfinished Business
 - a. Final MRIDDD FY21 Budget
 - b. Financing Options

Wayne County Finance Staff
K. Blanchett/T Donnelly
7. Public Comment
8. Next Drainage Board Meeting:
Thursday, September 17, 2020 @ 10:00 a.m.
St. Clair Shores City Hall, Council Chambers
9. Adjournment

**Milk River Intercounty Drain Drainage District
2020 - 2021 O&M BUDGET**

Budget Summary

Summary of Total Costs

	O&M	Priority 1b Debt	New Bond Debt	Total
Grosse Pointe Woods	\$ 2,254,958	\$ 1,111,274	\$ 125,615	\$ 3,491,847
Harper Woods	1,308,534	992,665	224,385	2,525,584
St. Clair Shores	15,615	-	-	15,615
County of Wayne	62,382	-	-	62,382
State of Michigan	85,725	63,156	-	148,880
	\$ 3,727,214	\$ 2,167,094	\$ 350,000	\$ 6,244,308

Operation and Maintenance (O & M) Summary

Revenue

Municipal Assessments	\$ 3,727,214
Interest Income	39,000
Misc. Receipts/Land Rental (AT&T)	24,040
Total Revenue	\$ 3,790,254

Expense

Supplies	\$ 47,100
Contractual Services	3,349,454
Utilities	300,500
Other	93,200
Total Expense	\$ 3,790,254

Breakdown of Municipal Revenue Assessments by Community

	Historical Percentages	FY 2021 O&M
Grosse Pointe Woods	60.50%	\$ 2,254,958
Harper Woods	35.11%	1,308,534
St. Clair Shores	0.42%	15,615
County of Wayne	1.67%	62,382
State of Michigan	2.30%	85,725
	100.00%	\$ 3,727,214

**Milk River Intercounty Drain Drainage District
2020 - 2021 O&M BUDGET**

Budget Summary

Priority 1B Improvements Project Debt Payment Assessment (Estimated)

	Principal Spring due MFA Apr 1	Interest Spring due MFA Apr 1	Interest Fall due MFA Oct 1	Total
Grosse Pointe Woods	\$ 740,988	\$ 189,774	\$ 180,512	\$ 1,111,274
Harper Woods	661,900	169,519	161,245	992,665
St. Clair Shores	-	-	-	-
County of Wayne	-	-	-	-
State of Michigan	42,112	10,785	10,259	63,156
Total	\$ 1,445,000	\$ 370,078	\$ 352,016	\$ 2,167,094

NOTE: St. Clair Shores and County of Wayne have each prepaid their Assessment for the Project. The above interest payments are estimated; actual amounts will be based on actual draws.

Priority 1B Assessment Table

	Priority 1b Percentage	Revised Percentage Based on Prepayments
Grosse Pointe Woods	50.50%	51.28%
Harper Woods	45.11%	45.81%
St. Clair Shores (Prepaid)	0.31%	0.00%
County of Wayne (Prepaid)	1.21%	0.00%
State of Michigan	2.87%	2.91%
Total	100.00%	100.00%

Proposed New Bond Debt Payment Table

	Principal due Apr 1	Interest due Apr 1	Interest due Oct 1	Total
Grosse Pointe Woods	\$ 67,649	\$ 30,707	\$ 27,258	\$ 125,615
Harper Woods	120,842	54,852	48,692	224,385
St. Clair Shores	-	-	-	-
County of Wayne	-	-	-	-
State of Michigan	-	-	-	-
Total	\$ 188,491	\$ 85,559	\$ 75,950	\$ 350,000

NOTE: St. Clair Shores, MDOT and the County of Wayne will each prepay their assessment for the Project. GPW will prepay 50% of their assessment. The above interest payments are estimated; actual amounts will be based on actual draws.

Proposed New Bond Debt Payment Table

	Percentage of Proposed Bond Issuance
Grosse Pointe Woods	35.89%
Harper Woods	64.11%
St. Clair Shores (prepaid)	0.00%
County of Wayne (prepaid)	0.00%
State of Michigan (prepaid)	0.00%
Total	100.00%

