

County of Jackson
120 W. Michigan Ave.
Jackson, MI 49201
(517) 788-4335



BOARD OF COMMISSIONERS

Clifford E. Herl, District 1
David F. Lutchka, District 2
Todd N. Brittain, District 3
Philip S. Duckham III, District 4
Earl J. Poleski, District 5
James C. Videto, District 6
James E. Shotwell, Jr., District 7
Gail W. Mahoney, District 8
Mike Brown, District 9
Patricia A. Smith, District 10
Michael J. Way, District 11
David K. Elwell, District 12

ELECTED OFFICIALS

Amanda Riska, Clerk
Dan Heyns, Sheriff
Mindy Reilly, Register of Deeds
Janet Rochefort, Treasurer
Geoffrey Snyder, Drain Commissioner
Hank Zavislak, Prosecuting Attorney

COUNTY STAFF

Randy Treacher, Administrator/Controller and
Human Resources Director
Charles Adkins, Circuit Court Administrator
Andy Crisenbery, Friend of the Court
Gerard Cyrocki, Finance Officer
Mike Dillon, District Court Administrator
Connie Frey, IT Director
Jim Guerriero, Parks Director
Teresa Hawkins, Youth Center Director
Juli Ann Kolbe, Equalization Director
Kim Luce, Animal Control Director
Dr. John Maino, Medical Director
Kent Maurer, Airport Manager
Jan Seitz, MSU Ext.-Jackson County Director
Kristy Smith, Department on Aging Director
Steve Thelen, Fair Manager
Dave Welihan, Veterans Affairs Officer
Ted Westmeier, Health Officer

County Commission Agenda **August 19, 2008**

Order of Business:

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Roll Call
5. Approval of Agenda
6. Awards and Recognitions
7. Communications and Petitions
8. Special Orders/Public Hearing(s)
9. Public Comment
10. Special Meetings of Standing Committees
11. Minutes
12. Consent Agenda
13. Standing Committees
 - A. County Affairs
 - B. County Agencies
 - C. Human Services
 - D. Personnel & Finance
14. Unfinished Business
15. New Business
16. Public Comment
17. Commissioner Comment
18. Closed Session
19. Adjournment

Public Comment

Any person desiring to speak on a matter to the Board of Commissioners may do so under the Public Comment items near the beginning and end of the meeting. Please state your name and use the microphone. Please note that the Commission allocates a maximum of five minutes per individual at the beginning of the meeting and three minutes per individual at the end of the meeting for this purpose.

Consent Agenda

Items on the Consent Agenda are items generally routine in nature that have passed a Standing Committee and will be enacted by one motion and one vote. There will be no separate discussion on these items. Any Commissioner may remove an item from the Consent Agenda and it will be considered by separate motion at the proper place during the meeting.

Standing Committees

The Board of Commissioners operates under a Standing Committee system with the following Committees: County Affairs, County Agencies, Human Services, Personnel & Finance. All departments of the County coordinate their business through one of the Standing Committees. The Committees then forward their recommendations to the Board of Commissioners.

Closed Session

The Board of Commissioners is permitted under the Open Meetings Act to go into Closed Session to discuss labor contracts, purchase of property, and certain employee matters if requested by the employee. A two-thirds vote of the Commission is required to go into Closed Session.

"Your interest in your County Government is appreciated"

AGENDA
JACKSON COUNTY BOARD OF COMMISSIONERS BOARD MEETING
August 19, 2008
7:00 p.m.
County Commission Chambers

***Mission Statement:** Jackson County Government, in cooperation with the community
and local governmental units, strives through a planned process
to deliver quality services that address public needs.*

1. **CALL TO ORDER** – *Chairman Steve Shotwell*
2. **INVOCATION** – *by Commissioner Patricia Smith*
3. **PLEDGE OF ALLEGIANCE** – *by Chairman Steve Shotwell*
4. **ROLL CALL** – *County Clerk Amanda Riska*
5. **APPROVAL OF AGENDA**
6. **AWARDS & RECOGNITIONS** – None.
7. **COMMUNICATIONS/PETITIONS** – None.
8. **SPECIAL ORDERS/PUBLIC HEARINGS**

- 7:10 p.m.** A. **Public Hearing Regarding a Revision to the Parks Ordinance to Add a New Section 13, Entitled “Non-Motorized Pathways”**

Attachments:
*Parks Public Hearing Notice

- 7:15 p.m.** B. **Public Hearing Regarding Inclusion into the County’s Brownfield Plan of the Former Plastigage Site Located at 2917 Wildwood Avenue Within Blackman Charter Township, in the County of Jackson, Michigan**

Attachments:
*Brownfield Redevelopment Authority Public hearing notice

- 7:30 p.m.** C. **Public Hearing Regarding Community Outreach for U.S. EPA Hazardous Waste and Petroleum Assessment Grants for the Benefit of County Of Jackson, Michigan**

Attachments:
*Brownfield Redevelopment Authority Public hearing notice

9. **PUBLIC COMMENTS**
10. **SPECIAL MEETINGS OF STANDING COMMITTEES** – None.

11. **MINUTES** - Minutes of the 7/22/08 Regular Meeting of the Jackson County Board of Commissioners will be provided in September

Attachments: None.

12. **CONSENT AGENDA** (*Roll Call*)

A. **County Affairs**

1. **Road Commission 2007 Annual Financial Report**

Attachments:

*2007 Annual Financial Report – Road Commission

2. **Falling Waters Trail Grant Agreement Deadline Extension**

Attachments:

*Memo from Out-County Parks Supervisor dated 8-1-08 and Attachments

3. **Trailhead Agreement with Summit Township**

Attachments:

*Letters from Abbott, Thomson & Beer, PLC dated 7-21-08 and 7-30-08 and attachments

4. **Amendment to Parks Ordinance to Add a New Section 13, Entitled “Non-Motorized Pathways”**

Attachments:

*Parks Ordinance Amendment

*Public Notice Regarding Parks Ordinance Amendment

5. **Village of Parma Sewer Project - Resolution (08-08.24) to Approve and Authorize Execution of Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) Contracts and to Provide for Certain Other Matters Pertaining Thereto**

Attachments:

*Resolution (08-08.24) to Approve and Authorize Execution of Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) Contracts and to Provide for Certain Other Matters Pertaining Thereto

*BPW Resolution to Approve and Recommend Resolution and Contracts Re: Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section)

6. Village of Parma Sewer Project - Resolution (08-08.25) to Authorize Issuance of Bonds for Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section)

Attachments:

- *Resolution (08-08.25) to Authorize Issuance of Bonds for Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section)
- *BPW Resolution to Approve and Recommend Resolution to Authorize Issuance of Bonds for Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section)

7. Rives Township Sewer Project - Resolution (08-08.26) to Approve and Authorize Execution of Jackson County Wastewater Disposal Facility (Rives Township Section) Contracts and Agreements and to Provide for Certain Other Matters Pertaining Thereto

Attachments:

- *Resolution (08-08.26) to Approve and Authorize Execution of Jackson County Wastewater Disposal Facility (Rives Township Section) Contracts and Agreements and to Provide for Certain Other Matters Pertaining Thereto
- *BPW Resolution to Approve and Recommend Resolution and Contracts and Agreements Re: Jackson County Wastewater Disposal Facility (Rives Township Section)

8. Rives Township Sewer Project – Resolution (08-08.27) to Authorize Issuance of Bonds for Jackson County Wastewater Disposal Facility (Rives Township Section)

Attachments:

- *Resolution (08-08.27) to Authorize Issuance of Bonds for Jackson County Wastewater Disposal Facility (Rives Township Section)
- *BPW Resolution to Approve and Recommend Resolution to Authorize Issuance of Bonds for Jackson County Wastewater Disposal Facility (Rives Township Section) and Loan Resolution (Public Bodies) – RUS Bulletin 1780-27

9. Loan Resolution (08-08.28) (Public Bodies) – RUS Bulletin 1780-27

Attachments:

- *Loan Resolution (08-08.28) (Public Bodies) – RUS Bulletin 1780-27
- *BPW Resolution to Approve and Recommend Resolution to Authorize Issuance of Bonds for Jackson County Wastewater Disposal Facility (Rives Township Section) and Loan Resolution (Public Bodies) – RUS Bulletin 1780-27

B. County Agencies

10. Resolution (08-08.29) Brownfield Plan for former Plastigage Site, 2917 Wildwood Avenue in Blackman Charter Township

Attachments:

- *Letter from BRA Staff dated 6-27-08
- *Resolution (08-08.29)
- *Brownfield Plan – former Plastigage Site
- *Public Hearing Notice

C. Human Services

11. Comprehensive Planning, Budgeting and Contract (CPBC) Agreement for October 1, 2008 through September 30, 2009

Attachments:

- *Memo from Health Officer dated 7-30-08 and Contract

D. Personnel & Finance

12. Management Response to 2007 Audit Comments and Recommendations

Attachments:

- *Memo from Finance Officer dated 7-16-08
- *Response to 2007 Audit Comments and Recommendations

13. Proposed BCBS Dependent Continuation Language Change

Attachments:

- *Memo from Human Resources dated 8-1-08

14. Deletion of Full Time Position from 2nd Shift

Attachments:

- *Memo from Youth Center Assistant Director dated 7-18-08

15. Resolution (08-08.23) Adopting Amendment No. 2008-2 to Retirement System Bylaws

Attachments:

- *Resolution 08-08.23

16. Deletion of Full Time Position – Friend of the Court

Attachments:

- *Memo from Friend of the Court dated 7-22-08

17. Budget Increase to Increase Casual Funding by \$14,000 in Friend of the Court

Attachments:

*Memo from Friend of the Court dated 7-22-08

18. Budget Adjustment for Youth Center

Attachments:

*Budget Adjustment – Youth Center

E. Claims – 7/1/08 – 7/31/08

13. STANDING COMMITTEES

A. County Affairs – *Commissioner Dave Lutchka*

1. August 2008 Appointments

- a. Agricultural Preservation Board – one public member, term to 6-30-2011
- b. LifeWays – one public member, term to 3-31-2011

Attachments:

*Commissioner Board Appointments – August 2008

2. Request that the Jackson County Board of Commissioners Adopt the Jackson County Road Commission's Policy No. 08-01 Roads Terminating at Navigable Waters as a County Ordinance that Specifies a Penalty for Violation of the Ordinance and Aforementioned Policy

Attachments:

*County Road Commission Resolution 08-15

B. County Agencies – *Commissioner Gail W. Mahoney*

None.

C. Human Services – *Commissioner Mike Way*

None.

D. Personnel and Finance – *Commissioner James Videto*

None.

14. **UNFINISHED BUSINESS**

- A. **Motion that any non-union employee needs to attain the following continuous service credit to be eligible for health insurance coverage in retirement, effective with the commencement of this meeting:**

0-20 years 0%
21 years 75%
22 years 80%
23 years 85%
24 years 90%
25 years 95%

Attachments: None.

15. **NEW BUSINESS** – None.

16. **PUBLIC COMMENTS**

17. **COMMISSIONER COMMENTS**

18. **CLOSED SESSION** – None.

19. **ADJOURNMENT**

**Notice of Public Hearing
Revision to Parks Ordinance**

A public hearing will be conducted by the Jackson County Board of Commissioners on Tuesday, August 19, 2008, at 7:10 p.m. in the Jackson County Commission Chambers, 2nd Floor, Jackson County Tower Building, 120 W. Michigan Avenue, Jackson, MI 49201.

The purpose of the said hearing is to receive public input on the proposed revision to the Parks Ordinance to add a new section 13, entitled "Non-Motorized Pathways".

Written comments should be addressed to: Jackson County Administrator/Controller, 120 W. Michigan Avenue, Jackson, MI 49201.

NOTICE OF PUBLIC HEARING

**THE BROWNFIELD REDEVELOPMENT AUTHORITY
OF JACKSON COUNTY**

**REGARDING INCLUSION INTO THE COUNTY'S BROWNFIELD PLAN
OF THE FORMER PLASTIGAGE SITE
LOCATED AT 2917 WILDWOOD AVENUE WITHIN
BLACKMAN CHARTER TOWNSHIP, IN THE
COUNTY OF JACKSON, MICHIGAN**

TO ALL INTERESTED PERSONS IN THE COUNTY OF JACKSON

PLEASE TAKE NOTICE that the County Commissioners of the County of Jackson, Michigan, will hold a Public Hearing on Tuesday, the 19th day of August, 2008, at approximately 7:15 p.m., Eastern Daylight time in the Commissioners Chambers within the County Tower Building, 120 W. Michigan Avenue, Jackson, Michigan, to receive public comment on an amendment to the County's Brownfield Redevelopment Plan to include therein portions of the former Plastigage property site. The parcels are legally described as:

Parcel ID 000-08-32-401-008-01

BEG AT E 1/4 POST OF SEC 32 TH S 89 DEG 41'28"W 1407.08 FT TO A PT FOR PLOF BEG OF THIS DESCN TH CONTINUING S 89 DEG 41'28"W 367.5 FT TH S 601.81 FT TH S 88 DEG 46'26"W 274.86 FT TH N 00 DEG 38'55"E 219.24 FT TH S 89 DEG 41' 35"W 237.19 FT TH S 0 DEG 31'59"W 402.89 FT TO NLY R/W LN OF CONRAIL RR TH S 74 DEG 57'25"E ALG SD R/W TO A PT S 0 DEG 04'36"W (RECORDED S 0 DEG 53'W) FROM BEG TH N 0 DEG 04'36"E (RECORDED N 0 DEG 53'E) TO BEG. SEC 32 T2S R1W.

Parcel ID 000-08-32-401-009-01

BEG AT THE SE COR OF LOT 135 WILDWOOD TERRACE, A RECORDED PLAT, TH S 89 DEG 41'28"W 30 FT (N 89 DEG 25'W RECORD) TO A PT FOR PL OF BEG OF THIS DESCN TH S PAR TO W LN OF LAURENCE AVE 250 FT TH N 89 DEG 25'W 40 FT TH N PAR TO W LN OF LAURENCE AVE 250 FT TH S 89 DEG 25'E 40 FT TO BEG. SEC 32 T2S R1W.

Parcel ID 000-08-32-401-010-01

BEG AT SW COR OF LOT 135 WILDWOOD TERRACE, A RECORDED PLAT, TH S 89 DEG 25'E 67.6 FT TH S 0 DEG 53'W 250 FT TH S 89 DEG 25'E 40 FT TH S 0 DEG 35'W 565.35 FT TO NLY R/W LN OF MCRR TH N 73 DEG 20'W ALG SD R/W LN TO A PT BEARING S 0 DEG 53'W FROM PL OF BEG TH N 0 DEG 53'E 786 FT TO BEG. SEC 32 T2S R1W.

The property consists of three parcels of land occupying approximately 14.16 acres, more or less and is commonly described as 2917 Wildwood Avenue, Jackson, Michigan 49202.

The Brownfield Plan, which includes a site map, is available for public inspection at the County Brownfield Redevelopment Authority office, located at One Jackson Square, 11th Floor, Jackson, Michigan. All aspects of the plan are open for discussion at the public hearing.

FURTHER INFORMATION may be obtained from the Brownfield Redevelopment Authority of Jackson County at (517) 788-4455. THIS NOTICE is given by order of the County Board of the County of Jackson, Michigan.

Amanda L. Riska, Clerk
County of Jackson

NOTICE OF PUBLIC HEARING

**THE BROWNFIELD REDEVELOPMENT AUTHORITY
OF JACKSON COUNTY**

**REGARDING COMMUNITY OUTREACH FOR
U.S. EPA HAZARDOUS WASTE AND PETROLEUM
ASSESSMENT GRANTS FOR THE BENEFIT OF
COUNTY OF JACKSON, MICHIGAN**

TO ALL INTERESTED PERSONS IN THE COUNTY OF JACKSON

PLEASE TAKE NOTICE that the County Commissioners of the County of Jackson, Michigan, will hold a Public Hearing on Tuesday, the 19th day of August, 2008, at approximately 7:30 p.m., Eastern Daylight time in the Commissioners Chambers within the County Tower Building, 120 W. Michigan Avenue, Jackson, Michigan, to receive public comment on the U.S. EPA Hazardous Waste and Petroleum Assessment Grants awarded to the County Brownfield Redevelopment Authority.

The purpose of this public hearing is to reach out to the community to solicit public input regarding brownfield redevelopment within Jackson County and promote the availability of the grant funds. The Assessment grant funds are made available to eligible companies/developers to perform environmental assessments/due diligence for qualifying properties with redevelopment potential.

The U.S. EPA Assessment Grants are available for public inspection at the County Brownfield Redevelopment Authority (BRA) office, located at One Jackson Square, 11th Floor, Jackson, Michigan or on The Enterprise Group of Jackson website at www.enterprise-group.org. All aspects of the grant applications are open for discussion at the public hearing. If interested persons are unable to attend the public hearing, please provide comments directly to the County BRA.

FURTHER INFORMATION may be obtained from the Brownfield Redevelopment Authority of Jackson County at (517) 788-4455. THIS NOTICE is given by order of the County Board of the County of Jackson, Michigan.

Amanda L. Riska, Clerk
County of Jackson

Consent Agenda
Motions

August 19, 2008

Roll Call

1. Motion: Approve the Road Commission 2007 Annual Financial Report
2. Motion: Approve the Falling Waters Trail Grant Agreement Deadline Extension
3. Motion: Approve the Trailhead Agreement with Summit Township
4. Motion: Approve the Amendment to Parks Ordinance to add a new Section 13 entitled "Non-Motorized Pathways"
5. Motion: Approve Resolution (08-08.24) to Approve and Authorize Execution of Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) Contracts and to Provide for Certain Other Matters Pertaining Thereto
6. Motion: Approve Resolution (08-08.25) to Authorize Issuance of Bonds for Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section)
7. Motion: Approve Resolution (08-08.26) to Approve and Authorize Execution of Jackson County Wastewater Disposal Facility (Rives Township Section) Contracts and Agreements and to Provide for Certain Other Matters Pertaining Thereto
8. Motion: Approve Resolution (08-08.27) to Authorize Issuance of Bonds for Jackson County Wastewater Disposal Facility (Rives Township Section)
9. Motion: Approve Loan Resolution (08-08.28) (Public Bodies) – RUS Bulletin 1780-27
10. Motion: Approve Resolution (08-08.29) Brownfield Plan for former Plastigage Site, 2917 Wildwood Avenue in Blackman Charter Township
11. Motion: Approve the Comprehensive Planning, Budgeting and Contract (CPBC) Agreement for October 1, 2008 through September 30, 2009
12. Motion: Approve the Management Response to 2007 Audit Comments and Recommendations
13. Motion: Approve the Proposed BCBS Dependent Continuation Language Change

Consent Agenda
Motions

August 19, 2008

Roll Call

14. Motion: Approve the Deletion of a Full Time Position from the 2nd Shift at the Youth Center
15. Motion: Approve Resolution (08-08.23) Adopting Amendment No. 2008-2 to Retirement System Bylaws
16. Motion: Approve the Deletion of a Full Time Position in the Friend of the Court
17. Motion: Approve Budget Increase to Increase Casual Funding by \$14,000 in the Friend of the Court
18. Motion: Approve Budget Adjustment for the Youth Center
19. Motion: Approve the Claims 7/1/08 – 7/31/08
- | | |
|---------------------|---------------|
| County Affairs | \$ 304,575.17 |
| County Agencies | 633,520.11 |
| Human Services | 237,778.29 |
| Personnel & Finance | 152,516.88 |

JACKSON COUNTY ROAD COMMISSION

(A COMPONENT UNIT OF JACKSON COUNTY, MICHIGAN)

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2007

JACKSON COUNTY ROAD COMMISSION
ANNUAL FINANCIAL REPORT

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MARKOWSKI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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RETIRED PARTNER:

K. LAVERNE MARKOWSKI, C.P.A. (1961 – 2006)

MEMBERS:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

INDEPENDENT AUDITOR'S REPORT

To the Board of Road Commissioners
Of Jackson County
Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the **JACKSON COUNTY ROAD COMMISSION** (the Road Commission, a component unit of Jackson County, Michigan) as of and for the year ended December 31, 2007, which collectively comprise the Road Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Road Commission's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

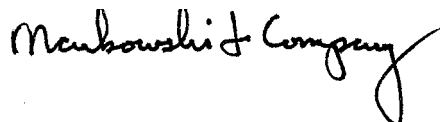
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Jackson County Road Commission as of December 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2008 on our consideration of the Jackson County Road Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison, and schedule of pension plan funding progress presented on pages 3-7 and 31-32 respectively, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Jackson County Road Commission taken as a whole. The additional information- Analysis of Changes in Road Fund Balance on pages 33-35 is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Jackson County Road Commission. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2008 on our consideration of the Jackson County Road Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



MARKOWSKI & COMPANY, CPAs
June 6, 2008

JACKSON COUNTY ROAD COMMISSION

Management's Discussion and Analysis

Year Ended December 31, 2007

The year 2007 saw several dramatic changes at the Jackson County Road Commission. The retirement of three full-time commissioners – Elwin Johnson, Karl Schmidt, and Robert Zenz – led the transition to a part-time board with five new members. The new members – Randall Treacher, Anthony Phillips, John Hurd, Michael Rand, Jr. , and Michael Stimpson – selected the first Managing Director in the history of the Jackson County Road Commission, Ken Straub.

The changes led to the restructuring of the Finance and Operations departments as well, with the appointment of Charles Walker as the Director of Finance/Clerk and Dave Smith as the first ever Director of Operations. Two full time positions were eliminated during the restructuring. As a result of the dramatic changes, the Road Commission is now a more streamlined operation better suited to facing the challenges presented by today's difficult economic outlook.

Using this Annual Report

The Jackson County Road Commission's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the commission's financial activity, (c) identify changes in the commission's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the approved budget and (e) identify any issues or concerns.

This report consist of several sections – management's discussion and analysis (this section), which presents management's view of the Road Commission's finances; the basic financial statements, which present reports based on two different accounting standards – one based on the current resource perspective, and the other focused on a longer-term view of the Road Commission's finances; notes to the financial statements, which provide information about accounting policies and detail behind various accounts; required supplementary information in the form of a budgetary analysis of the Road Commission's finances and a snapshot of the retirement system's funding status; and additional information which reports the Road Commission's operating fund activities broken down into Primary Road, Local Road and County Road activities.

Reporting the Road Commission as a Whole

The statement of net assets and the statement of activities report information about the commission as a whole and about its activities in a way that helps answer the question of whether the commission as a whole is better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting method used by most private-sector companies. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two statements mentioned above, report the commission's net assets and changes in them. The reader can think of the commission's net assets (the difference between assets and liabilities) as one way to measure the commission's financial health or financial position. Over time, increases or decreases in the commission's net assets are one indicator of whether its financial health is improving or deteriorating.

JACKSON COUNTY ROAD COMMISSION

Management's Discussion and Analysis

Year Ended December 31, 2007

Reporting the Commission's Major Fund

Our analysis of the commission's major fund begins on page five. The fund financial statements begin on page eight and provide detailed information about the major fund. The commission currently has only one fund, the general operations fund, in which all of the commission's activities are accounted. The general operations fund is a governmental fund type.

- Governmental fund – Governmental fund focus on how money flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the commission's general governmental operations and the basic service it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the commission's services. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and the governmental fund in a reconciliation following the fund financial statements.

The Road Commission as a Whole

Net assets may, over time, enable governmental agencies to determine their overall fiscal position. As shown in the condensed statement of net assets below, the Road Commission's assets exceed liabilities by \$75,563,662. The commission's net assets increased approximately 1.3% from \$74,609,271 to \$75,563,662 during the year ended December 31, 2007.

A comparative analysis of the Road Commission's financial data follows:

Condensed Statement of Net Assets

	Governmental Activities	
	December 31,	
	2007	2006
Assets		
Current and other assets	\$ 7,378,242	\$ 5,830,390
Capital assets, net of depreciation	70,204,047	70,928,172
Total assets	77,582,289	76,758,562
Liabilities		
Long-term liabilities outstanding	480,712	674,112
Other liabilities	1,537,915	1,479,634
Total liabilities	2,018,627	2,153,746
Net Assets		
Invested in capital assets - Net of related debt	69,914,561	70,518,132
Invested in inventory	1,869,968	1,616,821
Unrestricted	3,779,133	2,469,863
Total net assets	\$ 75,563,662	\$ 74,604,816

JACKSON COUNTY ROAD COMMISSION

Management's Discussion and Analysis Year Ended December 31, 2007

Condensed Statement of Activities

	Governmental Activities	
	The Year Ended December 31, 2007	2006
REVENUES:		
Program Revenues:		
Permits	\$ 79,727	\$ 52,810
Federal and State sources	13,688,055	13,585,768
Contributions from local units	977,879	1,224,428
Charges for services	2,731,536	2,028,060
Other	34,047	77,089
Total program revenues	17,511,244	16,968,155
General Revenues:		
Interest and rentals	149,691	174,214
Gain on asset disposals	42,441	855,173
Total general revenues	192,132	1,029,387
Total revenue	17,703,376	17,997,542
EXPENSES:		
Primary road maintenance	3,205,371	3,484,996
Local road maintenance	4,488,423	4,674,352
State trunkline maintenance	2,709,642	2,004,670
Non-motorized project	1,322,811	69,650
Administrative Expense - Net	531,467	702,736
Equipment Expense - Net	536,111	727,229
Infrastructure Depreciation	3,927,045	3,826,999
Interest	23,660	14,207
Total expenses	16,744,530	15,504,839
CHANGE IN NET ASSETS	958,846	2,492,703
NET ASSETS - BEGINNING	74,604,816	72,112,113
NET ASSETS - ENDING	\$ 75,563,662	\$ 74,604,816

The Road Commission's Fund

The Road commission's general operations fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the county which are earmarked by law for road and highway purposes.

For the year ended December 31, 2007 the fund balance of the general operations fund increased \$1,725,174 as compared to a decrease of \$685,712 in the fund balance for the 2006 fiscal year.

JACKSON COUNTY ROAD COMMISSION

Management's Discussion and Analysis

Year Ended December 31, 2007

Budgetary Highlights

Prior to the beginning of any year, the Commission's budget is compiled based upon certain assumptions and facts available at that time. During the year, the Road Commission board acts to amend its budget to reflect changes in these original assumptions, facts and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the board reviews and authorizes large expenditures when requested throughout the year. The revenue and expenditure budgets were not amended during 2007, as both revenues and expenditures were within the original budget amounts.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2007 and 2006 the commission had \$70,204,047 and \$70,928,172 respectively, invested in capital assets as follows:

	2007	2006
Capital assets not being depreciated:		
Land and improvements	\$ 948,392	\$ 923,080
Infrastructure land and improvements	15,556,341	15,258,182
Total capital assets not being depreciated	16,504,733	16,181,262
Other capital assets:		
Buildings and improvements	6,048,281	6,237,745
Road equipment	12,843,031	13,226,601
Other equipment	1,706,843	1,710,505
Gravel pits	548,074	548,074
Infrastructure	81,777,193	79,627,780
Total other capital assets	102,923,422	101,350,705
Less - Accumulated depreciation	(49,224,108)	(46,603,795)
Net other capital assets	53,699,314	54,746,910
Net capital assets	\$ 70,204,047	\$ 70,928,172

Current year's major additions included the following:

Roads and related land improvements	\$ 3,226,860
Bridges and related structures	1,250,979
Traffic signals	72,354
	<u>\$ 4,550,193</u>

The Road Commission's fleet is aging, and there have been very few purchases in the past few years. This is expected to change in 2008 and the future.

JACKSON COUNTY ROAD COMMISSION

Management's Discussion and Analysis

Year Ended December 31, 2007

Debt

The Road Commission currently experiences a relatively debt free status. Long-term debt consists of two installment purchase agreements totaling \$55,740 (which financed the 2006 acquisition of three new graders; one lease was paid off in 2007); a capital lease (used to finance improvements to the main complex's energy systems in 2006) in the amount of \$233,746; and accrued compensated absences totaling \$262,766. There are currently no plans to incur new debt.

Economic Factors and Next Year's Budget

The Board of County Road Commissioners considered many factors when setting the fiscal year 2008 budget. One of the factors is the economy. The commission derives approximately 62% of its revenues from the fuel tax collected by the State. The economic downturn and fuel prices hovering around \$4 per gallon has resulted in less consumption of fuel and consequently less Michigan Transportation Funds to be distributed. Also, the increased in fuel price results in increased expense for the Road Commission to operate equipment and trucks for road maintenance. The outlook is not optimistic to maintain the current service level as revenues stay static or decrease, and expenses increase.

The Board realizes, and the reader should understand, that there are not sufficient funds available to repair and/or rebuild every road in Jackson County's transportation system; therefore, the board attempts to spend the public's money wisely and equitably and in the best interest of the motoring public and the citizens of Jackson County.

Contacting the Commission's Financial Management

This financial report is designed to provide the motoring public, citizens and other interested parties a general overview of the commission's finances and to show the commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Jackson County Road Commission administrative offices at 2400 North Elm Road, Jackson, MI 49201.

JACKSON COUNTY ROAD COMMISSION

BASIC FINANCIAL STATEMENTS:

GOVERNMENT WIDE/GOVERNMENTAL FUND FINANCIAL STATEMENTS

JACKSON COUNTY ROAD COMMISSION
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Governmental Funds	Adjustments (Note 2)	Statement of Net Assets
Assets:			
Cash and cash equivalents	\$ 2,598,986	\$ -	\$ 2,598,986
Receivables	2,283,872	-	2,283,872
Inventory	1,869,968	-	1,869,968
Capital assets - Net:			
Assets not being depreciated	-	16,504,733	16,504,733
Assets being depreciated (Net)	-	53,699,314	53,699,314
Receivables - Noncurrent	517,398	-	517,398
Deferred Federal Aid	108,018	-	108,018
Total Assets	<u>\$ 7,378,242</u>	<u>\$ 70,204,047</u>	<u>77,582,289</u>

Liabilities and Fund Balances/Net Assets

Liabilities:			
Accounts payable	462,711	-	462,711
Accrued payroll	80,841	-	80,841
Performance bonds payable	34,750	-	34,750
Advances	888,073	-	888,073
Deferred revenue	539,543	(539,543)	-
Current portion of long-term debt	-	71,540	71,540
Total current liabilities	<u>2,005,918</u>	<u>(468,003)</u>	<u>1,537,915</u>
Long-term liabilities, net	-	480,712	480,712
Total liabilities	<u>2,005,918</u>	<u>12,709</u>	<u>2,018,627</u>

Fund Balances/Net Assets:

Fund Balances:			
Reserved	1,869,968	(1,869,968)	-
Unreserved and undesignated	3,502,356	(3,502,356)	-
Total fund balances	<u>5,372,324</u>	<u>(5,372,324)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 7,378,242</u>		<u>2,018,627</u>

Net Assets:

Invested in capital assets net of related debt	69,914,561	69,914,561
Invested in inventory	1,869,968	1,869,968
Unrestricted	3,779,133	3,779,133
	<u>75,563,662</u>	<u>75,563,662</u>
	<u>\$ 70,204,047</u>	
Total net assets		<u>\$ 75,563,662</u>

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY ROAD COMMISSION
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
THE YEAR ENDED DECEMBER 31, 2007

	Governmental Funds	Adjustments (Note 2)	Statement of Activities
Revenues:			
Permits	\$ 79,727	\$ -	\$ 79,727
Federal grants	2,095,030	-	2,095,030
State sources	11,593,025	-	11,593,025
Local government sources	1,105,878	(127,999)	977,879
Charges for services	2,731,536	-	2,731,536
Interest and rentals	149,691	-	149,691
Special assessments	36,064	(36,064)	-
Gain on asset disposals	42,441	-	42,441
Other revenues	34,047	-	34,047
Total revenues	17,867,439	(164,063)	17,703,376
Expenditures/Expenses:			
Primary roads - Construction/Preservation	2,862,353	(2,862,353)	-
Local roads - Construction/Preservation	1,708,173	(1,687,840)	20,333
Primary roads - Maintenance	3,205,371	-	3,205,371
Local roads - Maintenance	4,468,090	-	4,468,090
State trunkline maintenance	2,709,642	-	2,709,642
Non-motorized grant - County parks	1,322,811	-	1,322,811
Administrative expense - Net	533,638	(2,171)	531,467
Equipment expense - Net	536,111	-	536,111
Depreciation expense	-	3,927,045	3,927,045
Capital outlay - Net	(1,348,138)	1,348,138	-
Debt service	144,214	(120,554)	23,660
Total expenditures/expenses	16,142,265	602,265	16,744,530
Excess of Revenues Over (Under)			
Expenditures/Change in Net Assets	1,725,174	(766,328)	958,846
Other Financing Sources (Uses)			
Loan proceeds	-	-	-
Net Change in Fund Balances	1,725,174	(766,328)	958,846
Fund Balance/Net Assets - Beginning	3,647,150	-	74,604,816
Fund Balance/Net Assets - Ending	\$ 5,372,324	\$ (766,328)	\$ 75,563,662

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY ROAD COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

JACKSON COUNTY ROAD COMMISSION
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JACKSON COUNTY ROAD COMMISSION
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JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Road Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity:

The Jackson County Road Commission (the Road Commission) is a Component Unit of the County of Jackson. The Road Commission is administered by a full time Board comprised of three Commissioners, appointed to staggered six year terms by the Jackson County Board of Commissioners. The Road Commission accounts for the Michigan Transportation Fund revenues distributed to Jackson County, and all other revenues provided for the construction and maintenance of primary and local roads within Jackson County (exclusive of those located within incorporated Cities and Villages). As of December 31, 2007, there were approximately 1,945 miles of roads maintained by the Jackson County Road Commission – 652 miles of paved primary roads, and 1,010 miles of paved and 283 miles of gravel local roads.

B. Basic Financial Statements – Government-Wide and Governmental Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Road Commission. The Road Commission consists solely of governmental-type activities; it has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to users or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other income not properly included among program revenues are reported instead as general revenue.

The fund financial statements are provided for governmental fund, and have been separately stated in conjunction with the government-wide financial statements.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES: (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and a modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Road Commission considers revenues to be available if they are collected within 60 days of the fiscal year end.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Noncurrent receivables, such as special assessments and township agreements, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year end.

Interest earned on investments is recorded on the accrual basis. Interest charged on special assessment installments is not accrued until its due date.

The Road Fund is the Road Commission's only governmental fund (a major fund). The Road Fund is used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

D. Assets, Liabilities, and Fund Balance or Net Assets:

Cash, Cash Equivalents, and Investments:

All investments of the Road Commission are reported at cost. It is the policy of the Road Commission that all investments with an original maturity of 90 days or less are accounted for as cash equivalents. The Road Commission's investments are made through the Jackson County Treasurer, thus providing for increased interest rates and revenue.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT POLICIES: (Continued)

D. Assets, Liabilities, and Fund Balance or Net Assets: (Continued)

Inventories:

Inventories are valued at cost as determined on the first-in, first-out method using average costs. Inventory items are charged to road construction, equipment maintenance, repairs, and operations as they are used.

Capital Assets and Depreciation:

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges and similar items), are reported in the general operating fund in the government-wide financial statements. The Road Commission considers assets with an initial individual cost of \$500 or more and an estimated useful life in excess of one year to be a capital asset. Capital assets are recorded at their historical cost (or, in the case of infrastructure assets, at estimated historical cost). Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred.