**Milk River Intercounty Drain Drainage District
2020 - 2021 O&M BUDGET**

	BUDGET	Actual	PROP. BUDGET	INCREASE/
	FY 2020	FY20 thru June 30, 2020	FY 2021	(DECREASE)
REVENUE				
Community Assessments	\$ 4,010,722	\$ 2,448,421	\$ 3,727,214	\$ (283,507)
Interfund Chargeback Revenue		\$ -	\$ -	\$ -
Misc. Receipts/Land Rental (AT&T)	\$ 24,040	\$ 14,023	\$ 24,040	\$ -
Interest on Investments	\$ 58,000	\$ 28,858	\$ 39,000	\$ (19,000)
Grosse Pointe Shores Excess Flow Fee	\$ 132,000	\$ 99,000	\$ -	\$ (132,000)
TOTAL REVENUE	\$ 4,224,762	\$ 2,590,302	\$ 3,790,254	\$ (434,507)
EXPENDITURES				
Office/Computer Supplies	\$ -	\$ -	\$ 100	\$ 100
Vehicle Supplies	\$ -	\$ -	\$ -	\$ -
Parts/Other Equipment	\$ 15,000	\$ 9,856	\$ 15,000	\$ -
Clothing Allowance	\$ -	\$ -	\$ -	\$ -
Lubricants/Motor Fuels	\$ -	\$ -	\$ -	\$ -
Bulk Chemicals	\$ 32,000	\$ 20,791	\$ 32,000	\$ -
Supplies	\$ 47,000	\$ 30,647	\$ 47,100	\$ 100
			\$ -	\$ -
SEMSD	\$ 619,038	\$ 464,278	\$ 599,271	\$ (19,767)
Misc. Fees	\$ 6,500	\$ 6,049	\$ 6,500	\$ -
Lab Services	\$ 8,000	\$ 7,096	\$ 10,000	\$ 2,000
Engineering Services	\$ 54,000	\$ 34,410	\$ 54,000	\$ -
Legal Services	\$ 26,000	\$ 7,835	\$ 40,000	\$ 14,000
FMD Support Allocation	\$ -	\$ -	\$ -	\$ -
DPS/ESG Admin Allocation	\$ 65,000	\$ 48,750	\$ 90,000	\$ 25,000
Outside Facility Support Chargeback	\$ 14,888	\$ -	\$ -	\$ (14,888)
Engineering (Internal)	\$ 13,056	\$ -	\$ -	\$ (13,056)
Central Services Chargeback	\$ 5,416	\$ 9,099	\$ 12,000	\$ 6,584
Personnel Chargeback	\$ -	\$ -	\$ -	\$ -
Indirect Cost	\$ 15,635	\$ 11,491	\$ 15,000	\$ (635)
M&B Finance	\$ 57,612	\$ 43,209	\$ 58,000	\$ 388
Legal (Internal)	\$ -	\$ -	\$ -	\$ -
Misc. Contractual Services	\$ 34,000	\$ 198,541	\$ 127,000	\$ 93,000
Sewage Disposal Charges	\$ 2,121,781	\$ 1,326,521	\$ 2,337,684	\$ 215,903
Data Circuits & Telephone	\$ -	\$ 1,309	\$ -	\$ -
Contractual Services	\$ 3,040,926	\$ 2,158,588	\$ 3,349,454	\$ 308,529
Electricity	\$ 265,000	\$ 182,576	\$ 255,000	\$ (10,000)
Gas	\$ 26,000	\$ 7,333	\$ 20,500	\$ (5,500)
Water & Sewer	\$ 12,000	\$ 8,091	\$ 25,000	\$ 13,000
Utilities	\$ 303,000	\$ 198,000	\$ 300,500	\$ (2,500)

**Milk River Intercounty Drain Drainage District
2020 - 2021 O&M BUDGET**

	BUDGET	Actual	PROP. BUDGET	INCREASE/
	FY 2020	FY20 thru June 30, 2020	FY 2021	(DECREASE)
Building Repairs & Maint.	\$ 8,000	\$ 4,334	\$ 7,000	\$ (1,000)
Equipment Repairs & Maint.	\$ 25,000	\$ 6,451	\$ 58,000	\$ 33,000
Inspection ofr Sanit Sewer and Repair	\$ -	\$ -	\$ -	\$ -
Vehicle Repair & Maint.	\$ -	\$ -	\$ -	\$ -
Equipment Rental	\$ 12,000	\$ 1,335	\$ 6,000	\$ (6,000)
Machinery & Equipment	\$ -	\$ -	\$ 22,200	\$ 22,200
Other Operating Expense	\$ 45,000	\$ 12,120	\$ 93,200	\$ 48,200
				\$ -
Additional Priority 1b Cost Over SRF Funding	\$ 788,836	\$ -	\$ -	\$ (788,836)
TOTAL O&M EXPENSE	\$ 4,224,762	\$ 2,399,355	\$ 3,790,254	\$ (434,507)

**Milk River Intercounty Drain Drainage District
2020 - 2021
Reserves**

Cash Balance as of June 30, 2020

Operations & Maintenance (O&M)	\$	25,752
Supplemental Funding Construction Project	\$	2,214,293
Reserve for Replacement	\$	<u>341,791</u>
Total	\$	<u>2,581,836</u>

**Milk River Intercounty Drain Drainage District
2020 - 2021
Debt Information**

SRF 5446-01

<u>DATE</u>		<u>INTEREST</u>		<u>PRINCIPAL</u>		<u>TOTAL</u>
4/1/2021	\$	370,078	\$	1,445,000.00	\$	1,815,078
10/1/2021	\$	352,016		0	\$	352,016

SRF 5446-01 had its first drawdown on 02/02/17. The first principal payment is due on 4/01/2021. This Fiscal Year includes the first principal payment due for the SRF project. Interest will continue to be estimated until the full amount of the loan is drawn. The interest showing for 4/1/21 and 10/1/21 is up to date based on the most recent amortization schedule.

New- Proposed Bond Issuance

<u>DATE</u>		<u>INTEREST</u>		<u>PRINCIPAL</u>		<u>TOTAL</u>
4/1/2021	\$	85,559	\$	188,491.00	\$	274,050
10/1/2021	\$	75,950			\$	75,950

Note:

Both the principal and interest payments are estimates. In addition, interest will continue to be estimated until the full amount of the bond issuance is repaid. The payments are based on a proposed bond repayment schedule where 2020 payments are being used for 2021 payments given the current structure of the debt service schedule.

At a meeting of the Milk River Intercounty Drain Drainage Board held on September 3, 2020.

PRESENT: _____

ABSENT: _____

The following resolution was offered by _____ and seconded by _____:

**RESOLUTION APPROVING SPECIAL ASSESSMENT ROLL AND AUTHORIZING THE
ISSUANCE OF MILK RIVER INTERCOUNTY DRAIN BONDS, SERIES 2020**

WHEREAS, the Department of Environmental Quality of the State of Michigan (the “DEQ” and now known as the Department of Energy, Great Lakes, and the Environment), acting through its Water Resources Division, and the Milk River Intercounty Drain Drainage Board (the “Drainage Board”), have entered into an Administrative Consent Order (the “Consent Order”), dated February 7, 2014, pursuant to which the Drainage Board agreed to take certain actions in connection with its operation of the Milk River Combined Sewer Overflow Retention/Treatment Basin (the “Milk River CSO RTB”), to remedy violations of Part 31 and Part 41 of the Natural Resources and Environmental Protection Act (Act 451, Public Acts of Michigan, 1994, as amended) and the Drainage Board’s National Pollution Discharge Elimination System Permit No. M10025500; and

WHEREAS, on February 10, 2014, the Director of the DEQ issued an Order of Determination (the “Order of Determination”) to the Wayne County Drain Commissioner pursuant to Section 423(3) of Act 40, Public Acts of Michigan, 1956, as amended (the “Drain Code”), which Order of Determination (i) determined that the Milk River CSO RTB needs the modifications and upgrades identified in the Compliance Program of the Consent Order and (ii)

ordered the Wayne County Drain Commissioner and the Drainage Board to proceed with the modifications and upgrades to the Milk River CSO RTB as identified in such Compliance Program as provided in Chapter 21 of the Drain Code; and

WHEREAS, the Drainage Board, on April 25, 2016, established a Final Order of Apportionment of the cost of the improvements to the Milk River Intercounty Drain designated as the Milk River Intercounty Drain Priority 1B and Select Improvements Project (the “Improvements”), to be borne by the several public corporations, as follows:

City of Harper Woods	45.11%
City of Grosse Pointe Woods	50.50%
City of St. Clair Shores	0.31%
Charter County of Wayne, on account of drainage to county highways	1.21%
State of Michigan, on account of drainage to state highways	<u>2.87%</u>
	100.00%

; and

WHEREAS, on August 2, 2016, the Drainage Board approved (i) the estimate of the cost of the Improvements in the amount of \$38,770,904 and (ii) Special Assessment Roll No. 1 for the Milk River Intercounty Drain Priority 1B and Select Improvements Project (“Special Assessment Roll No. 1”) assessing \$37,195,370 of the cost of the Improvements against the foregoing public corporations in accordance with the Final Order of Apportionment; and

WHEREAS, on September 16, 2016, the Milk River Intercounty Drain Drainage District (the “Drainage District”) issued its Milk River Intercounty Drain Bonds, Series 2016 in the original principal amount of \$36,270,000 (the “2016 Bonds”) to defray part of the cost of the Improvements to be paid from special assessments against the City of Grosse Pointe Woods, the City of Harper Woods and the State of Michigan on Special Assessment Roll No. 1; and

WHEREAS, cost overruns have been and will be incurred with respect to the Improvements in the estimated amount of \$6,385,000 (the “Additional Cost of the Improvements”) so that the proceeds of the 2016 Bonds will not be sufficient to pay the total cost

of the Improvements, and it is therefore necessary for the Drainage Board to approve an additional special assessment roll and to authorize the issuance of additional bonds to pay the Additional Cost of the Improvements as hereinafter provided.

BE IT RESOLVED BY THE MILK RIVER INTERCOUNTY DRAIN DRAINAGE BOARD, as follows:

1. APPROVAL OF SPECIAL ASSESSMENT ROLL. Special Assessment Roll No. 2 for the Milk River Intercounty Drain Priority 1B and Select Improvements Project (“Special Assessment Roll No. 2”), upon which special assessment roll are spread assessments against the City of Harper Woods, the City of Grosse Pointe Woods, the City of St. Clair Shores, the Charter County of Wayne and the State of Michigan aggregating the principal sum of \$6,385,000, is approved and ordered filed with the Chairperson. The aggregate amount assessed and the amount assessed against each public corporation shall be adjusted in accordance with a supplemental order (the “Supplemental Order”) to be entered by the Chairperson and Secretary of the Drainage Board (a) at the time bonds are sold and (b) if necessary, at the time the Improvements are completed; provided, however, that the aggregate amount assessed shall not exceed \$6,385,000 without the prior approval of the Drainage Board.

2. SUPPLEMENTAL ORDER. The amounts assessed against each public corporation that are not prepaid shall be divided into annual installments by the Chairperson and Secretary on behalf of the Drainage Board in the Supplemental Order and the aggregate annual installments shall equal the annual principal maturities of the bonds issued by the Drainage District.

3. STATEMENT OF APPROVAL OF SPECIAL ASSESSMENT ROLL. The Chairperson and Secretary shall execute the statement affixed to Special Assessment Roll No. 2 setting forth the date of such approval.