The initial capitalization of infrastructure assets was developed using actual costs of construction and heavy maintenance incurred by the Road Commission. All such assets were retroactively capitalized when implementing GASB Statement No. 34.

Depreciation is computed on the sum-of-the-years-digits method for road equipment, and the straight-line method for all other assets. Estimated useful lives are used as follows:

	<u>Years</u>
Buildings and Improvements	10-40
Road Equipment	5-8
Other Equipment	3-10
Infrastructure	8-50

Depletion is computed by allocating the purchase and/or processing costs over the total resource available (which provides a cost per unit) and charging depletion for the units extracted and used during the year.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Assets, Liabilities, and Fund Balance or Net Assets: (Continued)

Compensated Absences:

Paid time off is earned in varying amounts, depending on the employee's number of years of service. It is earned and credited throughout the year. A maximum of thirty paid days off may be accumulated.

Effective December 31, 1987, sick pay is no longer earned. The hours earned and unused as of that date were banked. The Road Commission now provides disability insurance coverage to its employees, providing benefits effective with the first day of an injury or the eighth day of an illness.

Road Commission policy is to pay unused paid time off at 100% using the employee's current rate of pay. The sick pay banked is paid off at 50% using the employee's current rate of pay.

Long-term Obligations:

Long-term debt and other long-term obligations (due more than one year from the balance sheet date) are reported as liabilities in the government-wide financial statements under the applicable governmental activity. Premiums and discounts, as well as any issuance costs related to the long-term debt are deferred and amortized to expense over the life of the long-term debt.

Fund financial statements report the proceeds from long-term debt issuance as other financing sources, along with any premiums received. Discounts on long-term debt are reported as other financing uses. Issuance costs are reported as debt service expenditures in the period incurred.

E. Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to the financial statements.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND
FINANCIAL STATEMENTS:**

Amounts reported in the government-wide financial statements are different from amounts reported in the governmental funds because of the following:

Governmental funds fund balance	\$ 5,372,324
Capital assets used in governmental activities; these are not financial resources and as such are not reported in the fund financial statements.	70,204,047
Special assessment and Township receivables which are not collected within 60 days of year end are not considered available to pay current year expenditures. In the fund financial statements, they are reported as Deferred Revenue.	539,543
Compensated absences are not paid from current resources; accordingly a liability is not reported in the fund financial statements.	(262,766)
Long-term liabilities (debt) are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(289,486)</u>
Government-wide net assets	<u><u>\$ 75,563,662</u></u>

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND
FINANCIAL STATEMENTS: (Continued)**

Net changes in fund balances - Total governmental funds	\$ 1,725,174
Capital asset acquisitions are reported as expenditures in the fund financial statements; in the statement of activities, these assets are expensed over their useful lives through depreciation. (The Preservation expense represents the cost of projects performed for others during 2007).	4,643,028
Depreciation	(5,367,153)
Special assessment and township road agreement billings are reported as revenue in the fund financial statements when collected during the year or within 60 days of year end; these billings are reported as revenue upon project completion in the statement of activities.	(164,063)
Accumulated compensated absences are reported as an expenditure in the fund financial statements when paid; the statement of activities reports this expense as it is earned by the employee.	1,306
The payment of long-term debt is reported as an expense when paid in the fund financial statements; these payments are applied to reduce the liability in the government-wide financial statements.	<u>120,554</u>
Change in net assets of governmental activities	<u><u>\$ 958,846</u></u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary procedures are established pursuant to Michigan Act 621 PA 1978, as amended, (MCL 141.421). This act requires the commissioners to approve a budget for the general operating fund. Pursuant to the Act, the Road Commission has adopted the following procedures:

The Road Commission's Chief Administrative Officer (the secretary – clerk) prepares and submits a proposed Operating Fund budget to the Board of Road Commissioners for its review and consideration. The budget is prepared at the category level (Primary Construction/Heavy Maintenance, Primary Routine Maintenance, etc.). The Board of Road Commissioners conducts public budget hearings and subsequently adopts a budget. This budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (Continued)

The budget as presented has been amended during the year by official action of the board, taken at a public meeting. All budget appropriations lapse at year end.

The Operating Fund budget of the Jackson County Road Commission includes an amount appropriated for an item called the Distributive Expense. The Distributive Expense consists of indirect costs related to construction projects (such as supervisory labor and fringes, etc.). For financial statement purposes, the Distributive Expense has been proportionately allocated to the other expense line items. As a result of this, comparison of budgeted to actual expense by line item can be misleading. This method does comply with the Michigan Department of Transportation guidelines.

Michigan Public Act 621 of 1978, as amended, requires budgets amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. The total Road Commission expenditures of \$16,142,265 were less than the total amount appropriated of \$19,069,585. For the year ended December 31, 2007, the Road Commission's expenditures were in excess of the amounts appropriated, as follows:

	Final Amended Budget	Actual	(Excess Budget Variance)
Local Roads - Preservation	\$ 1,350,000	\$ 1,708,173	\$ (358,173)
Local Roads - Maintenance	4,201,105	4,468,090	(266,985)
State Trunkline Maintenance	2,322,848	2,709,642	(386,794)
Non-motorized grant - County parks	-	1,322,811	(1,322,811)
Equipment Expense - Net	-	536,111	(536,111)
Debt service	-	144,214	(144,214)

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS:

State statutes and Road Commission policy authorize the County Treasurer, on behalf of the Jackson County Road Commission, to deposit and invest in the following types of accounts:

(1) Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States; (2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution (but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States; (3) Commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services and that matures not more than 270 days from the purchase date; (4) Repurchase agreements consisting of instruments listed in subdivision (1) above; (5) Bankers' acceptances of United States banks; (6) Mutual funds registered under the Investment Company Act of 1940, that maintain a \$1.00 per share net asset value, and with authority to purchase only investment vehicles that are legal for direct investment by a public corporation; (7) Obligations described in (1) through (6) as named above if purchased through an interlocal agreement under the Urban Cooperation Act of 1967; (8) Investment pools organized under the Surplus Funds Investment Act, 367 of 1982; (9) Investment pools organized under the Local Government Investment Pool Act, 121 of 1985.

(The above statute references refer to Michigan Public Acts).

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

The Road Commission's deposits are in accordance with statutory authority and Road Commission policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Road Commission minimizes this risk by investing in shorter term securities and holding them to maturity.

Concentration of Credit Risk

The Road Commission's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. The cash accounts are held at one local financial institution. \$100,000 of the cash is covered by FDIC insurance; the remaining \$2,498,736 is uninsured.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Road Commission's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Road Commission will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Road Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Custodial Credit Risk (Continued)

The risk disclosure for the Road Commission's cash and cash equivalents is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash on Hand	\$ 250	\$ -
Insured (FDIC)	100,000	100,000
Uninsured	<u>2,498,736</u>	<u>2,629,302</u>
	<u><u>\$ 2,598,986</u></u>	<u><u>\$ 2,729,302</u></u>

The Road Commission did not violate any of the provisions of its investment policies or state laws during the year ended December 31, 2007.

The cash at December 31, 2007 includes monies from performance bonds deposited by contractors with the County Treasurer in the County's Trust and Agency bank account. An offsetting liability has been established for the performance bonds payable. The balance payable, upon completion of projects with no damage to County roads, at December 31, 2007 was \$34,750.

NOTE 5 – RECEIVABLES/DEFERRED REVENUE:

A. Current Receivables:

Receivables at December 31, 2007 consist of accounts receivable from the ordinary course of operations, MTF funds for November and December due from the State, trunkline maintenance contract reimbursements and advances due from the State, current year special assessment collections due from the Jackson County Treasurer (due in May 2008), and payments due under Township road agreements.

Accounts receivable	\$ 40,173	
Special assessments receivable - current	22,145	
Due from other governments:		
MTF collections	\$ 1,688,433	
State trunkline maintenance	343,521	
State maintenance - Other	235	
Township road agreements - Current	<u>189,365</u>	<u>2,221,554</u>
Total receivables		<u><u>\$ 2,283,872</u></u>

The noncurrent receivables reported on the statement of net assets consist of special assessment and township road agreement payments not due within the next fiscal year.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – RECEIVABLES/DEFERRED REVENUE: (Continued)

B. Special Assessments:

In accordance with state statute, the Road Commission will pave local streets within subdivisions or residential areas following a process which is initiated by the request of at least 51% of benefiting property owners. It is the Road Commission's policy to spread the resident's payments out over a five year period by levying a special assessment on each winter tax bill. The winter tax bills are sent to property owners in December, and are due without penalty by February 14 of the following year. Interest is charged on installments after the first one, and prepayment is allowed. The Jackson County Treasurer collects the assessments and distributes the collections to the Road Commission each May.

Because the revenue is not available to the Road Commission within sixty days of year end, a deferred revenue liability account is established in the governmental fund financial statements to offset the receivable.

C. Township Road Agreements:

The Road Commission also paves certain local roads under a cost sharing agreement with the local townships. One half of the estimated project cost will be reimbursed by the township over a five year period. Installments are billed each December, and are payable upon receipt. The first three installments are interest free, each installment after that includes an interest charge. Prepayment is allowed. Because the installments billed in December 2007 will be collected within sixty days of year end (except for special assessments returned delinquent, which will be received by the Road Commission in May 2008), it is recognized as revenue in the governmental fund financial statements during 2007. A deferred revenue liability is established in the governmental fund financial statements for the remaining installments.

Installment billed/ levied in December	Noncurrent Receivable			Deferred Revenue
	Special Assessments	Twsp. Road Agreements	Total	
2007	\$ 22,145	\$ 189,365	\$ 211,510	\$ 22,145
2008	18,528	366,517	385,045	385,045
2009	18,528	113,825	132,353	132,353
	<u>\$ 59,201</u>	<u>\$ 669,707</u>	<u>\$ 728,908</u>	<u>\$ 539,543</u>

NOTE 6 – INVENTORIES:

The inventory at December 31, 2007 consisted of the following:

	Amount
Equipment materials and parts	\$ 324,746
Road materials	1,545,222
	<u>\$ 1,869,968</u>

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – CAPITAL ASSETS:

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 923,079	\$ 25,313	\$ -	\$ 948,392
Infrastructure land and land improvements	15,321,819	234,522	-	15,556,341
Subtotal	<u>16,244,898</u>	<u>259,835</u>	<u>-</u>	<u>16,504,733</u>
Capital assets being depreciated:				
Buildings and improvements	6,237,744	-	(189,463)	6,048,281
Road Equipment	13,226,601	8,421	(391,991)	12,843,031
Other equipment	1,710,504	59,101	(62,762)	1,706,843
Gravel pits	548,074	-	-	548,074
Infrastructure	79,564,154	4,315,671	(2,102,632)	81,777,193
Subtotal	<u>101,287,077</u>	<u>4,383,193</u>	<u>(2,746,848)</u>	<u>102,923,422</u>
Less - accumulated depreciation for:				
Buildings and improvements	(4,273,080)	(210,942)	189,463	(4,294,559)
Road Equipment	(9,634,768)	(1,112,409)	391,991	(10,355,186)
Other equipment	(1,397,781)	(116,757)	62,762	(1,451,776)
Gravel pits	(147,019)	-	-	(147,019)
Infrastructure	(31,151,155)	(3,927,045)	2,102,632	(32,975,568)
Subtotal	<u>(46,603,803)</u>	<u>(5,367,153)</u>	<u>2,746,848</u>	<u>(49,224,108)</u>
Net capital assets being depreciated	<u>54,683,274</u>	<u>(983,960)</u>	<u>-</u>	<u>53,699,314</u>
Net capital assets	<u>\$ 70,928,172</u>	<u>\$ (724,125)</u>	<u>\$ -</u>	<u>\$ 70,204,047</u>

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – ADVANCES:

As part of its agreement with the Michigan Department of Transportation (MDOT) to maintain state and federal highways (trunklines) within Jackson County and portions of Lenawee County, MDOT provides upfront cash to assist with cash flow for equipment and operating purposes. The amount advanced is reviewed annually, and is to be returned upon termination of the contract. At December 31, 2007, these advances totaled \$888,073. As such, this money is reported as a liability by the Road Commission.

NOTE 9 – LONG-TERM LIABILITIES:

Long-term liabilities of the Jackson County Road Commission consist of the following at December 31, 2007:

Accrued Compensated Absences:

Paid time off is earned in varying amounts, depending on the number of years service. It is earned and credited to the employee on the employee's anniversary date. A maximum of 30 paid days off may be accumulated.

As of December 31, 1987, sick pay is no longer earned. The hours accumulated to that date were banked and disability insurance coverage was provided, covering employees the first day of injury or the eighth day of sickness.

Upon an employee's termination, unused paid time off is paid off at 100%; unused sick pay is paid off at 50%. Both are paid off at 100% if used during the course of employment. The liability for accrued compensated absences at December 31, 2007 is as follows:

	Beginning of Year	Change	End of Year
Accrued Paid Time Off (100%)	\$ 262,224	\$ (865)	\$ 261,359
Accrued Sick Pay (100%)	1,848	(441)	1,407
	<u>\$ 264,072</u>	<u>\$ (1,306)</u>	<u>\$ 262,766</u>

Changes in Long Term Debt:

	Debt Outstanding - Beginning	Additions of New Debt	Retirements and Repayments	Debt Outstanding - Ending
Honeywell - Capital lease - Building improvements, \$266,372, maturing serially in quarterly amounts of \$9,489.50 including interest at a rate of 7.84%	\$ 253,054	\$ -	\$ (19,308)	\$ 233,746
Caterpillar Financial - Road equipment - Three installment purchase agreements - monthly payments of \$2,205 including interest at a rate of 4.85%	156,986	-	(101,246)	55,740
Total Long Term Debt:	<u>\$ 410,040</u>	<u>\$ -</u>	<u>\$ (120,554)</u>	<u>\$ 289,486</u>

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – LONG-TERM LIABILITIES: (Continued)

Debt Service Requirements:

The annual principal and interest requirements to service the capital lease and installment purchase agreements as of December 31, 2007 are as follows:

<u>The Year Ended:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31, 2008	\$ 71,540	\$ 19,358	\$ 90,898
December 31, 2009	26,230	16,140	42,370
December 31, 2010	23,595	14,363	37,958
December 31, 2011	25,502	12,456	37,958
December 31, 2012	27,563	10,395	37,958
December 31, 2013	29,791	8,167	37,958
December 31, 2014	32,199	5,759	37,958
December 31, 2015	34,801	3,157	37,958
December 31, 2016	18,265	538	18,803
	<u>\$ 289,486</u>	<u>\$ 90,333</u>	<u>\$ 379,819</u>

NOTE 10 – FUND EQUITY/NET ASSETS:

Governmental Fund Financial Statements – Reserves and Designations:

Reserved Fund Balance in the Road Commission's Operating Fund was established to present the portion of fund equity which is not available for expenditure in future periods. The reserve at December 31, 2007 consists of \$1,869,968 for inventory.

Prior Year Restatements:

In January 2008, The Michigan Council on Governmental Accounting (MCGA) issued Statement No. 14 – Funding of Retiree Health Care Obligations. This statement clarifies that contributions to plans created under the authority of Public Act 149 of 1999 (PA 149) are the equivalent to contributions to a trust arrangement.

As a result of this clarification, the Road Commission elected to write off an asset of \$674,950 it had been reporting in its financial statements. This asset write-off reduced opening fund balance accordingly.

NOTE 11 – FEDERAL/STATE GRANTS:

The Michigan Department of Transportation (MDOT) requires that the local Road Commission report federal and state grant revenues/expenditures for all projects within the Road Commission's jurisdiction. During 2007, federal and state aid reported as revenue and expenditures was \$2,793,562 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT (as such, they are included in MDOT's single audit rather than the Road Commission's). The Road Commission acts as the contractor in negotiated projects. A summary of the 2007 grant projects is presented on the next page:

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – FEDERAL/STATE GRANTS: (Continued)

Project Number	Description	Federal Revenue	State Revenue	Expenditures Recognized
59711A	Coonhill Rd Bridge over Batteese Creek	\$ -	\$ 26,871	\$ 26,871
74485A	South Street - Francis to Brooklyn Rd	12,593	-	12,593
74493A	Dettman Rd - Michigan Ave to Page Ave	640,000	160,000	800,000
79015A	Lansing Ave - Cunningham to Morrill	567	-	567
80590A	E. Michigan Ave/Rank Rd intersection	16,360	-	16,360
83233A	E. Michigan Ave - Grass Lake to Rank Rd	101,771	25,443	127,214
86425A	Draper Rd bridge over Grand River	408,889	76,666	485,555
86426A	Mt Hope Rd bridge over Portage River	-	409,552	409,552
87292A	Falling Waters Trail	625,143	-	625,143
87683A	S Jackson Rd - Jefferson/Waite intersect.	248,806	-	248,806
87684A	Page Ave/Watts traffic signal	40,901	-	40,901
		<u>\$ 2,095,030</u>	<u>\$ 698,532</u>	<u>\$ 2,793,562</u>

As of December 31, 2007 the Road Commission had prepaid \$108,018 of matching project funds, This is reported as Deferred Federal Aid in the financial statements.