4. INSTALLMENTS AND INTEREST. The annual installments of the assessments against the City of Harper Woods and the City of Grosse Pointe Woods, as set forth in the Supplemental Order of the Chairperson and Secretary, shall become due each year on the dates

indicated in the Supplemental Order, and the amounts of the assessments from time to time unpaid shall bear interest, from the date set forth in the Supplemental Order until paid, which is sufficient to pay the interest on the bonds to be issued by the Drainage District which interest shall be payable annually as set forth in the Supplemental Order. The assessments against the City of Grosse Pointe Woods (partial prepayment), the City of St. Clair Shores, the Charter County of Wayne and the State of Michigan in the aggregate amount of \$1,892,514, as they may be adjusted pursuant to the Supplemental Order, shall be prepaid on or before September 30, 2020, in the case of the City of Grosse Pointe Woods, the Charter County of Wayne and the State of Michigan, and on or before July 1, 2021, in the case of the City of St. Clair Shores.

5. PREPAYMENT OF INSTALLMENT BY SURRENDER OF BONDS. The City of Harper Woods and the City of Grosse Pointe Woods may pay in advance of maturity all or any part of an annual installment by surrendering to the Drainage District bonds issued in anticipation of the special assessments of a like principal amount maturing in the same calendar year as the installment. All bonds so surrendered shall be cancelled.

6. CERTIFICATION TO ASSESSED PUBLIC CORPORATIONS. The Chairperson of the Drainage Board, within 10 days of the date hereof, shall certify to each public corporation assessed the amount of the total assessment against it and within 10 days of the date of the Supplemental Order shall certify to each public corporation the amount of the adjusted assessment, if any, the amounts of the various installments, the due date of each installment and the interest upon the assessment from time to time unpaid. Also, each year as provided by law, the Chairperson shall notify each public corporation assessed of the amount of the installment and interest next becoming due.

7. DETERMINATION OF NECESSITY. The Improvements are necessary for the public health and in order to defray the Additional Cost of the Improvements it is necessary to issue bonds as hereinafter provided.

8. AUTHORIZATION OF BONDS – PURPOSE. Bonds of the Drainage District aggregating the principal sum of not to exceed Four Million Four Hundred Ninety Thousand

Dollars (\$4,490,000) (the “Bonds”) shall be issued and sold pursuant to the provisions of the Drain Code and other applicable statutory provisions, for the purpose of defraying the Additional Cost of the Improvements.

9. BOND DETAILS. The Bonds shall be designated “Milk River Intercounty Drain Bonds, Series 2020;” shall be dated as of such date as shall be approved by the Chairperson at the time of sale; shall be numbered from 1 upwards; shall be fully registered; 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 (provided, however, if each maturity of the Bonds bears interest at the same rate and the Bonds are not initially issued through the book-entry-only system of DTC as described in Section 11 hereof, the Bonds may be issued in the form of a single bond in the denomination of \$4,490,000 or such lower amount as shall be approved by the Chairperson, with an exhibit attached thereto which identifies the annual maturities for the Bonds); shall bear interest at a rate or rates not to exceed 5.00% per annum, payable on such dates as shall be determined by the Chairperson at the time of sale; and shall mature on such dates and in such years as shall be determined by the Chairperson at the time of sale.

10. PAYMENT OF PRINCIPAL AND INTEREST. The principal of and interest on the Bonds shall be payable in lawful money of the United States. The principal of and premium, if any, on the Bonds shall be payable upon surrender thereof at the office of the bond registrar and paying agent and the interest shall be payable to the registered owner of the Bonds at the address appearing on the registration books of the Drainage District 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. Interest shall be paid when due by wire transfer, check or draft drawn upon and mailed by the bond registrar and paying agent mailed to the registered owner at the registered address, or by such other method approved by the Chairperson.

11. BOOK-ENTRY SYSTEM. Initially, one fully-registered Bond for each maturity, in the aggregate amount of such maturity, shall be issued in the name of Cede & Co., as nominee

of The Depository Trust Company (“DTC”) for the benefit of other parties (the “Participants”) in the book-entry-only transfer system of DTC. In the event the Drainage District determines that it is in the best interest of the Drainage District not to continue the book-entry system of transfer or that the interests of the holders of the Bonds might be adversely affected if the book-entry system of transfer is continued, the Drainage District may notify DTC and the bond registrar and paying agent, whereupon DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the bond registrar and paying agent shall deliver, transfer and exchange bond certificates as requested by DTC and any Participant or “beneficial owner” in appropriate amounts in accordance with this resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Drainage District and the bond registrar and paying agent and discharging its responsibilities with respect thereto under applicable law or the Drainage District may determine that DTC is incapable of discharging its duties and may so advise DTC. In either such event, the Drainage District shall use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor securities depository), the Drainage District and the bond registrar and paying agent shall be obligated to deliver bond certificates in accordance with the procedures established by this resolution. In the event bond certificates are issued, the provisions of this resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Drainage District and the bond registrar and paying agent to do so, the Drainage District and the bond registrar and paying agent shall cooperate with DTC in taking appropriate action after reasonable notice to make available one or more separate certificates evidencing the Bonds to any Participant having bonds credited to its DTC account or to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Notwithstanding any other provision of this resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, interest on and redemption premium, if any, on the Bonds and all notices with

respect to the Bonds shall be made and given, respectively, to DTC as provided in the Blanket Issuer Letter of Representations between DTC and the Drainage District, and the Chairperson is authorized to sign the Blanket Issuer Letter of Representations on behalf of the Drainage District in such form as the Chairperson shall determine and to sign such additional documents as he deems necessary or appropriate in order to accomplish the issuance of the Bonds in accordance with law and this resolution.