NOTE 12 – EXPENDITURE/EXPENSE REPORTING:

In accordance with Michigan Department of Transportation guidelines, certain expenditures/expenses are reported net of related revenues. These are noted as ‘net’ on the basic financial statements, and are summarized as follows:

Administrative:

Administrative expenditures/expenses (A515 accounts)		\$ 766,729
Less:		
Overhead charges - State	\$ (212,276)	
Handling charges	(16,113)	
Purchase discounts	<u>(4,702)</u>	<u>(233,091)</u>
Administrative expenditure/expense - Net		<u>\$ 533,638</u>

Equipment:

Direct equipment expenditures/expenses	\$ 2,675,532
Indirect equipment expenditures/expenses	1,198,716
Operating expenses	<u>714,039</u>
	4,588,287
Less - Equipment rental credits	<u>(4,052,176)</u>
Equipment expenditure/expense - Net	<u>\$ 536,111</u>

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – EXPENDITURE/EXPENSE REPORTING: (Continued)

Capital outlay:

Capital outlay expenditure	\$ 92,274
Less:	
Equipment retirements (Cost less accumulated depreciation)	-
Depreciation	<u>(1,440,412)</u>
Capital outlay expenditure - Net	<u><u>\$ (1,348,138)</u></u>

NOTE 13 – EMPLOYEES' RETIREMENT PLAN:

The Jackson County Road Commission participates in the Jackson County Employees' Retirement System, a defined benefit pension plan. This plan was established in accordance with applicable state and local statutes.

A. Employee Membership Data:

As of December 31, 2007 (the latest valuation data available) employee membership data related to the pension plan (Road Division) was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	108
Active plan participants:	
Vested	50
Nonvested	<u>43</u>
	<u><u>201</u></u>

B. Benefit Provisions:

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire at age 60 with 8 or more years of credited service. Benefits vest after eight years. Employees retiring at age 60 with eight or more years credited service are entitled to pension payments for the remainder of their lives equal to 2.5% of their Final Average Compensation (the average of the highest five consecutive years in the ten years prior to retirement). The Road Commission financed portion is limited to 75% of final average compensation.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – EMPLOYEES’ RETIREMENT PLAN: (Continued)

B. Benefit Provisions: (Continued)

Pension provisions include a deferred allowance whereby an employee may terminate his or her employment with the Road Commission after accumulating eight years of credited service. The pension benefit is payable at age 60 or any age allowed by the retirement by-laws at the time of retirement. The benefit amount is computed in the same manner as the regular benefit described above.

Provisions are also included for duty and non-duty disability or death benefits. Disability benefit payments are computed in the same manner as regular benefits. The minimum benefit for a disability is 15% of final average compensation, with the maximum County-financed portion limited to 50% of FAC and worker’s compensation. Non-duty disability benefits are payable only after 10 or more years of credited service. Death benefits are computed in the same manner as the regular benefits; in the case of a duty death, additional service credit will be granted up to the amount needed to be vested prior to computation of the retirement allowance of the spouse.

C. Required Contributions:

Employees of the Road Commission are required to pay 2.5%, plus 50% of the employer contribution above 2.5% (an employee contribution rate of 6.06% for 2007) of their gross earnings to the pension plan. The payments are deducted from the employee’s wages and remitted to the pension plan each bi-weekly pay period. If an employee leaves the Road Commission prior to vesting, these contributions plus interest are returned to the employee.

The Road Commission makes bi-weekly contributions to the pension plan in an amount as determined by the plan’s actuaries. For the year ended December 31, 2007, the required contribution was computed as 6.06% of covered payroll. The Road Commission pension expense for the year ended December 31, 2007 was \$241,590. The actuarial assumptions used to compute this amount are available in the County of Jackson’s Comprehensive Annual Financial Report.

Substantially all of the Road Commission’s employees are covered by this plan. The Road Commission’s total payroll for the year ended December 31, 2007 was approximately \$4,203,000 with \$3,987,000 covered by the pension plan.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – EMPLOYEES’ RETIREMENT PLAN: (Continued)

Trend information for the plan as a whole is presented below:

Schedule of Funding Progress

Valuation Date Dec. 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1998	\$ 100,030	\$ 68,577	\$ (31,453)	145.9%	\$ 24,209	0%
1999(a)	\$ 112,224	\$ 77,492	\$ (34,732)	144.8%	\$ 26,781	0%
2000(a)	\$ 120,724	\$ 84,373	\$ (36,351)	143.1%	\$ 27,224	0%
2001(a)	\$ 124,551	\$ 92,102	\$ (32,449)	135.2%	\$ 29,687	0%
2002 (a)	\$ 120,693	\$ 104,222	\$ (16,471)	115.8%	\$ 29,763	0%
2003 (a)	\$ 118,340	\$ 112,314	\$ (6,026)	105.4%	\$ 29,566	0%
2004	\$ 121,005	\$ 121,440	\$ 435	99.6%	\$ 31,519	0%
2005	\$ 125,487	\$ 128,872	\$ 3,385	97.4%	\$ 31,441	11%
2006	\$ 137,122	\$ 135,894	\$ (1,228)	100.9%	\$ 30,779	0%
2007	\$ 144,465	\$ 140,898	\$ (3,567)	102.5%	\$ 32,298	0%

Note: \$ amounts in Thousands; information is for the plan as a whole.

(a) After changes in benefit provisions and/or actuarial assumptions and cost methods.

Schedule of Employer Contributions

Fiscal Year	Actuarial Value of Assets	Contribution Rates as a % of Valuation Payroll*	Computed \$ Contribution Based on Projected Payroll	Annual Required Contribution Based on Actual Payroll	Percentage Contributed
1998	12/31/96(a)	1.05%	\$ 262,012	\$ 254,050	100%
1999	12/31/97(a)	0.22%	\$ 55,039	\$ 59,036	100%
2000	12/31/98	0.00%	\$ -	\$ -	100%
2001	12/31/99(a)	0.00%	\$ -	\$ -	100%
2002	12/31/00(a)	0.00%	\$ -	\$ -	100%
2003	12/31/01	0.00%	\$ -	\$ -	100%
2004	12/31/02	6.21%/1.75%	\$ 1,477,934	\$ 1,477,934	100%
2005	12/31/03	6.96/3.97%	\$ 2,247,761	\$ 2,247,761	100%
2006	12/31/04	6.96%	\$ 2,367,969	\$ 2,367,969	100%
2007	12/31/05	7.57%	\$ 2,324,801	\$ 2,324,801	100%

Note: \$ amounts in Thousands; information is for the plan as a whole.

(a) After changes in benefit provisions and/or actuarial assumptions.

* Weighted averages.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – EMPLOYEES’ RETIREMENT PLAN: (Continued)

Some additional information relating to the actuarial assumptions used in the December 31, 2007 valuation follows:

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of Payroll
Remaining amortization for	
Unfunded actuarial accrued	
Liability	30 years (open)
Remaining amortization period	
For credit	10 years (open)
Asset valuation method:	4 year smoothed market
Investment rate of return	8.00%
Projected salary increases	5.0%-8.8%
Includes inflation at	5.0%

The details of amounts attributable solely to the Road Commission were not available. Detailed information concerning the Jackson County Employees’ Retirement System is presented in the publicly available County of Jackson, Michigan Comprehensive Annual Financial Report. Copies of this report may be obtained from the Jackson County Administrator / Controller’s Office, 120 West Michigan Avenue, Jackson, Michigan, 49201.

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS:

The Jackson County Road Commission pays for health insurance benefits for its retired employees and their beneficiaries through the Jackson County Self-Funded Managed Care Health Insurance program. These benefits are funded as incurred and totaled approximately \$789,000 for the year ended December 31, 2007, which consists of \$489,000 of current expenses and a \$300,000 contribution to a trust arrangement set up with the County of Jackson. The total number of retirees covered by this plan at December 31, 2007 was approximately 108.

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care expenses over the working life of the employee, rather than when they are paid. This pronouncement is effective for the year ending December 31, 2008, which is when the Road Commission has elected to adopt the standard.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS: (Continued)

The Road Commission has set aside \$1,048,000 in a trust fund with the County of Jackson in an effort to start pre-funding this liability. An actuarial valuation of the post-employment health benefits was performed as of January 1, 2007. The actuarial accrued liability for the Road Commission was \$14,766,660 - \$6,363,900 attributable to current active and inactive employees and \$8,402,760 to current retirees. The annual contribution rate computed to fund this liability was 27.81% of active employee payroll – 9.81% for the normal cost and 18.00% for the unfunded actuarial accrued liability. The study computed this using the following assumptions:

Medical care inflation rate (annual)	5.0%
Investment rate of return (annual)	8.0%
Amortization of unfunded actuarial Accrued liability	30 years

NOTE 15 – RISK MANAGEMENT:

During the normal course of its operations the Jackson County Road Commission is exposed to various risks of loss related to liability, employee injury, and other circumstances. In certain instances, the Jackson County Road Commission has opted to protect itself from such risks through means other than the purchase of traditional insurance coverage. These exceptions are as follows:

A. Liability Insurance:

The Jackson County Road Commission participates in the Michigan County Road Commission Self-Insurance Pool for its liability insurance. The Pool is a municipal self-insurance entity operating within the laws of the State of Michigan.

The Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Pool. In the event that a reinsurer does not meet its obligation to the Pool, the responsibility for payment of any unpaid claims reverts to the Pool, and, indirectly, to the Pool members.

B. Health Insurance:

The Road Commission participates jointly with the County of Jackson in the Jackson County Self-Funded Managed Care Health Insurance program. The premiums paid by the participating employers are the program's source of income, and expenses include: 1) the payment of claims; 2) the payment of an administrative fee; and 3) the payment of Stop-Loss insurance premiums (reinsurance). At December 31, 2007 (unaudited), the Road Commission had a deficit of \$20,831 in this Fund. The County of Jackson, Michigan Comprehensive Annual Financial Report provides further details regarding this insurance program.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 – RISK MANAGEMENT: (Continued)

C. Workers Compensation:

The Jackson County Road Commission participates in the County Road Association Self-Insurance Fund for its workers compensation insurance. The Pool is a municipal self-insurance entity operating within the laws of the State of Michigan.

The Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Pool. In the event that a reinsurer does not meet its obligation to the Pool, the responsibility for payment of any unpaid claims reverts to the Pool, and, indirectly, to the Pool members.

NOTE 16 – COMMITMENTS AND CONTINGENCIES:

A. Claims and Lawsuits:

In the normal course of its operations, the Jackson County Road Commission often becomes a party to various claims and lawsuits. In the opinion of the Road Commission's legal counsel, if any of these claims should result in an unfavorable resolution to the Road Commission, the Road Commission's liability would be limited to its deductible under insurance policies. The insurer would pay the losses, and there should be no material effect on the financial position of the Road Commission.

B. Trunkline Maintenance Audit:

As part of its trunkline maintenance agreement with the State of Michigan, the Road Commission's costs charged to the State are subject to audit. During 2007, the State completed its audit of the 2005 costs. The audit resulted in the Road Commission refunding \$3,603 to the State. The amount due under its 2006 - 2007 contracts has not been determined.

C. Commitments to Townships:

The Jackson County Road Commission is committed to providing the best road system possible to the residents of Jackson County. This commitment includes the Township Road Agreement matching program. The Road Commission offers to match \$50,000 of construction funds to each of the 19 townships within its jurisdiction. The match may be used up to three years in advance. This program has been highly successful, as Townships contracted for \$392,750 of new projects during 2007.

JACKSON COUNTY ROAD COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 – COMMITMENTS AND CONTINGENCIES: (Continued)

D. Construction Commitments:

Estimated future contract cost obligations related to the completion of construction projects in progress as of December 31, 2007, net of estimated federal, state and local grants and contributions, total \$682,000. The actual costs for completion of these projects will be greater than this amount, as the Road Commission will also pay for inspection costs and other services not covered by the construction contracts. The actual costs of completion cannot be determined at this time.

E. Jobs Today Loan Program:

The Road Commission financed a portion of the Dettman Rd. construction project with a loan in the amount of \$640,000 from the State's Jobs Today Program. Principal is to be repaid from federal advanced construction funds as soon as they become available. Interest at 4% is to be invoiced to the Road Commission. The principal and interest of this loan must be repaid by September 30, 2009.

F. Concentrations:

The Road Commission receives approximately 77% (\$13.7 million) of its revenue from the state and federal governments. A large portion of these revenues (\$10.9 million) is derived from the collection of taxes on gasoline and diesel fuels. These revenues could be susceptible to an economic downturn.

JACKSON COUNTY ROAD COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - ROAD FUND

**SCHEDULE OF FUNDING PROGRESS -
JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM**

JACKSON COUNTY ROAD COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue:				
Permits	\$ 40,000	\$ 40,000	\$ 79,727	\$ 39,727
Federal grants	3,563,607	3,563,607	2,095,030	(1,468,577)
State sources	12,311,630	12,311,630	11,593,025	(718,605)
Local government sources	720,000	720,000	1,105,878	385,878
Charges for services -				
State trunkline maintenance	2,322,848	2,322,848	2,706,039	383,191
Other	-	-	25,497	25,497
Interest and rentals	75,000	75,000	149,691	74,691
Special assessments	36,000	36,000	36,064	64
Gain on asset disposals	-	-	42,441	42,441
Other revenues	500	500	34,047	33,547
Lease proceeds	-	-	-	-
Total revenues	19,069,585	19,069,585	17,867,439	(1,202,146)
Expenditures/Expenses:				
Primary roads - Construction	-	-	-	-
Local roads - Construction	-	-	-	-
Primary roads - Preservation	4,859,863	4,859,863	2,862,353	1,997,510
Local roads - Preservation	1,350,000	1,350,000	1,708,173	(358,173)
Primary roads - Maintenance	3,759,610	3,759,610	3,205,371	554,239
Local roads - Maintenance	4,201,105	4,201,105	4,468,090	(266,985)
State trunkline maintenance	2,322,848	2,322,848	2,709,642	(386,794)
Non motorized grant - County Parks	-	-	1,322,811	(1,322,811)
Distributive expense	1,381,488	1,381,488	-	1,381,488
Administrative expense - Net	1,875,656	1,875,656	533,638	1,342,018
Equipment expense - Net	-	-	536,111	(536,111)
Capital outlay - Net	(680,985)	(680,985)	(1,348,138)	667,153
Debt service	-	-	144,214	(144,214)
Total expenditures	19,069,585	19,069,585	16,142,265	2,927,320
Excess of Revenues Over (Under) Expenditures	-	-	1,725,174	1,725,174
Fund Balance - Beginning	3,647,150	3,647,150	3,647,150	-
Fund Balance - Ending	\$ 3,647,150	\$ 3,647,150	\$ 5,372,324	\$ 1,725,174

JACKSON COUNTY ROAD COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 31, 2007

The information presented in the required supplementary schedule was determined as part of the actual valuation at the dates indicated.

<u>Valuation Date Dec. 31,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
1998	\$ 100,030	\$ 68,577	\$ (31,453)	145.9%	\$ 24,209	0%
1999(a)	\$ 112,224	\$ 77,492	\$ (34,732)	144.8%	\$ 26,781	0%
2000(a)	\$ 120,724	\$ 84,373	\$ (36,351)	143.1%	\$ 27,224	0%
2001(a)	\$ 124,551	\$ 92,102	\$ (32,449)	135.2%	\$ 29,687	0%
2002 (a)	\$ 120,693	\$ 104,222	\$ (16,471)	115.8%	\$ 29,763	0%
2003 (a)	\$ 118,340	\$ 112,314	\$ (6,026)	105.4%	\$ 29,566	0%
2004	\$ 121,005	\$ 121,440	\$ 435	99.6%	\$ 31,519	0%
2005	\$ 125,487	\$ 128,872	\$ 3,385	97.4%	\$ 31,441	11%
2006	\$ 137,122	\$ 135,894	\$ (1,228)	100.9%	\$ 30,779	0%
2007	\$ 144,465	\$ 140,898	\$ (3,567)	102.5%	\$ 32,298	0%

Note: \$ amounts in Thousands; information is for the plan as a whole.

(a) After changes in benefit provisions and/or actuarial assumptions and cost methods.

See Note 13 for more complete disclosures relating to the Road Commission's participation in the Jackson County Employees' Retirement System.