Notwithstanding any other provision of this resolution to the contrary, the Bonds shall not be issued through the book-entry-only transfer system of DTC if (a) the Chairperson determines that such book-entry-only transfer system of DTC is not in the best interest of the Drainage District or (b) the purchaser is willing to accept physical delivery of the Bonds in authorized denominations as set forth in Section 9 hereof.

12. PRIOR REDEMPTION. The Bonds shall be subject to redemption prior to maturity, if so determined by the Chairperson at the time of sale, upon such terms and conditions as may be determined by the Chairperson following consultation with the Drainage District's municipal advisor.

13. BOND REGISTRAR AND PAYING AGENT. The Chairperson shall designate, and may enter into an agreement with, a bond registrar and paying agent for the Bonds that shall be a bank or trust company located in the State of Michigan that is qualified to act in such capacity under the laws of the United States of America or the State of Michigan. The Chairperson may from time to time as required designate a similarly qualified successor bond registrar and paying agent.

14. EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS. The Bonds shall be executed in the name of the Drainage District by the manual or facsimile signatures of the Chairperson and Secretary of the Drainage Board and authenticated by the manual signature of an authorized representative of the bond registrar and paying agent. After the Bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered by the Chairperson to the purchaser upon receipt of the purchase price. Additional

Bonds bearing the facsimile signatures of the Chairperson and Secretary of the Drainage Board may be delivered to the bond registrar and paying agent for authentication and delivery in connection with the exchange or transfer of Bonds. The bond registrar and paying agent shall indicate on each Bond the date of its authentication.

15. EXCHANGE AND TRANSFER OF BONDS. Any Bond, at the option of the owner thereof and 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 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 Bond.

Each Bond shall be transferable only upon the books of the Drainage District, which shall be kept for that purpose by the bond registrar and paying agent, upon surrender of such 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 Bond, the bond registrar and paying agent on behalf of the Drainage District shall cancel the surrendered Bond and shall authenticate and deliver to the transferee a new 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 Bond. If, at the time the bond registrar and paying agent authenticates and delivers a new Bond pursuant to this section, payment of interest on the Bonds is in default, the bond registrar and paying agent shall endorse upon the new Bond the following: "Payment of interest on this bond is in default. The last date to which interest has been paid is _____, ____."

The Drainage District and the bond registrar and paying agent may deem and treat the person in whose name any Bond shall be registered upon the books of the Drainage District as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes, and all payments made to any such registered owner, or upon his order, in accordance with the

provisions of Section 10 of this resolution shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Drainage District nor the bond registrar and paying agent shall be affected by any notice to the contrary. The Drainage District agrees to indemnify and save the bond registrar and paying agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

For every exchange or transfer of Bonds, the Drainage District 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 Bonds or portions of Bonds that have been selected for redemption.

16. FORM OF BONDS. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB AND WAYNE
MILK RIVER INTERCOUNTY DRAIN DRAINAGE DISTRICT
MILK RIVER INTERCOUNTY DRAIN BOND
SERIES 2020

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
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Registered Owner:

Principal Amount:

The Milk River Intercounty Drain Drainage District (the “Drainage District”), Counties of Macomb and Wayne, State of Michigan, 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 on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at _____ in _____, 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 wire transfer or 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 on such Principal Amount until the Drainage District’s obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first days of _____ and _____ in each year, commencing on _____. Principal and interest are payable in lawful money of the United States of America.

This bond is one of a series of bonds in the principal sum of _____ Dollars (\$_____) issued by the Drainage District under and pursuant to and in full conformity with the Constitution and Statutes of Michigan (especially Act 40, Public Acts of 1956, as amended), a bond authorizing resolution adopted by the Drainage Board for the Drainage District (the “Resolution”) and an Order of the Chairperson of the Drainage Board for the purpose of defraying part of the cost of acquiring and constructing the Milk River Intercounty Drain Priority 1B and Select Improvements Project. The bonds of this series are issued in anticipation of, and the principal and interest on the bonds are payable from, installments of special assessments assessed against public corporations on Special Assessment Roll No. 2 for Milk River Intercounty Drain Priority 1B and Select Improvements Project, which

assessments are the general obligations of such public corporations, and a Supplemental Order of the Chairperson and Secretary. Taxes imposed by the public corporations are subject to constitutional tax rate limitations. [The full faith and credit of the Charter County of Wayne have been pledged to the prompt payment of the principal of and interest on this bond as the same shall become due.]

This bond is transferable, as provided in the Resolution, only upon the books of the Drainage District 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 bonds or portions of bonds that have been selected for redemption.

[Insert Mandatory Redemption Provisions]

Bonds of this series maturing prior to _____ 1, 20__ are not subject to redemption prior to maturity. Bonds maturing on and after _____ 1, 20__ are subject to redemption prior to maturity at the option of the Drainage District, in such order as shall be determined by the Drainage District, on any date on and after _____ 1, 20__. Bonds of a denomination greater than \$5,000 may be partially redeemed in the amount of \$5,000 or any integral multiple thereof. If less than all of the bonds maturing in any year are to be redeemed, the bonds or portions of bonds to be redeemed shall be selected by lot. The redemption price shall be the par value of the bond or portion of the bond called to be redeemed plus interest to the date fixed for redemption.

Not less than thirty days' notice of redemption shall be given to the holder of the bond called to be redeemed by mail to the registered holder at the registered address. That portion of the 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.