JACKSON COUNTY ROAD COMMISSION

ADDITIONAL INFORMATION

ANALYSIS OF CHANGES IN ROAD FUND BALANCE

JACKSON COUNTY ROAD COMMISSION
ADDITIONAL INFORMATION
ANALYSIS OF CHANGES IN ROAD FUND BALANCE
YEAR ENDED DECEMBER 31, 2007

	Primary Road	Local Road	County Road Commission	Total
Revenue:				
Permits	\$ 9,874	\$ 16,799	\$ 53,054	\$ 79,727
Federal grants	1,060,998	1,034,032	-	2,095,030
State sources:				
Michigan Transportation Fund	7,400,873	3,493,620	-	10,894,493
State critical bridge grants	436,422	76,667	-	513,089
TED/STP grants	25,443	-	-	25,443
Jobs Today grants	160,000	-	-	160,000
Revenues from local governments:				
Cities and villages	-	-	-	-
Township contributions	-	582,327	-	582,327
Other governments	-	523,551	-	523,551
Charges for services:				
State trunkline maintenance	-	-	2,485,246	2,485,246
State trunkline non-maintenance	-	-	220,793	220,793
Salvage sales	-	-	8,291	8,291
Fuel rebates	-	-	17,206	17,206
Interest and rentals:				
Interest	79,162	5,884	30,435	115,481
Rental of property	-	-	34,210	34,210
Special assessments	-	36,064	-	36,064
Gain on asset disposal	-	-	42,441	42,441
Other revenue	-	28,241	5,806	34,047
Total revenue	9,172,772	5,797,185	2,897,482	17,867,439
Expenditures:				
Construction	-	-	-	-
Preservation/Structural Improvements:				
Roads	1,789,296	975,327	-	2,764,623
Structures	561,948	689,031	-	1,250,979
Safety projects	445,847	23,483	-	469,330
Special assessments	-	20,332	-	20,332
Traffic Control	65,262	-	-	65,262
Non-motorized projects	-	-	-	-
Total preservation	\$ 2,862,353	\$ 1,708,173	\$ -	\$ 4,570,526

JACKSON COUNTY ROAD COMMISSION
ADDITIONAL INFORMATION
ANALYSIS OF CHANGES IN ROAD FUND BALANCE
YEAR ENDED DECEMBER 31, 2007

	Primary Road	Local Road	County Road Commission	Total
Expenditures: (Continued)				
Maintenance:				
Roads	\$ 1,758,581	\$ 3,351,112	\$ -	\$ 5,109,693
Structures	4,560	-	-	4,560
Roadside parks	4,295	-	-	4,295
Winter maintenance	1,178,002	914,448	-	2,092,450
Traffic Control	259,933	202,530	-	462,463
Total maintenance	3,205,371	4,468,090	-	7,673,461
Trunkline maintenance	-	-	2,488,849	2,488,849
Trunkline non-maintenance	-	-	220,793	220,793
Total trunkline	-	-	2,709,642	2,709,642
Non-motorized grant - County Parks	-	1,322,811	-	1,322,811
Administrative expenses:				
Administrative expenses	352,352	414,377	-	766,729
Less:				
Handling charges	(97,552)	(114,724)	-	(212,276)
Overhead - State	(7,404)	(8,709)	-	(16,113)
Purchase discounts	(2,161)	(2,541)	-	(4,702)
Net administrative expenses	245,235	288,403	-	533,638
Equipment expense:				
Direct expenses	715,170	1,201,581	758,781	2,675,532
Indirect expenses	320,417	538,343	339,956	1,198,716
Operating expenses	190,863	320,675	202,501	714,039
Less - Rental credits	(1,083,147)	(1,819,832)	(1,149,197)	(4,052,176)
Net equipment expenses	143,303	240,767	152,041	536,111
Capital outlay:				
Capital acquisitions	-	-	92,274	92,274
Less:				
Equipment retirements	-	-	-	-
Depreciation	-	-	(1,440,412)	(1,440,412)
Total capital outlay	\$ -	\$ -	\$ (1,348,138)	\$ (1,348,138)

JACKSON COUNTY ROAD COMMISSION
ADDITIONAL INFORMATION
ANALYSIS OF CHANGES IN ROAD FUND BALANCE
YEAR ENDED DECEMBER 31, 2007

	Primary Road	Local Road	County Road Commission	Total
Expenditures: (Continued)				
Debt service:				
Debt principal payment	\$ -	\$ -	\$ 120,554	\$ 120,554
Interest expense	-	-	23,660	23,660
Total debt service	-	-	144,214	144,214
 Total expenditures	 6,456,262	 8,028,244	 1,657,759	 16,142,265
 Excess of Revenue Over (Under) Expenditures	 2,716,510	 (2,231,059)	 1,239,723	 1,725,174
 Other Financing Sources (Uses):				
Loan proceeds	-	-	-	-
Optional transfers	(2,220,262)	2,231,059	(10,797)	-
Total other financing sources	(2,220,262)	2,231,059	(10,797)	-
 Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 496,248	 -	 1,228,926	 1,725,174
 Fund Balance - Beginning (Restated)	 2,634,313	 -	 1,012,837	 3,647,150
 Fund Balance - Ending	 \$ 3,130,561	 \$ -	 \$ 2,241,763	 \$ 5,372,324

MARKOWSKI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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RANDALL D. BIDDIX, C.P.A.
RETIRED PARTNER:
K.LAVERNE MARKOWSKI, C.P.A.

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Road Commissioners
Of Jackson County
Jackson, Michigan

We have audited the financial statements of the governmental activities and the major fund information of **JACKSON COUNTY ROAD COMMISSION** (a component unit of Jackson County, Michigan) as of and for the year ended December 31, 2007, which collectively comprise the Jackson County Road Commission's basic financial statements and have issued our report thereon dated June 6, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jackson County Road Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jackson County Road Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jackson County Road Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the proceeding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Internal Control Over Financial Reporting (Continued)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Jackson County Road Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Jackson County Road Commission's financial statements that is more than inconsequential will not be prevented or detected by the Jackson County Road Commission's internal control. We consider the deficiencies, 2007-1 and 2007-2, described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Jackson County Road Commission's internal control.

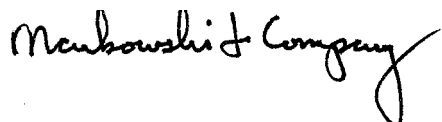
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiencies described above, 2007-1 and 2007-2, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jackson County Road Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that we reported to management of Jackson County Road Commission in a separate letter dated June 6, 2008.

This report is intended solely for the information and use of the Board of Commissioners and the management of the Road Commission and is not intended to be and should not be used by anyone other than these specified parties.



MARKOWSKI & COMPANY, CPAs
June 6, 2008

JACKSON COUNTY ROAD COMMISSION
SCHEDULE OF FINDINGS
DECEMBER 31, 2007

Finding 2007-1: Manual Journal Entries

Condition – Since the departure of the former Clerk in April 2007, journal entries prepared by the Finance Director are not reviewed or approved by any other member of management or management consultant. The journal entries selected for testing during our audit did not always include a description of the adjustment and the justification for the entry.

Recommendation – Journal entries should include appropriate support and an appropriate explanation of the need for the entry. The preparer should sign the entry, and it should be subjected to review by the Managing Director or the independent CPA retained by the Road Commission.

Response – Management agrees that in light of the Road Commission reorganization, the process for preparing and recording journal entries, including the approval of them, is in need of improvement. Future entries will be recorded on a standardized form, with areas designated for signatures from the preparer and the management level individual approving the entry. Prior to approving entries, the support will be reviewed and initialed.

Finding 2007-2: Inventory Reconciliations

Condition – Tests of inventory revealed that gasoline inventories reported in the perpetual records exceeded the capacity of storage tanks. This was caused by a timing difference between the addition of fuel purchases to inventory (which was done in the appropriate period) and charging usage to the appropriate accounts (which was inadvertently done in the subsequent fiscal year). This fuel posting process has been a computerized process for years. This process was lost due to software upgrades at both the Road Commission and the local fuel vendor.

Recommendation – As part of the inventory reconciliation process, a reasonableness test should be adopted which would identify potential problems in the inventory reports. Inventory levels above a certain amount should be subjected to additional scrutiny as part of the reconciliation process.

Response – Management agrees that adding this step to the inventory reconciliation process would strengthen controls over financial reporting of inventories. The Road Commission is also working with both its software company and that of the local fuel provider to reinstitute the automation of this process. This is expected to be completed prior to the end of 2008.

MARKOWSKI & COMPANY

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ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

To the Board of Road Commissioners
Jackson County Road Commission

COMMUNICATION OF AUDITOR/CLIENT RESPONSIBILITIES

We have audited the basic financial statements of the Jackson County Road Commission (the Road Commission) for the year ended December 31, 2007, and have issued our report thereon dated June 8, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated April 8, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the basic financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Road Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Road Commission are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the Road Commission during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate regarding infrastructure costs. We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Road Commission that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed an audit adjustment (to federal aid projects, based on the MDOT confirm response) that could, in our judgment, either individually or in the aggregate, have a significant effect on the Road Commission's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Road Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit. We were very pleased with the cooperation of the administrative staff during our audit.

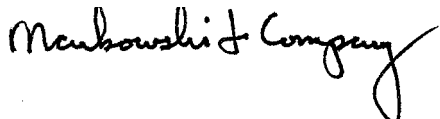
Comments and Recommendations

During the course of performing our audit, we did note two items which were reported as Findings in the Annual Financial Report.. There is also an area which we believe can be improved upon by Road Commission staff. These are addressed in the accompanying Memorandum of Comments and Recommendations.

We have also included a report listing the proposed audit adjustments which were waived as immaterial. These items can be used to analyze potential errors or misstatements in future periods. We encourage management to review these and take appropriate steps to head off these potential trouble spots.

This information is intended solely for the use of the Board of Road Commissioners and management of the Road Commission and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in black ink that reads "Markowski & Company". The signature is written in a cursive, flowing style.

MARKOWSKI & COMPANY, CPAs
June 6, 2008

JACKSON COUNTY ROAD COMMISSION
MEMORANDUM OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007

2007 COMMENTS AND RECOMMENDATIONS

MATERIAL WEAKNESSES:

As reported on page 38 of the Road Commission's Annual Financial Report, there are two instances which we believe to be material weaknesses in internal controls at the Road Commission.

Manual Journal Entries

An area of internal controls which needs improvement is the review/approval of journal entries. One person, the Director of Finance/Clerk, controls the entire process. The concern is that potential errors in financial reporting could occur and not be caught internally due to this lack of oversight.

Inventory Reconciliation

As noted on Page 38 of the Annual Financial Report, a material adjustment to inventory was needed to correct a timing difference in posting inventory usage. This error was uncovered during our audit. Had internal controls been properly functioning, this error would have been caught during the year end inventory reconciliation process.

It is during this process that process that the detail inventory records are balanced with the general ledger. We understand that system improvements are being implemented to remove the need for manually posting fuel usage. This will eliminate the cause of this error. It will still be important to implement a process under which material inventory amounts are analyzed as part of the inventory reconciliation process.

OTHER ITEMS FOR CONSIDERATION

Federal Aid Accounting

The Michigan Road Commission Accounting Manual provides information regarding the proper accounting for federal aid projects administered by the State of Michigan. The Road Commission is in compliance with these guidelines, but has required assistance from the external auditors as part of this process.

A properly functioning *internal* control system cannot include the *external* auditors as part of controls. Areas for which the independent auditor is relied upon should be monitored carefully and procedures implemented to avoid this situation in the future.

JACKSON COUNTY ROAD COMMISSION
MEMORANDUM OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007

FOLLOW UP ON 2006 COMMENTS:

Budgeting Procedures

In 2006, the Road Commission spent amounts in excess of budget. Our recommendation was for the Road Commission to monitor their actual and budgeted expenditures more closely, and propose adjustments to the budget when necessary and appropriate.

In 2007, the budget was not amended, as expenditures were within the total approved appropriation amount. Because the budget is adopted using numbers prior to spreading the Distributive Expense, and the actual amounts reported in the annual report are reported after spreading these expenses, there were areas in which actual expenditures were in excess of the approved budget. This is acceptable as long as the total actual expenditures are within the original appropriated amount.

In 2008, financial reporting has been improved by adding the ability to allocate these expenses quarterly, allowing for a more accurate analysis of budgeted and actual expenditures. With these steps, we believe that this issue has been appropriately addressed.

Fuel Monitoring Controls

Controls over access to the fuel pumps at the Road Commission's Elm Rd. complex were strengthened during 2007. The pumps are locked, and keys have been placed in an area with restricted access.

This concern has been addressed satisfactorily.



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES
LANSING



REBECCA A. HUMPHRIES
DIRECTOR

July 22, 2008

Mr. Brandon Ransom
Jackson County Parks
1992 Warren Avenue
Jackson, MI 49203

Dear Mr. Ransom:

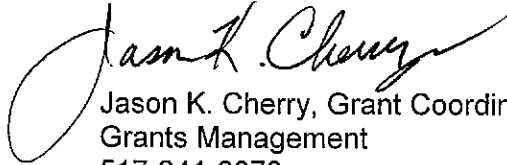
SUBJECT: TF05-117, Falling Waters Trail Project

Enclosed please find two copies of Amendment No. 1 to your Michigan Natural Resources Trust Fund (MNRTF) Project Agreement.

Please complete both copies of the Amendment, including original signatures and return both copies to this office **August 22, 2008**. We will sign the copies and return one fully-executed document to you for your files. Please note on Page 2 of the amendment that a resolution may not be required to execute this amendment unless required by local regulation.

If you have any questions, please feel free to contact me. Our address is: **Grants Management, Department of Natural Resources, P.O. Box 30425, Lansing, MI 48909-7925.**

Sincerely,



Jason K. Cherry, Grant Coordinator
Grants Management
517-241-3070
cherryj1@michigan.gov

JKC:lh
Enclosures
cc: Ms. Jule Stafford, DNR

RECEIVED

JUL 25 2008

JACKSON COUNTY PARKS

NATURAL RESOURCES COMMISSION
Keith J. Charters, Chair • Mary Brown • Hurley J. Coleman, Jr. • Darnell Earley • John Madigan • J. R. Richardson • Frank Wheatlake

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**MICHIGAN NATURAL RESOURCES TRUST FUND
DEVELOPMENT PROJECT AGREEMENT
AMENDMENT**

Project Title: Falling Waters Trail Project

Project Number: TF05-117

Amendment Number: 1

This is an amendment to the Agreement entered into between the Michigan Department of Natural Resources ("DEPARTMENT") and the COUNTY of JACKSON ("GRANTEE") for the Michigan Natural Resources Trust Fund grant number TF05-117. The purpose of this amendment is to extend the time period allowed for the completion of the project from July 31, 2008 to January 30, 2009, as further explained in correspondence from the GRANTEE to the DEPARTMENT dated June 15, 2008.

A. The DEPARTMENT and the GRANTEE mutually agree to amend the Agreement as follows:

Paragraph 2 will be amended to read as follows:

2. The time period allowed for project completion is **July 31, 2008 through January 30, 2009**, hereinafter referred to as the "project period." Requests by the GRANTEE to further extend the project period shall be made in writing before the expiration of the project period. The project period may be extended only by an amendment to this Agreement. Further extensions to the project period are at the discretion of the DEPARTMENT.

Paragraph 5 will be amended to read as follows:

5. The words "project facilities" shall mean the following individual components, as further described in APPENDIX C:
 - Trail Construction (10.3 miles)
 - Bridge Restoration
 - Trailhead
 - Landscaping
 - Signage

Submit a complete final reimbursement request within 90 days of project completion and no later than **April 30, 2009**. If the GRANTEE fails to submit a complete final request for reimbursement by **April 30, 2009** the DEPARTMENT may audit the project costs and expenses and make final payment based on documentation on file as of that date or may terminate this Agreement and require full repayment of grant funds by the GRANTEE.

- B. All other provisions of this Agreement shall be continued in full force and effect.
- C. The amendment may be executed separately by the parties and is not effective until both the GRANTEE AND THE DEPARTMENT have signed it.
- D. This amendment modifies an Agreement that was approved by resolution of the GRANTEE'S governing body as evidenced by the resolution attached to the Agreement. It is the sole responsibility of the GRANTEE to determine if its laws, policies or procedures require approval by its governing body before execution of this amendment by the GRANTEE. By signature of this amendment the GRANTEE certifies that:
1. Approval of the amendment by its governing body is not required, or
 2. The amendment has been approved by resolution (true copy attached) of the

_____, meeting of the _____
(date) (special or regular) (name of approving body)

GRANTEE

SIGNED:

WITNESSED BY:

By: _____ 1. _____
Title: _____ 2. _____
Date: _____

MICHIGAN DEPARTMENT OF NATURAL RESOURCES

SIGNED:

WITNESSED BY:

By: _____
James B. Wood

Title: Manager, Grants Management

Effective Date: _____

**MICHIGAN NATURAL RESOURCES TRUST FUND
DEVELOPMENT PROJECT AGREEMENT
AMENDMENT**

Project Title: Falling Waters Trail Project

Project Number: TF05-117

Amendment Number: 1

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_____, meeting of the _____
(date) (special or regular) (name of approving body)

GRANTEE

SIGNED:

WITNESSED BY:

By: _____ 1. _____
Title: _____ 2. _____
Date: _____

MICHIGAN DEPARTMENT OF NATURAL RESOURCES

SIGNED:

WITNESSED BY:

By: _____
James B. Wood

Title: Manager, Grants Management

Effective Date: _____

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ABBOTT, THOMSON & BEER, PLLC

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TELEPHONE (517) 787-8570

FAX (517) 787-8571

AUG 04 2008
ROBERT M. GROVER
OF COUNSEL
JACKSON COUNTY
ADMINISTRATOR'S OFFICE

July 30, 2008

Mr. Randall W. Treacher, County Administrator
County of Jackson
Jackson County Tower Building
120 West Michigan Avenue
Jackson, Michigan 49201

Re: Trailhead Agreement with Summit Township

Dear Randy:

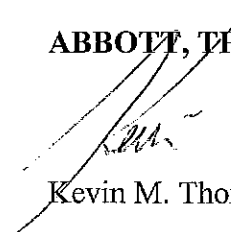
I have enclosed the cover letter sent to your attention on July 21, 2008, together with the enclosed Agreement to be executed between the County and Summit Township and the proposed Quitclaim Deed to convey the real estate from Summit Township to Jackson County. As indicated, the Agreement is not the most artfully drafted Purchase Agreement. Nonetheless, I assume it will serve the purposes.

Second, the Deed from the Township to Jackson County is a Quitclaim Deed. Thus, there are no warranties as to the transfer of title.

Should you have any further questions, please feel free to give me a call. Otherwise, I trust the Township and County can finalize this deal on their own.

Very truly yours,

ABBOTT, THOMSON & BEER, PLLC


Kevin M. Thomson

KMT:jkc
Enclosures

LAW OFFICES
ABBOTT, THOMSON & BEER, PLC

THE BLAKE BUILDING
180 WEST MICHIGAN AVENUE
SUITE 601
POST OFFICE BOX 450

JACKSON, MICHIGAN 49204-0450

TELEPHONE (517) 787-8570

FAX (517) 787-8571

WILLIAM M. ABBOTT
KEVIN M. THOMSON
BRENDON R. BEER
COREY J. McCORD

ROBERT M. GROVER
Of Counsel
STEPHANIE S. SCHENKEL
PARALEGAL

July 21, 2008

Mr. Randall W. Treacher, County Administrator
County of Jackson
Jackson County Tower Building
120 West Michigan Avenue
Jackson, Michigan 49201

Re: Trailhead Agreement with Summit Township

Dear Randy:

I recently received the updated survey and legal description from Worth Suveying concerning the Weatherwax Trailhead for the Falling Waters Trail. I have affixed the survey and the legal description to the original draft of the Agreement. I've also attached the legal description to the Quitclaim Deed.