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 the bonds of this series, existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of the Drainage District, including the series of bonds of which this bond is one, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Milk River Intercounty Drain Drainage District, Counties of Macomb and Wayne, State of Michigan, by its Drainage Board, has caused this bond to be executed in its name by the manual or facsimile signatures of the Chairperson and Secretary of the Drainage Board. This bond shall not be valid unless the Certificate of Authentication has been manually executed by an authorized representative of the bond registrar and paying agent.

MILK RIVER INTERCOUNTY
DRAIN DRAINAGE DISTRICT

By: _____

Chairperson of the Drainage Board

And: _____

Secretary of the Drainage Board

CERTIFICATE OF AUTHENTICATION

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

Bond Registrar and Paying Agent

By: _____
Authorized Representative

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 hereby irrevocably constitutes and appoints _____
attorney to transfer the within bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Signature(s) must be guaranteed by an eligible guarantor institution participating in a
Securities Transfer Association recognized signature guarantee program.

[END OF BOND FORM]

17. SECURITY. The Bonds shall be issued in anticipation of, and are payable primarily from, the collection of the several installments of special assessments against the public corporations assessed on Special Assessment Roll No. 2 for the Milk River Intercounty Drain Priority 1B and Select Improvements Project and not prepaid and the Supplemental Order of the Chairperson and Secretary. The Bonds shall be sold at a negotiated sale as provided in Section 23 hereof. In the event that the Chairperson, following consultation with the Drainage District's municipal advisor, determines that it is in the best interests of the Drainage District for the Charter County of Wayne to pledge its limited tax full faith and credit to payment of the principal of and interest on the Bonds when due as additional security therefor, he shall request the County to do so.

18. DEFEASANCE. 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 or any portion of the Bonds, shall have been deposited in trust, this resolution shall be defeased with respect to such Bonds 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.

19. ESTIMATES OF PERIOD OF USEFULNESS AND COST. The estimated period of usefulness of that portion of the Improvements for which the Bonds are to be issued is determined to be twenty-three (23) years and upwards. The estimated Additional Cost of the Improvements for which the Bonds are to be issued (\$6,385,000), as submitted to this Drainage Board and attached as Exhibit A, is approved and adopted.

20. PRINCIPAL AND INTEREST FUND. There shall be established for the Bonds a Principal and Interest Fund that shall be kept in a separate bank account. From the proceeds of

the sale of the Bonds there shall be set aside in the Principal and Interest Fund any accrued interest received from the purchaser of the Bonds at the time of delivery of the same. All collections of installments of the assessments against the public corporations assessed (including principal and interest) on Special Assessment Roll No. 2 for the Milk River Intercounty Drain Priority 1B and Select Improvements Project (and not prepaid) and the Supplemental Order of the Chairperson and the Secretary shall be placed in the Principal and Interest Fund and shall be used solely to pay the principal of and interest on the Bonds.

21. CONSTRUCTION FUND. The remainder of the proceeds of the sale of the Bonds, together with the special assessments in the aggregate amount of \$1,892,514 being prepaid by the City of Grosse Pointe Woods, the City of St. Clair Shores, the Charter County of Wayne and the State of Michigan (as they may be adjusted pursuant to the Supplemental Order), shall be set aside in a construction fund and used to pay the expenses of the issuance of the Bonds and to pay the Additional Cost of the Improvements for which the Bonds are being issued.

22. APPROVAL OF MICHIGAN DEPARTMENT OF TREASURY. The issuance and sale of the Bonds are subject to permission being granted therefor by the Department of Treasury of the State of Michigan under Act 34, Public Acts of 2001, as amended, and the Chairperson is hereby authorized and directed, if necessary, to make application to the Department of Treasury for permission to issue and sell the Bonds as provided by the terms of this resolution.

23. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF BONDS. The Bonds shall be sold at a negotiated sale as hereinafter provided. It is hereby determined that a negotiated sale is in the best interests of the Drainage District and provides the maximum flexibility in pricing the Bonds. The Chairperson is authorized to negotiate and enter into a bond purchase agreement, private placement agreement or other purchase agreement (a "Purchase Agreement") with an underwriter, a placement agent or other purchaser (a "Purchaser") to be selected by the Chairperson, following consultation with the Drainage District's municipal advisor, at or prior to the time of the sale of the Bonds, which Purchase Agreement shall set forth

the principal amount, principal maturities and dates, interest rates and interest payment dates, redemption provisions, if any, purchase price to be paid by the Purchaser and compensation to be paid to an underwriter or placement agent, if any, as well as such other terms and provisions as the Chairperson determines to be necessary or appropriate in connection with the sale of the Bonds. The Purchase Agreement shall be approved by an order to be executed by the Chairperson at the time of the sale of the Bonds. Furthermore, if it is determined that the Bonds are able to be purchased by the Michigan Finance Authority (the "Authority") from the proceeds of the State Water Pollution Control Revolving Fund (the "SRF"), the Chairperson is authorized in such order approving the Purchase Agreement to make such changes to this resolution and the form of the Bonds as are necessary to comply with the SRF program requirements, which shall be binding on the Drainage District in the same manner as if contained herein.