Please refer to my correspondence of March 6, 2008 concerning my general comments on the Agreement itself. It is my understanding that Summit Township is going to make repairs to the Weatherwax Trail prior to its conveyance to the County. Nonetheless, I am concerned that future maintenance issues may increase as a result of improper construction.

Otherwise, it appears the Agreement was dated 2007 and the year was changed by a manual revision.

The same issue goes with the Quitclaim Deed. The date appears to have been revised to 2008.

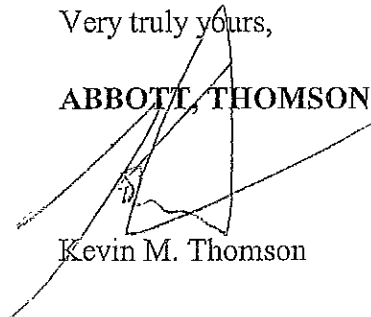
I understand nonetheless, that all parties are comfortable with the Agreement and Quitclaim Deed contingent upon the updated survey and legal description. Accordingly, the Agreement and Quitclaim Deed are ready for execution.

Randall W. Treacher
July 21, 2008
Page 2 of 2

Please call should you have any further questions. I would appreciate a copy of the executed Agreement and a copy of the recorded Quitclaim Deed upon execution and recording.

Very truly yours,

ABBOTT, THOMSON & BEER, PLC



Kevin M. Thomson

KMT:jkc

Enclosures

cc: Jim Guerriero/Jackson County Parks Department

AGREEMENT

THIS AGREEMENT is made and entered into effective as of the _____ day of _____, 2008, by and between **Summit Township**, a Michigan municipal corporation, with offices at 2121 Ferguson Road, Jackson, Michigan 49203 (hereinafter referred to as "Summit"), and **Jackson County**, a Michigan political subdivision, with offices at 120 West Michigan Avenue, Jackson, Michigan 49201 (hereinafter referred to as the "County"), as follows:

PRELIMINARY RECITALS:

WHEREAS, Summit is the owner of a parcel of land which is legally described in Exhibit A, attached hereto and made a part hereof, and which parcel of land is outlined in red on a drawing which is attached hereto as Exhibit B and made a part hereof; and

WHEREAS, the parcel of land referred to above is suitable for use as a trailhead for the Falling Waters Trail; and

WHEREAS, the Falling Waters Trail is a recreational facility under the jurisdiction and control of the County or a department of county government; and

WHEREAS, the Weatherwax Trail is another recreational facility for which the County currently has no maintenance and repair obligations; and

WHEREAS, Summit is willing to convey to County the property described in Exhibits A and B, in exchange for a commitment on the part of the County to be responsible for the maintenance and repair of Weatherwax Trail, a trail which runs from Falling Waters Trail southeasterly to its end, such trail being highlighted in blue on Exhibit C, attached hereto and made a part hereof, such conveyance and such obligation for maintenance and repair being subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, for a valuable consideration, receipt of which is mutually acknowledged:

1. Summit agrees to execute and deliver to the County, simultaneously with the execution by Summit and the County of this Agreement, a deed in the form of Exhibit D, attached hereto and made a part hereof.
2. The County acknowledges that the above-mentioned deed contains a reverter clause, and the County agrees, on behalf of itself and its successors and assigns, to be bound by the terms thereof.
3. The County further agrees, as above recited, to assume and discharge, effective as of the effective date of this Agreement, responsibility for maintenance and repair of the Weatherwax Trail, depicted on Exhibit C, which obligation shall continue for as long as the premises so depicted are dedicated to use of the public as a recreational facility.

4. Both of the parties hereto acknowledge that the signing of this document by the elected officials whose names appear below has been duly authorized by proper action taken by the Board of each party, and each party is signing, in part, in reliance on such authorization having been properly given to the other party.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of the above-named parties effective as of the day and year first above written.

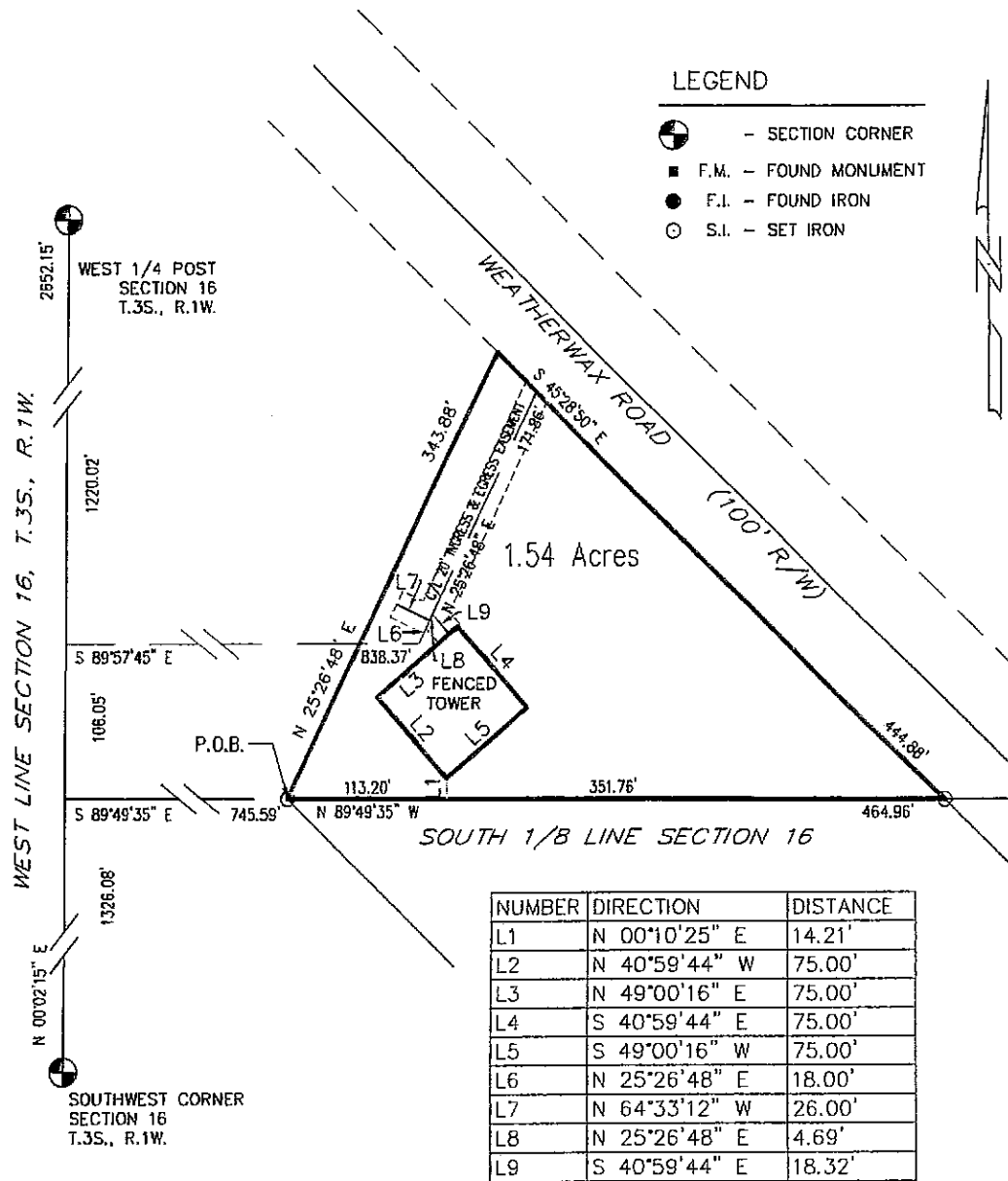
Township of Summit

By_____

County of Jackson

By_____

(SEE ATTACHED)



0 50 100 200 300

JACKSON COUNTY PARKS
 1992 WARREN AVENUE
 JACKSON, MI 49203
 JULY 16, 2008
 1 INCH = 200 FEET
 C 1085-1 REV

C 1085-1 (Revised)

Jackson County Parks
1992 Warren Avenue
Jackson, MI 49203

Land in the Township, Jackson County, Michigan, described as follows:

A parcel of land in the North 1/2 of the Southwest 1/4 of Section 16, Town 3 South, Range 1 West, Summit Township, Jackson County, Michigan, and being more specifically as commencing at the West 1/4 post of said Section 16; thence South 00 degrees 02' 15" West 1326.07 feet, along the West line of said Section 16, to the South 1/8 line of said Section 16; thence South 89 degrees 49' 35" East 745.59 feet, along the South 1/8 line of said Section 16, for the point of beginning of this description; thence North 25 degrees 26' 48" East 343.88 feet to the southwesterly line of Weatherwax Road; thence South 45 degrees 28' 50" East 444.88 feet, along the southwesterly line of Weatherwax Road, to the South 1/8 line of said Section 16; thence North 89 degrees 49' 35" West 351.76 feet along the South 1/8 line of said Section 16; thence North 00 degrees 10' 25" East 14.21 feet; thence North 40 degrees 59' 44" West 75.00 feet; thence North 49 degrees 00' 16" East 75.00 feet; thence South 40 degrees 59' 44" East 75.00 feet; thence South 49 degrees 00' 16" West 75.00 feet; thence South 00 degrees 10' 25" West 14.21 feet to the South 1/8 line of said Section 16; thence North 89 degrees 49' 35" West 113.20 feet, along the South 1/8 line of said Section 16, to the point of beginning.

Containing 1.54 acres of land, more or less. Subject to easements, restrictions and other pertinent instruments of record. Bearings are based on the South 1/2 of the West line of said Section 16 being assumed to bear South 00 degrees 02' 15" West, as noted on previous surveys.

Together with and subject to a 20.00-foot wide easement, for purposes of ingress and egress, over and across land in the North 1/2 of the Southwest 1/4 of Section 16, Town 3 South, Range 1 West, Summit Township, Jackson County, Michigan, the centerline of which is more specifically described as commencing at the West 1/4 post of said Section 16; thence South 00 degrees 02' 15" West 1220.02 feet along the West line of said Section 16; thence South 89 degrees 57' 45" East 838.37 feet, perpendicular to the West line of said Section 16, for the point of beginning of this easement centerline description; thence North 25 degrees 26' 48" East 18.00 feet; thence North 64 degrees 33' 12" West 26.00 feet; thence South 64 degrees 33' 12" East 26.00 feet; thence North 25 degrees 26' 48" East 4.69 feet; thence South 40 degrees 59' 44" East 18.32 feet; thence North 40 degrees 59' 44" West 18.32 feet; thence North 25 degrees 26' 48" East 171.86 feet, to the southwesterly line of Weatherwax Road, for the point of ending of this easement centerline description.

QUIT CLAIM DEED

The Grantor, Summit Township, a Michigan municipal corporation, with offices at 2121 Ferguson Road, Jackson, Michigan 49203, quit-claims to the County of Jackson, a Michigan political subdivision, with offices at 120 West Michigan Avenue, Jackson, Michigan 49201, the following described premises situated in the Township of Summit, County of Jackson, and State of Michigan, to-wit:

See Exhibit A, attached, for legal description

for the sum of less than One Hundred Dollars (\$100).

This document is exempt from state and county real estate transfer tax pursuant to MCL 205.505(a) and per MCL 207.526(a).

This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

The grantor grants to the grantee the right to make zero (0) divisions available under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967, as amended.

This conveyance is made on the condition that the land conveyed shall be used as a trailhead for the Falling Waters Trail, or for other recreational purposes consistent with the Jackson County Recreation Plan, as officially adopted or amended, and for no other purpose. In the event that grantee, its successors, or assigns, abandons or discontinues the use of the land for recreational purposes, as defined above, then ownership of the land shall immediately revert to grantor, its successors and assigns.

Dated this _____ day of _____, 2008.

Signed by:

Township of Summit, a Michigan municipal corporation

By _____
James Dunn, its Supervisor

By _____
Robert DuBois, its Clerk

STATE OF MICHIGAN)
) ss.
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me, a Notary Public in and for said County, this _____ day of _____, 2008, by James Dunn and Robert DuBois, on behalf of Summit Township, a Michigan municipal corporation.

Notary Public, Jackson County, Michigan
My Commission Expires: _____

Prepared without opinion as to
title, tax issues, and land division by:
William A. Thompson
740 West Michigan Avenue
Jackson, Michigan 49201

PLEASE SEND FUTURE TAX BILLS TO: County of Jackson
120 West Michigan Avenue
Jackson, Michigan 49201

EXHIBIT A

C 1085-1 (Revised)

Jackson County Parks
1992 Warren Avenue
Jackson, MI 49203

Land in the Township, Jackson County, Michigan, described as follows:

A parcel of land in the North 1/2 of the Southwest 1/4 of Section 16, Town 3 South, Range 1 West, Summit Township, Jackson County, Michigan, and being more specifically as commencing at the West 1/4 post of said Section 16; thence South 00 degrees 02' 15" West 1326.07 feet, along the West line of said Section 16, to the South 1/8 line of said Section 16; thence South 89 degrees 49' 35" East 745.59 feet, along the South 1/8 line of said Section 16, for the point of beginning of this description; thence North 25 degrees 26' 48" East 343.88 feet to the southwesterly line of Weatherwax Road; thence South 45 degrees 28' 50" East 444.88 feet, along the southwesterly line of Weatherwax Road, to the South 1/8 line of said Section 16; thence North 89 degrees 49' 35" West 351.76 feet along the South 1/8 line of said Section 16; thence North 00 degrees 10' 25" East 14.21 feet; thence North 40 degrees 59' 44" West 75.00 feet; thence North 49 degrees 00' 16" East 75.00 feet; thence South 40 degrees 59' 44" East 75.00 feet; thence South 49 degrees 00' 16" West 75.00 feet; thence South 00 degrees 10' 25" West 14.21 feet to the South 1/8 line of said Section 16; thence North 89 degrees 49' 35" West 113.20 feet, along the South 1/8 line of said Section 16, to the point of beginning.

Containing 1.54 acres of land, more or less. Subject to easements, restrictions and other pertinent instruments of record. Bearings are based on the South 1/2 of the West line of said Section 16 being assumed to bear South 00 degrees 02' 15" West, as noted on previous surveys.

Together with and subject to a 20.00-foot wide easement, for purposes of ingress and egress, over and across land in the North 1/2 of the Southwest 1/4 of Section 16, Town 3 South, Range 1 West, Summit Township, Jackson County, Michigan, the centerline of which is more specifically described as commencing at the West 1/4 post of said Section 16; thence South 00 degrees 02' 15" West 1220.02 feet along the West line of said Section 16; thence South 89 degrees 57' 45" East 838.37 feet, perpendicular to the West line of said Section 16, for the point of beginning of this easement centerline description; thence North 25 degrees 26' 48" East 18.00 feet; thence North 64 degrees 33' 12" West 26.00 feet; thence South 64 degrees 33' 12" East 26.00 feet; thence North 25 degrees 26' 48" East 4.69 feet; thence South 40 degrees 59' 44" East 18.32 feet; thence North 40 degrees 59' 44" West 18.32 feet; thence North 25 degrees 26' 48" East 171.86 feet, to the southwesterly line of Weatherwax Road, for the point of ending of this easement centerline description.

COUNTY OF JACKSON

ORDINANCE NO. 7

AN ORDINANCE OF THE COUNTY OF JACKSON, MICHIGAN AMENDING THE JACKSON COUNTY ORDINANCE #7, ENTITLED "AMENDED ORDINANCE FOR THE USE, PROTECTION, REGULATION AND CONTROL OF THE PROPERTY OF THE JACKSON COUNTY PARKS AND RECREATION COMMISSION," BY AMENDING CHAPTER VI, TO ADD A NEW SECTION 13, ENTITLED "NON-MOTORIZED PATHWAYS"

THE COUNTY OF JACKSON ORDAINS:

Section 1. Chapter VI of County Ordinance #7, entitled "Amended Ordinance for the Use, Protection, Regulation and Control of the Property of the Jackson County Parks and Recreation Commission," is hereby amended to add a new Section 13, "Non-Motorized Pathways":

Section 13: Non-Motorized Pathways

- A. Motorized Vehicles (excluding motorized wheelchairs) of any kind are prohibited.
- B. Hours of use shall be sunrise to sunset.
- C. Horses or other riding animals are prohibited from the paved portion of the Trail corridor.
- D. All hunting and trapping is prohibited on the 100 foot Trail right-of-way.
- E. No person shall act, operate, or engage in any activity along the Falling Waters Trail (or any pathway) in a careless or negligent manner likely to endanger any person or property.

Section 2. Validity and Severability. The provisions of this Ordinance are severable and the invalidity of any phrase, clause or part of this Ordinance shall not affect the validity or effectiveness of the remainder of the Ordinance.

Section 3. Repealer Clause. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed only to the extent necessary to give this Ordinance full force and effect.

Section 4. Savings Clause. This Ordinance does not affect rights and duties matured, penalties that were incurred, and proceedings that were begun, before its effective date.

Section 5. Effective Date. This Ordinance shall be effective _____, 2008, or upon its publication, whichever occurs later.

Resolution No. 08-08.24

COUNTY OF JACKSON

STATE OF MICHIGAN

**RESOLUTION TO APPROVE AND AUTHORIZE EXECUTION
OF JACKSON COUNTY WASTEWATER DISPOSAL FACILITY
(PARMA WASTEWATER TREATMENT PLANT SECTION) CONTRACTS
AND TO PROVIDE FOR CERTAIN OTHER MATTERS PERTAINING THERETO**

Minutes of a regular meeting of the Board of Commissioners of the County of Jackson,
Michigan, held in the Jackson County Tower Building in Jackson, Michigan on the ____ day of
_____, 2008, at 7:00 p.m. Local Time.

PRESENT: Commissioners: _____

ABSENT: Commissioner: _____

The following preamble and resolution were offered by Commissioner _____ and
supported by Commissioner _____:

WHEREAS, the Village of Parma (the "Village") owns and operates a wastewater treatment
plant comprised of two waste stabilization lagoons and related infrastructure located south of the
Village limits in the Township of Spring Arbor with a previous state permitted capacity of 97,100
gallons per day (the "Existing Wastewater Treatment Plant") which provides wastewater treatment
services to the Village; and

WHEREAS, the Existing Wastewater Treatment Plant has a history of leakage problems and,
in addition, has had recent problems with meeting state imposed discharge requirements; and

WHEREAS, to eliminate the problems at the Existing Wastewater Treatment Plant and to
meet more stringent state-permit discharge limitations, the Village has determined that it is necessary

improve the Existing Wastewater Treatment Plant by renovating the existing lagoons to eliminate leakage through the berms and pipes, renovating the South Union Pump Station and to make related improvements (the "Project"); and

WHEREAS, the Village requested the assistance of the County of Jackson (the "County") through the County's Board of Public Works with the construction and installation of the Project pursuant to Act 185 of the Public Acts of Michigan of 1957, as amended ("Act 185"), and

WHEREAS, pursuant to Act 185, the Jackson County Board of Commissioners acting upon the request of the Village, by resolution of a majority of the members elect on November 15, 2005, in order to proceed with the Project, authorized and directed the establishment of a county sanitary sewage disposal system to be known as the Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) (the "System") with the area to be served to be known as the Jackson County Wastewater Disposal District (Parma Wastewater Treatment Plant Section) (the "District"); and

WHEREAS, the Project is eligible for funding in whole or in part by a loan from the State of Michigan Clean Water Revolving Fund Loan Program (the "SRF Loan"); and

WHEREAS, a proposed Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) Bond Contract dated as of June 1, 2008, between the County and the Village (the "Bond Contract") in the form attached as Exhibit A has been presented to this Board; and

WHEREAS, the Bond Contract provides for the acquisition, construction and financing of the System and the Project by the County, the payment of the total cost of the Project by the Village and the SRF Loan and other matters including without limitation the issuance of bonds by the County to evidence the SRF Loan to finance the acquisition and construction of the Project in anticipation of payments to be made by the Village, which payments will be sufficient to pay the

principal of and interest on said bonds and for the making of said payments the Village shall pledge its full faith and credit subject to statutory and constitutional tax limitations; and

WHEREAS, a description of the Project to be acquired, constructed and financed by the County to serve the Village, together with a map thereof, is set forth in Exhibit A to the Bond Contract; and

WHEREAS, an estimate of cost of the Project is set forth in Exhibit B to the Contract; and

WHEREAS, the estimated period of usefulness of the Project is set forth in Exhibit C to the Bond Contract; and

WHEREAS, a proposed Contract to Consent to Location of and Use of Public Rights-of-Way by Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) (the "Consent Contract") by and between the County, the Village and the Township of Spring Arbor, whereby the Township of Spring Arbor has consented to the location and renovation of the Existing Wastewater Treatment Plant in Section 6 of the Township of Spring Arbor in accordance with Section 10 of Act 185, has been presented to this Board in the form attached hereto as Exhibit B; and

WHEREAS, the Jackson County Board of Public Works has reviewed and approved the description, estimate of cost and the estimated period of usefulness of the Project, the Bond Contract and the Consent Contract, and has recommended that the County Board of Commissioners adopt this resolution.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. The Board of Commissioners of the County, by a majority vote of its members-elect, hereby approves the description of the Project (as defined in the Bond Contract) and the areas to be served by the System, the estimate of cost of the Project, the estimated period of usefulness of the Project, the Bond Contract and the Consent Contract.

2. The Chair and Secretary of the Jackson County Board of Public Works are authorized and directed to execute and deliver the Bond Contract and the Consent Contract for and on behalf of the County in the form approved by this Resolution together with such additions and deletions as said officers deem to be appropriate and in the best interests of the County (in such number of counterparts as may be desirable).

3. The bonds of the County provided for by the Bond Contract shall be issued with such terms as shall be established by a bond authorizing resolution approved by the County Board of Commissioners.

4. The actions by the Chair of the Board of Public Works to secure and accept the SRF Loan for the Project are hereby ratified and confirmed.

5. The Bond Contract and the Consent Contract, as presented to the County Board of Commissioners on this date, shall be kept on file at the office of the Chair of the Board of Public Works for public inspection, together with a certified copy of this resolution.

6. All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Commissioners: _____

NAYS: Commissioner: _____

ABSTAIN: Commissioner: _____

RESOLUTION DECLARED ADOPTED.

Amanda L. Riska, Clerk
County of Jackson

STATE OF MICHIGAN)
) ss.
COUNTY OF JACKSON)

I, Amanda L. Riska, the duly qualified and acting Clerk of the County of Jackson, Michigan, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the County Board of Commissioners at a regular meeting thereof held on the _____ day of _____, 2008, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature this _____ day of _____, 2008.

Amanda L. Riska, Clerk
County of Jackson

EXHIBIT A

**JACKSON COUNTY WASTEWATER
DISPOSAL FACILITY
(PARMA WASTEWATER TREATMENT PLANT SECTION)
BOND CONTRACT**

**JACKSON COUNTY WASTEWATER DISPOSAL FACILITY
(PARMA WASTEWATER TREATMENT PLANT SECTION) BOND CONTRACT**

THIS CONTRACT is made and entered into as of this 1st day of June, 2008 (the "Contract"), by and between the County of Jackson, Michigan, (the "County") acting by and through its Board of Public Works (the "Board"), the governing body of its Department of Public Works pursuant to Act 185 of the Public Acts of Michigan of 1957, as amended ("Act 185") and the Village of Parma, a general law Village located in the County (the "Village").

WITNESSETH:

WHEREAS, Act 185 authorizes a county, acting through its Board of Public Works, upon the request of a local unit of government, to acquire, improve, enlarge, extend, finance, operate and maintain sewage disposal systems and water supply systems in said local unit of government; and

WHEREAS, the County has (a) established a Department of Public Works under the terms of Act 185 with authority to acquire, improve, enlarge and extend sewage disposal systems and water supply systems for local units of government within the County and (b) appointed a Board of Public Works in accordance with Act 185; and

WHEREAS, the Village owns and operates a wastewater treatment plant comprised of two waste stabilization lagoons and related infrastructure located south of the Village limits in the Township of Spring Arbor with a previous state permitted capacity of 97,100 gallons per day (GPD) (the "Existing Wastewater Treatment Plant") which provides wastewater treatment services to the Village; and

WHEREAS, the Existing Wastewater Treatment Plant has a history of leakage problems and, in addition, has had recent problems with meeting state imposed discharge requirements; and

WHEREAS, to eliminate the problems at the Existing Wastewater Treatment Plant and to meet more stringent state-permit discharge limitations, it is necessary for the public health, safety and welfare and in the best interest of the Village and its residents to improve the Existing Wastewater Treatment Plant by renovating the existing lagoons to eliminate leakage through the berms and pipes, renovating the South Union Pump Station and to make related improvements (the “Project”); and

WHEREAS, pursuant to Act 185, the Board of Commissioners of the County, acting upon the request of the Village, by majority vote of its members-elect on November 15, 2005, authorized and directed the establishment of the hereinafter described sanitary sewage disposal system to provide for the Project to be known as the “Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section)” (the “System”) with the area therein to be served by the System to be known as the Jackson County Wastewater Disposal District (Parma Wastewater Treatment Plant Section) (the “District”); and

WHEREAS, there is an urgent need for such sanitary sewage disposal system to promote the health and welfare of the residents of the Village, which facilities will likewise benefit the County and its residents, and the parties hereto have concluded that such facilities can be provided and financed most economically and efficiently by the County through the exercise of the powers conferred by Act 185; and

WHEREAS, by the terms of Act 185 the County and the Village are authorized to enter into a contract for the acquisition, construction, improvement, extension, financing and operation of a sanitary sewage disposal system and for the payment of the cost thereof by the Village, with interest, over a period of not exceeding forty (40) years, and the County is then authorized, pursuant to appropriate action of its Board of Commissioners, to issue its bonds to provide the funds for the

facilities to be paid for and used by the Village, secured primarily by the full faith and credit contractual obligation of the Village and secondarily by the full faith and credit of the County; and

WHEREAS, Act 185 provides, in the opinion of the Village and the County, the fairest and most equitable means of acquiring the sanitary sewage disposal system comprising the Project so vitally necessary for the public health and welfare of the residents of the County within the District to be served, at the most reasonable cost; and

WHEREAS, the County through the Board has obtained a description of the Project to be constructed in accordance with the Contract as set forth on Exhibit A hereto, a diagram of the facilities and service area of the Project as outlined on Figure 1 to Exhibit A hereto, as prepared by OMM Engineering, Inc., consulting engineers in Grand Rapids, Michigan (hereinafter sometimes referred to as the “Engineer”), an estimate of cost of the Project as set forth on Exhibit B hereto and the Engineer’s estimate of the period of usefulness of the Project as set forth on Exhibit C hereto; and

WHEREAS, the County, acting by and through the Board, the Village and the Township of Spring Arbor are parties to that certain Contract to Consent to Location of and Use of Public Rights-of-way by Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) dated of even date herewith (the “Consent Contract”) whereby the Township of Spring Arbor has consented to the location and renovation of the Existing Wastewater Treatment Plant in Section 6 of the Township of Spring Arbor in accordance with Section 10 of Act 185; and

WHEREAS, the Project is eligible for funding in whole or in part by a loan from the State of Michigan Clean Water Revolving Fund Loan Program (the “SRF Loan”); and

WHEREAS, in order to finance the acquisition and construction of the Project and to issue the bonds of the County to evidence the SRF Loan, it is necessary that the County and the Village enter into this Contract; and

WHEREAS, it is also necessary for the County and the Village to contract relative to the operation and maintenance of the System and the use thereof to serve residents and customers of the Village.

IT IS THEREFORE AGREED BY AND BETWEEN THE PARTIES HERETO, for and in consideration of the agreement and covenants of each other and moneys to be paid one to the other, as follows:

1. **APPROVAL OF PROJECT.** The County and the Village approve the establishment, acquisition, construction and financing of the Project under and pursuant to Act 185.

2. **SERVICE AREA.** The specific service area to be served by the Project known as the Jackson County Wastewater Disposal District (Parma Wastewater Treatment Plant Section) shall include, in general, those portions of the Village which may be reasonably serviced by the System taking into account capacity of system components, engineering feasibility and other factors determined in the discretion of the Village pertinent to providing wastewater collection and transmission facilities and service to specific lands. The service area shall be that area described in Exhibit A hereto.

3. **DESCRIPTION OF PROJECT.** The Project shall consist of improvements to the Existing Wastewater Treatment Plant and the South Union Pump Station, and all related improvements and appurtenances thereto and rights in land to serve properties located in the Village, as set forth in the Plans and Specifications (as hereinafter defined) prepared and to be prepared by the Engineer and substantially as described in Exhibit A hereto.

4. **NECESSITY OF PROJECT.** The Project is designated to service the Village and is immediately necessary to protect and preserve the public health and to abate the pollution caused by the leakage from the Existing Wastewater Treatment Plant, and the Village does, by these presents, consent to such service being furnished by the Project to the individual users in these areas. In particular, the County, the Board and the Village endorse the demonstration of the public health necessity for the Project as set forth in State Revolving Fund Project Plan for Wastewater System Improvements dated June 2005, and amended February 2008, prepared by the Engineer for the Project.

5. **APPROVAL OF PLANS AND ESTIMATED COSTS.** The County and the Village hereby approve and confirm the plans and specifications for the Project prepared by the Engineers (the "Plans and Specifications"), the estimate of cost in the amount of \$2,800,000 (the "Estimated Cost") as set forth on Exhibit B hereto and the estimate of 20 years and upwards as the period of usefulness of the Project as set forth on Exhibit C hereto. The Estimated Cost includes all surveys, plans, specifications, acquisition of property for rights-of-way, physical construction necessary to acquire and construct the Project, the acquisition of all materials, machinery and necessary equipment, contingency allowance, and engineering, engineering supervision, capitalized interest, administrative, legal and financing expenses necessary in connection with the acquisition and construction of the Project and the financing thereof. The Estimated Cost includes adequate allowances for reimbursement in accordance with applicable United States Treasury regulations of expenses incurred or reasonably expected to be incurred by any party to this Contract prior to the issuance of bonds by the County.

6. CONSTRUCTION CONTRACTS.

a. The Project shall be acquired and constructed by the County in accordance with the Plans and Specifications. Variations from the Plans and Specifications may be made without the approval of the Village only if such variations shall not materially affect such Plans and Specifications. Subject to the right of the Village to review and comment on the Plans and Specifications, all matters relating to Plans and Specifications, together with the making and letting of final construction contracts for the Project, the approval of work and materials thereunder, and construction supervision, shall be in the exclusive control of the County, acting through the Board.

b. The County, acting through the Board, will take bids for the acquisition and construction of the Project prior to the time that any Bonds are issued to finance part or all of the cost of the Project. The County shall not enter into any final contract or contracts for the acquisition or construction of any part of the Project if such contract price or prices will cause the actual cost of the Project to exceed the Estimated Cost without approval of the Village. If the contract bid prices exceed the Estimated Cost, the County shall immediately so notify the Village. The Village may approve the letting of contracts in an amount greater than the Estimated Cost by resolution of the Village Board in which the Village: (i) approves the increased total cost; and (ii) agrees to pay the excess, either: (a) in cash; or (b) by specifically authorizing the maximum principal amount of bonds to be issued to be increased to an amount which will provide sufficient funds to meet the increased cost, and by authorizing a corresponding increase in the payment obligations of the Village pledged to the payment of the bonds pursuant to this Contract.

7. ACQUISITION OF LAND AND RIGHTS OF WAY. All acquisition of land and rights of way necessary for the Project, including the operation and maintenance thereof, shall be undertaken by the Board or, in the alternative, by the Village, in the name of the Board. The cost of such

acquisition shall be paid from the proceeds of the sale of the bonds or amounts paid by the Village prior to the issuance of the bonds.

8. **USE OF RIGHTS OF WAY.** The Village, in compliance with Section 29, Article VII, Michigan Constitution of 1963, hereby consents and agrees to the use of the public streets, alleys, lands and rights-of-way in the Village by the County to construct, operate, maintain, repair and replace the Project and the System and any improvements, enlargements and extensions thereto. To evidence and effectuate the foregoing consent and agreement, the Village will execute and deliver to the County such grants of easement, right-of-way, license, permit or consent as may be requested by the County.

Under the terms of the Consent Contract, the Township of Spring Arbor has consented to the location and renovation of the Existing Wastewater Treatment Plant in Section 6 of the Township of Spring Arbor and, in addition, in compliance with Section 29, Article VII, Michigan Constitution of 1963, to the use of the public rights-of-way in the Township of Spring Arbor with respect to the existing sewer interceptor line which transports wastewater from the District to the Existing Wastewater Treatment Plant (the "Sewer Interceptor"). The Village shall obtain the consent by resolution of the Townships of Parma and Concord to the use of the public rights-of-way in each such Township, in compliance with Section 29, Article VII, Michigan Constitution of 1963, with respect to the Sewer Interceptor, and (with respect to the Township of Parma), the South Union Pump Station.

9. **COUNTY'S AGREEMENT TO ACQUIRE SYSTEM.** To provide for the acquisition, construction and financing of the System in accordance with the provisions of Act 185, the Board shall do the following:

a. Obtain final construction plans and specifications for the Project prepared by the Engineer.

b. If requested by the Village, submit to the Board of Commissioners of the County a resolution (the "Note Resolution") providing for the issuance of notes in anticipation of the sale of the Bonds (as hereinafter defined) in accordance with Section 413 of Act 34 of the Public Acts of Michigan of 2001, as amended ("Act 34") in one or more series in an aggregate principal amount which shall not exceed 50% of the Estimated Cost (the "Notes"). The principal amount, terms of repayment and security of the Notes shall be consistent with Act 34 as specifically set forth in the Note Resolution. The proceeds of the Notes shall be used only to pay costs of the Project, costs of issuance of the Notes and principal and interest on the Notes.

c. Submit to the Board of Commissioners of the County a resolution (the "Bond Resolution") providing for the issuance of bonds in one or more series not to exceed the aggregate principal amount of \$2,800,000 and such additional amounts as are authorized by the Village pursuant to paragraph 6.b. of this Contract, less the original principal amount of the Notes, to the extent the Notes are not paid or refunded from bond proceeds (the "Bonds"), to finance part or all of the costs of the Project. The Bonds shall mature serially over an estimated twenty (20) years as set forth in Exhibit D attached hereto as shall be more specifically provided in or pursuant to the Bond Resolution, and shall be secured primarily by the contractual obligations of the Village to pay the installments due, plus interest, as hereinafter provided in this Contract, and secondarily, if approved by a three-fifths (3/5) vote of the members elect of the Board of Commissioners, by the full faith and credit of the County. After adoption of the resolution by the County Board of Commissioners, the Board will take all legal procedures necessary to effectuate the sale and delivery of the Bonds.

d. Take all necessary procedures to obtain the approval of, or qualification by, the Department of Treasury of the State of Michigan necessary for the issuance of the Bonds and the Notes by the County, sell and deliver the Bonds and the Notes in manner authorized by law, and construct the Project.

e. Take bids for and, following the sale of the Bonds, execute contracts with the bidder or bidders approved by the Board for the acquisition and construction of the Project, in accordance with the Plans and Specifications approved in Paragraph 5. These contracts shall specify a completion date agreeable to the County and the Village.

f. Require the contractor or contractors undertaking the construction of the Project to furnish evidence of proper bonds to guarantee the performance of the contract or contracts, and such labor and material bonds and such casualty, liability, and workers' compensation insurance in such amounts and in such form as may be approved by the Board.

g. Upon receipt of the proceeds of the sale of the Bonds and the Notes, comply with all provisions and requirements provided for in the Bond Resolution, the Note Resolution and this Contract relative to the disposition and use of the proceeds of the sale of the Bonds and the Notes.

h. At the request of the Village and subject to the requirements of Treasury Regulation §1.150-2, reimburse the Village from the proceeds of the Bonds or the Notes for advances made by the Village for engineering, legal, and other services paid for by the Village prior to issuance of the Bonds or the Notes.

i. Temporarily invest any proceeds of the Bonds or the Notes or other funds held by it for the benefit of the County and the Village as permitted by law, and investment income shall

accrue to and follow the fund producing such income, subject at all times to the provisions of Paragraph 20 below.

j. Cooperate with the County and the Village to the extent necessary to comply with all terms and conditions of the SRF Loan for the Project in order that the SRF Loan shall be evidenced by the Bonds issued by the County in the manner contemplated by this Contract.