In making determinations in the order approving the Purchase Agreement, with respect to principal maturities and dates, interest rates, purchase price of the Bonds, and compensation to be paid to any underwriter or placement agent, the Chairperson shall be limited as follows:

- (a) The principal amount of the Bonds shall not exceed \$4,490,000.
- (b) The interest rate on any Bond shall not exceed 5.00% per annum.
- (c) The Bonds shall be payable in not more than 20 consecutive annual principal installments consisting of either principal maturities or mandatory redemption requirements, or a combination of both.
- (d) The final maturity date of the Bonds shall not be later than April 1, 2043.
- (e) The Bonds shall not be sold at a price that is less than 99% of the principal amount of the Bonds.
- (f) An underwriter's discount with respect to the Bonds or the compensation to be paid to an underwriter or placement agent shall not exceed 1.00% of the principal amount of the Bonds.

The Chairperson is hereby authorized for and on behalf of the Drainage District, without further Drainage Board approval: (i) if necessary, to approve the circulation of a preliminary and a final official statement describing the Bonds; (ii) purchase municipal bond insurance, if considered necessary, as additional security for the Bonds; (iii) if necessary, to apply to one or more rating agencies for a rating on the Bonds; (iv) to make any designations or elections pursuant to the Internal Revenue Code of 1986, as amended (the "Code"); and (v) to do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Bonds in accordance with this resolution.

Approval by the Drainage District of the matters delegated in this Section or any other Sections may be evidenced by execution of an order by the Chairperson or the execution or approval of such documents by the Chairperson. The Chairperson, other members of the Drainage Board and the Wayne County Treasurer (Treasurer of the Drainage District) are authorized to do all things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Bonds in accordance with the provisions of this resolution and to execute any documents or certificates necessary to complete the transaction, including, but not limited to, any certificates, receipts, orders, agreements, instruments, security reports, a blanket letter of representations, and any certificates relating to federal or state securities laws, rules or regulations.

24. REPLACEMENT OF BONDS. Upon receipt by the Chairperson of the Drainage Board 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 that complies with applicable law and is satisfactory to the Chairperson, the Chairperson 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 Chairperson 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 Drainage District in the premises. Any Bond delivered pursuant to the provisions of this Section 24 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.

25. TAX COVENANT. The Drainage District covenants to comply with all requirements of the Code necessary to assure that the interest on the Bonds will be and will remain excludable from gross income for federal income tax purposes. The Chairperson is authorized to do all things necessary to assure that the interest on the Bonds will be and will remain excludable from gross income for federal income tax purposes.

26. MUNICIPAL BOND INSURANCE. The Chairperson is hereby authorized to acquire municipal bond insurance to enhance the marketability of the Bonds. If the Drainage District acquires municipal bond insurance from a municipal bond insurer (the “Insurer”), the Chairperson is hereby authorized to take all actions, and to execute any documents, certificates, orders, applications, agreements, conditions, covenants or other instruments necessary to effectuate the issuance of the policy of bond insurance, including, but not limited to the execution of an order or agreement containing such provisions as the Insurer may require with respect to the insurance and the Insurer, which shall be binding on the Drainage District in the same manner as if contained herein.

27. OFFICIAL STATEMENT; CONTINUING DISCLOSURE. If necessary, the Drainage District shall cause the preparation of a preliminary official statement and a final official statement for the Bonds for the purpose of enabling compliance with Rule 15c2-12 (the “Rule”) by the purchaser or purchasers of the Bonds and shall do all other things necessary to enable compliance with the Rule by the purchaser or purchasers of the Bonds. The Drainage District will provide on a timely basis a reasonable number of copies of the final official

statement at its expense to enable the purchaser or purchasers of the Bonds to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

The Chairperson is authorized, if necessary, to deliver a continuing disclosure certificate to the purchaser or purchasers of the Bonds, pursuant to which the Drainage District will undertake to provide annual reports and notices of certain events to assist the purchasers of the Bonds in complying with paragraph (b)(5) of the Rule.

28. QUALIFIED TAX EXEMPT OBLIGATIONS. The Bonds are hereby designated as Qualified Tax Exempt Obligations as described in Section 265(b)(3)(B) of the Code.

29. REDUCTION OF PRINCIPAL AMOUNT OF BOND ISSUE. If the Chairperson shall determine that it is not necessary to sell the Bonds in the principal amount of \$4,490,000 because of additional prepayments of special assessments, a reduction in the Additional Cost of the Improvements, because the purchaser purchases the Bonds at a price and with interest rates that will result in the generation of an original issue premium, or otherwise, the Chairperson may by order reduce the principal amount of Bonds to be sold to the amount deemed necessary so long as the proceeds of the sale of the Bonds will be sufficient to pay all of the Additional Cost of the Improvements intended to be financed by the Bonds. In the event the principal amount of the Bonds is reduced pursuant to this Section, the Chairperson shall reduce the amount of the Bonds maturing in any one or more years as necessary and the Chairperson and the Secretary shall enter a Supplemental Order amending the annual installments of the special assessments due on Special Assessment Roll No. 2.

30. PROFESSIONAL SERVICES. The following are appointed to act in the following capacities with respect to the Bonds:

As municipal advisor:

PFM Financial Advisors LLC
Ann Arbor, Michigan

As bond counsel:

Dickinson Wright PLLC
Troy, Michigan

31. CONFLICTING RESOLUTIONS. All resolutions and parts of resolutions insofar as they may be in conflict herewith are hereby rescinded.

YEAS: _____

NAYS: _____

RESOLUTION DECLARED ADOPTED.

EXHIBIT A

ESTIMATE OF ADDITIONAL COST OF IMPROVEMENTS

Construction	\$3,841,146
Engineering	788,169
Landscaping design and construction	689,853
Basin access hatch design and construction	195,000
RTB weir extension construction	80,654
Hydraulic modeling	27,366
Bond issuance costs	182,812
Construction contingency	<u>580,000</u>
Total	\$6,385,000

STATE OF MICHIGAN)
)ss
COUNTY OF WAYNE)

I hereby certify that the foregoing is a true and complete copy of a resolution adopted at a meeting of the Milk River Intercounty Drain Drainage Board, Counties of Macomb and Wayne, Michigan, held on September 3, 2020, the original of which resolution is on file in the office of the Wayne County Drain Commissioner.

I further certify that notice of the meeting was given in accordance with the Open Meetings Act and the Governor's Executive Order No. 2020-154, as the same has been or may be amended, supplemented, replaced or otherwise made to remain effective from time to time.

Elmeka N. Steele
Secretary of the Drainage Board

SPECIAL ASSESSMENT ROLL NO. 2
FOR
MILK RIVER INTERCOUNTY DRAIN PRIORITY 1B AND SELECT IMPROVEMENTS PROJECT
(An Intercounty Drain Project in the Counties of Macomb and Wayne, Michigan)

Project: To defray part of the costs of the Milk River Intercounty Drain Priority 1B and Select Improvements Project

Amount to be Assessed: \$6,385,000

<u>Public Corporations</u>	<u>Percentage Project</u>	<u>Percentage Bond Issue</u>	<u>Amount Assessed for Bond Issue</u>	<u>Amount Assessed for One-Time Payment Due as set forth below</u>	<u>Total Assessment</u>
City of Harper Woods	45.11%	64.11%	\$2,880,273.50	\$-0-	\$2,880,273.50
City of Grosse Pointe Woods	50.50%	35.89%	\$1,616,212.50	\$1,616,212.50*	\$3,224,425.00
City of St. Clair Shores	0.31%	0.00%	\$-0-	\$19,793.50**	\$19,793.50
Charter County of Wayne, on account of drainage to county highways	1.21%	0.00%	\$-0-	\$77,258.50*	\$77,258.50
State of Michigan, on account of drainage to state highways	<u>2.87%</u>	<u>0.00%</u>	<u>\$-0-</u>	<u>\$183,249.50</u>	<u>\$183,249.50</u>
	100.00%	100.00%	\$4,492,486.00	\$1,892,514.00	\$6,385,000.000

*Due September 30, 2020

**Due July 1, 2021

The amounts assessed against the City of Harper Woods and the City of Grosse Pointe Woods for the bond issue shall be payable in installments as follows:

See attached

Interest on unpaid installments to begin on date of issuance of the Milk River Intercounty Drain Bonds (the "Bonds") by the Drainage District and shall be payable on March 1, 2021, and annually thereafter at a rate that will provide amounts sufficient to pay the interest on the Bonds when due.

The foregoing special assessment roll was approved by the Milk River Intercounty Drain Drainage Board on September 3, 2020.

Chairperson, Drainage Board

Secretary, Drainage Board

I hereby certify that the foregoing special assessment roll was prepared in accordance with the directions of the Milk River Intercounty Drain Drainage Board and the statutory provisions applicable thereto.

Chairperson, Drainage Board

MILK RIVER INTERCOUNTY DRAIN PRIORITY 1B AND SELECT IMPROVEMENTS PROJECT

MILK RIVER INTERCOUNTY DRAIN BONDS
SERIES 2020

CITY OF HARPER WOODS' PORTION
(45.11% PROJECT/64.11% BOND ISSUE)

<u>Due Date</u>	<u>Principal Amount</u>
<u>March 1</u>	
2024	\$104,174.88
2025	\$105,786.67
2026	\$108,992.33
2027	\$112,197.98
2028	\$115,403.64
2029	\$121,814.95
2030	\$125,020.61
2031	\$131,431.92
2032	\$134,637.58
2033	\$137,843.23
2034	\$144,254.55
2035	\$147,460.20
2036	\$153,871.52
2037	\$160,282.83
2038	\$166,694.14
2039	\$169,899.80
2040	\$176,311.11
2041	\$179,516.77
2042	\$185,928.08
2043	\$198,750.71

MILK RIVER INTERCOUNTY DRAIN PRIORITY 1B AND SELECT IMPROVEMENTS PROJECT

MILK RIVER INTERCOUNTY DRAIN BONDS
SERIES 2020

CITY OF GROSSE POINTE WOODS' PORTION
(50.50% PROJECT/35.89% BOND ISSUE)

<u>Due Date</u>	<u>Principal Amount</u>
<u>March 1</u>	
2024	\$58,311.12
2025	\$59,213.33
2026	\$61,007.67
2027	\$62,802.02
2028	\$64,596.36
2029	\$68,185.05
2030	\$69,979.39
2031	\$73,568.08
2032	\$75,362.42
2033	\$77,156.77
2034	\$80,745.45
2035	\$82,539.80
2036	\$86,128.48
2037	\$89,717.17
2038	\$93,305.86
2039	\$95,100.20
2040	\$98,688.89
2041	\$100,483.23
2042	\$104,071.92
2043	\$111,249.29