10. PAYMENT BY VILLAGE.

a. The cost of the Project to be financed shall be funded by amounts paid, if any, by the Village prior to the issuance of the Bonds by the County and the proceeds of the Bonds and the Notes. The cost of the Project to be financed by the issuance of the Bonds (and any additional bonds authorized pursuant to Paragraph 12, below) and the Notes, if any, shall be charged to and paid by the Village to the Board in the manner and at the times hereafter set forth. The term "cost" as used herein shall be construed to include all items of cost set forth in Exhibit B hereto and any other items of cost of a similar nature as may be set forth in any revisions of said Exhibit B agreed to by the County and the Village.

b. The Village shall pay the principal of and interest on all Bonds and Notes, if any, issued by the County for the Project and all paying agent fees, continuing disclosure fees and other expenses and charges (including the County's administrative expenses) which are payable on account of such bonds and notes (such fees, expenses and charges being herein called "bond service charges").

c. The Board shall, within thirty (30) days after delivery of the Bonds issued to finance the cost of the Project furnish the Village with a complete schedule of principal maturities of the Bonds and interest thereon.

d. Principal and interest and bond service charges on the County bonds will be billed by the Board to the Village at least thirty (30) days before any payment thereon is due to the County by the Village for debt service and bond service charges. Failure of the Board to notify the Village of any such payment shall not relieve the Village of the obligation to make such payment.

e. The Village covenants and agrees to remit to the County not less than thirty (30) days prior to the maturity date of any principal of or interest on any such bonds sufficient funds to pay the principal and interest and any bond service charges then due. All such payments received by the County pending use of such funds to pay principal, interest and bond service charges shall be held as uninvested cash or invested solely in direct obligations of the United States government and are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on such bonds.

f. If an increase in any payments herein provided becomes necessary to provide adequate funds for the County to meet its debt service requirements on the Bonds issued and outstanding, the Village hereby covenants and agrees to pay the necessary increased payments.

g. If any amount payable by the Village to the County pursuant to this Paragraph 10 is not paid when due, the amount not so paid shall be subject to a penalty, in addition to interest, of 1% thereof for each month, or fraction thereof, that the same remains unpaid after the due date. In addition to this penalty, the Village shall reimburse the County for all costs and expenses, including, without limitation, the fees and expenses of attorneys engaged by the County, actually incurred by the County as a result of the failure of the Village to pay amounts when due to the County, including, without limitation, the remedies for default set forth in Paragraph 18 of this Contract, to the extent such actual costs and expenses exceed the funds generated by the 1% penalty.

h. The Village, in its sole discretion in any semiannual period, may pay in advance any portion of its payment in excess of the semi annual requirement, in which event and except as provided below, the County shall credit the Village with advance payment of the next succeeding payments to the extent of such advance payments.

i. If the bonds are callable, the Village may pay to the County in cash the principal amount of any County bonds which are subject to redemption prior to maturity, plus all interest thereon to the first date upon which such bonds may be called for redemption, plus all applicable call premiums and bond service charges necessary to call such amount of bonds on such date, and in such event the County shall call said bonds for redemption at the earliest possible date; provided, however, that such advance cash payment and credit therefore shall be limited in amount at any given time to the amount of bonds available for redemption by call within the twelve-month period succeeding the date of the advance cash payments. The payments or portions thereof so prepaid shall be deemed to be the payments or portions thereof falling due in the same calendar year as the maturity dates of the bonds surrendered or called for redemption and bonds so surrendered or redeemed shall be canceled. All such prepayments received by the County shall, pending use of such funds to pay the redemption price of outstanding bonds, be held as uninvested cash or invested solely in direct obligations of the United States government.

j. It is specifically recognized by the Village that the debt service payments required to be made pursuant to the terms of this Paragraph 10 are to be pledged for and used to pay the principal of and interest on the bonds to be issued by the County, as provided by this Contract and authorized by law, and the Village covenants and agrees that it will make all required payments to the Board promptly and at the times herein specified without regard to whether the Project is

actually completed or placed in operation. The foregoing obligations shall apply to all bonds issued by the County to defray the cost of the Project.

k. The obligation of the Village to pay the debt service on the Bonds (and any additional bonds authorized pursuant to Paragraph 12, below) and related bond service charges shall apply in the same manner and to the same extent and in the same or similar time to pay debt service on the Notes and related bond service charges, to the extent the Notes and related bond service charges are not paid or refunded from the proceeds of the Bonds (or any additional bonds authorized pursuant to Paragraph 12, below).

11. **VILLAGE PLEDGE OF FULL FAITH AND CREDIT.** The Village, pursuant to Section 12(2) of Act 185, hereby irrevocably pledges its full faith and credit for the prompt and timely payment of its obligations pledged for note and bond payments as provided by this Contract. Pursuant to such pledge, the Village shall be required to pay such amounts from any of its general funds as a first budget obligation and shall each year, commencing in 2009, levy an ad valorem tax on all the taxable property in the Village in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay its obligations under this Contract becoming due before the time of the following year's tax collections. Such annual levy, however, shall be subject to applicable charter, statutory and constitutional tax limitations, unless this Contract is approved by vote of the electors of the Village as secured by an unlimited tax pledge. The foregoing commitments of the Village are expressly recognized as being for the purpose of providing funds to meet its contractual obligations in anticipation of which the County notes and bonds hereinbefore referred to are to be issued. Because the obligations of the Village under this Contract have not been approved by the electors and are not otherwise excluded from the provisions of the Michigan Constitution, which places restrictions on the levy of ad valorem taxes for debt service, any such tax

levy must be within applicable charter, statutory and constitutional tax limitations. Nothing in this paragraph shall be construed to prevent the Village from using any, or any combination of, the means and methods provided in Act 185, as now or hereafter amended, for the purpose of providing funds to meet its obligations under this Contract; it being understood that it is the intent of the Village to primarily raise funds by the levy of user charges upon customers of the System and that all collections of such user charges shall be set aside and held by the Village in a segregated fund for payment of the Village's obligations hereunder. If, at the time of making the annual tax levy, there are other funds on hand earmarked and set aside for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

12. **ADDITIONAL BONDS.** If the proceeds of the sale of the Bonds are for any reason insufficient to complete the Project, the County is hereby authorized to issue additional bonds in an aggregate principal amount sufficient to complete the Project and the Board shall take all steps necessary for the issuance of such additional bonds. The Village hereby agrees to an increase in the payments required to be made hereunder by the Village in an amount sufficient to meet the principal and interest payments on the Bonds, plus the additional bonds which must be issued and the Notes (to the extent not paid or refunded from the proceeds of the Bonds or any additional bonds authorized by this Paragraph 12). It is expressly agreed between the parties hereto that the County shall issue pursuant to this Contract and the Village shall be committed to retire such amount of bonds as may be necessary to pay all costs of the Project, whether or not in excess of those presently estimated herein. Any such additional bonds shall comply with the requirements of Act 185, and any increase in the annual payments shall be made in the manner and at the times specified in this Contract. In lieu of issuing additional bonds, the Village may pay over to the County in cash sufficient monies to complete the Project.

13. **LEASE TO VILLAGE.** The County does hereby let and lease the System to the Village to operate, maintain and manage for and on behalf of and as the agency of the County for such purpose. The term of this lease shall commence upon the completion of the Project or any substantial part thereof and shall end upon the expiration of this Contract. The Village, subject to the approval of the Board and continued compliance by the Village with the covenants set forth in Paragraph 20, may enter into a supplemental contract for the operation, maintenance and management of the System with any person, corporation, board or instrumentality, which in the reasonable opinion of the Village and Board is qualified to so operate, maintain and manage the System.

14. **OPERATION AND MAINTENANCE.**

a. The Village shall operate, maintain and administer the System so as to keep all facilities thereof in proper repair and working order to the reasonable satisfaction of the Board. Further, the Village shall operate, maintain and administer the System so as to comply with the requirements imposed by the State of Michigan as conditions to the SRF Loan for the Project. The Board shall have the right to inspect the System at any time. If the County in its sole discretion, and after notice to the Village, shall determine that repairs to the System are necessary, or that some other operation, maintenance or administrative action is necessary, it shall have the right to order the Village to raise funds to pay the costs thereof. In the alternative, the County shall have the authority to make the necessary repairs or take the necessary action itself and charge the same to the Village. The Village shall reimburse the County for such expenses within thirty (30) days after such expense has been incurred. As a part of its obligation to properly operate, maintain and administer the System, the Village shall provide and from rate collections pay for insurance on the System as well as liability insurance protecting the Village, the System, the County, the Board and all officers and

employees thereof against fire or loss by explosion or destruction, of the comprehensive type customarily carried, and will also provide sufficient liability insurance protecting the Village, the Board and the County against loss on account of damage or injury to persons or property imposed by reason of the ownership or operation of the System or resulting from any act of omission or commission on the part of the Board, the County or the Village, their agents, officers or employees, in connection with the operation, maintenance or repair of the System. Such insurance shall be in amounts and coverage as is generally carried for public utilities similar to the System, and in accordance with applicable insurance requirements of the County of Jackson.

b. The parties hereto agree that the Project shall be acquired, constructed, operated, administered and maintained for the sole use and benefit of the Village and its various sanitary sewer system users, and the Village shall pay all costs in connection therewith. The Village shall have the exclusive right and discretion, subject only to review by the Board on the basis of sound public utility operational procedure, to determine policy for the use, expansion, improvement, operation and administration of the System for use within or outside the Village.

c. To the extent that any needed repairs to the System are a result of a defect in the original construction of the Project, the County, the Board and the Village shall reasonably cooperate to seek compensation from the parties responsible for the defect, it being understood that the Village shall be the beneficiary of engineering and construction contracts entered into by the Board for the Project. All contracts for the design, acquisition and construction of the Project entered into by the Board shall contain a provision to the effect that the contract is for the benefit of the Village, such that the Village is entitled to enforce the contract as a third party beneficiary pursuant to Section 600.1405 of the Michigan Compiled Laws, or other statutory or common law.

15. **RATES AND CHARGES.** The Village will establish rates and charges for services to persons using the System, upon advice from the Board as to amounts necessary to operate and maintain the System, establish appropriate reserves, and pay debt service on the Notes and the Bonds. The Village agrees to adopt an ordinance that will mandate connection to the System and require users of the System in the Village to pay rates and charges for sanitary sewer collection and treatment service. The Village shall bill, collect and account for all rates and charges established by the Village with respect to the System. The Village covenants that should it appear, upon notice from the County, that additional funds will be needed to pay the expenses of operation, maintenance and administration of the System, appropriate reserves, and/or debt service on any notes or bonds when due, the Village will promptly increase rates and charges for the use of all System facilities or provide such moneys from general funds, so that sufficient revenues will be available for such purposes. The County shall have the right to examine the books and records of the Village relative to the System and, after conferring with the Village, shall have the authority to direct the Village to raise such additional funds, should it appear to the County that additional funds will be needed for such purposes. The Village shall prepare an annual budget for the operation and maintenance of the System for each fiscal year. A copy of each annual budget shall be mailed to the Board.

16. **OBLIGATION TO SERVE SYSTEM USERS.** It is understood and agreed by the parties hereto that the System is to serve the Village and that the responsibility of serving the individual users connected to the System shall be that of the Village. The County shall not be obligated by this Contract to serve any area outside the Service Area as described in Paragraph 2 hereof, or to construct any facilities other than those described in Paragraph 3 hereof. The County shall not have the right to serve individual users directly, unless by special agreement between the Board and the Village.

17. **COVENANT TO COMPLY WITH TERMS AND CONDITIONS OF SRF LOAN FOR THE PROJECT.** The County and the Village hereby covenant to comply with all terms and conditions of the SRF Loan for the Project, including those terms and conditions applicable prior to the issuance of the Bonds and those terms and conditions which will continue to apply so long as the Bonds are outstanding. The County and the Village agree to amend this Contract to the extent necessary to comply with SRF Loan Program requirements applicable to the Project.

18. **DEFAULT.**

a. If the Village fails for any reason to pay to the Board, at the times specified, the amounts required to be paid by the provisions of this Contract, the Board shall immediately give notice of such default and the amount thereof, in writing, to the Village Treasurer, the County Treasurer, the Treasurer of the State of Michigan and such other official charged with the disbursement to the Village of unrestricted state funds returnable by the State of Michigan and now or hereafter under Act 185 available for pledge by the Village, as provided in this Paragraph. If such default is not corrected within ten (10) days after such notification, the official charged with disbursement to the Village of the said State returned funds is hereby specifically authorized by the Village to withhold from the said funds the maximum amount permitted by law necessary to cure said deficiency, and to pay the sums so withheld to the Board, to apply on the obligations of the Village as herein set forth. Any such moneys so withheld and paid shall be considered to have been paid to the Village within the meaning of the Michigan Constitution of 1963, the purpose of this provision being solely to voluntarily authorize and pledge the use of said funds in such amounts as may be permitted by law owing to the Village to meet any past-due obligations of the Village due under the provisions of this Contract. The Village will not take any action to reduce the right of the County to receive the aforesaid state-returned moneys in the event of default.

b. The County hereby retains all other rights and remedies provided by Act 185, or any other law, to enforce all obligations of the Village under this Contract including the obligation of the Village to make all payments in the manner and at the times required by this Contract and the right to direct the Village to make a tax levy or rate increase to reimburse the County for any funds advanced.

19. **SURPLUS PROCEEDS.** After completion of the Project and payment of all costs thereof, any surplus remaining from the proceeds of the sale of the Notes, the Bonds or any additional bonds authorized pursuant to Paragraph 12 shall be used by the Board for either of the following purposes, at the option of and upon request made by resolution of the Village, and subject to the requirements of the SRF Loan program: (a) for additional public sanitary sewage improvements, subject to approval of the Board, or (b) for credit by the Board toward the next payments due the Board by the Village hereunder.

20. **TAX COVENANT.** The County and the Village covenant and agree to not permit the System, including the Project or any component thereof, to be used by any person or entity on a basis other than as a member of the general public and to not permit at any time or times any of the proceeds of the Notes or the Bonds or any other funds of the Village or the County to be used directly or indirectly in a manner which would result in the exclusion of any notes or bonds of the County from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as from time to time amended, by reason of the classification of such notes or bonds as "private activity bonds" within the meaning of Section 141(a) of the Code, or as arbitrage bonds within the meaning of Section 148(a) of the Code or the failure of such notes or bonds to comply with the applicable requirements of Section 149 of the Code. In this regard, neither the County nor the Village shall take or fail to take any actions which would cause the interest on the

Notes or the Bonds to be includable in gross income for State of Michigan or Federal income tax purposes.

21. **RIGHTS OF BOND HOLDERS.** The County and the Village each recognize that the holders from time to time of the Notes and the Bonds will have contractual rights in this Contract. The parties hereto, therefore, each covenant and agree that so long as any of the Notes, the Bonds or additional bonds authorized pursuant to Paragraph 12 shall remain outstanding and unpaid, the provisions of this Contract shall not be subject to any alteration or revision which would in any manner materially affect the security of said notes or bonds, or the prompt and timely payment of principal and interest thereon. The parties further covenant and agree that they will each comply with their respective duties and obligations under the terms of this Contract promptly at the times and in the manner set forth herein, and will not suffer to be done any act which could in any way impair such notes or bonds, the security therefore, or the prompt payment of principal and interest thereon. It is hereby declared that the terms of this Contract insofar as they pertain to the security of any such notes or bonds, shall be deemed to be for the benefit of the holder of said notes or bonds.

22. **INDEMNIFICATION.** The parties hereto hereby expressly agree that the County shall not be liable for and the Village, to the extent authorized by law, shall pay, indemnify and save the County harmless of, from and against all liability of any nature whatever regardless of the manner in which such liability may arise, for any and all claims, actions, demands, expenses, damages and losses of every conceivable kind whatsoever (including, but not limited to, liability for injuries to or death of persons and damages to or loss of property) asserted by or on behalf of any person, firm, corporation or governmental authority arising out of, resulting from, or in any way connected with the ownership, acquisition, construction, operation, maintenance and repair of the Project, the System, and this Contract, or the issuance, sale and delivery of the notes or bonds herein described.

It is the intent of the parties that the County be held harmless by the Village from liability for such claims, actions, demands, expenses, damages and losses, however caused or however arising, including, but not limited to, to the extent not prohibited by law, such claims, actions, demands, expenses, damages and losses even though caused, occasioned or contributed to by the negligence, sole or concurrent, of the County or by negligence for which the County may be held liable. In any action or proceeding brought about by reason of any such claim or demand, the Village will also pay, indemnify and save the County harmless from and against all costs, reasonable attorneys' fees and disbursements of any kind or nature incidental to or incurred in said defense, and will likewise pay all sums required to be paid by reason of said claims, demands, or any of them, in the event it is determined that there is any liability on the part of the County. In the event that any action or proceeding is brought against the County by reason of any such claims or demands, the County shall promptly notify the Village in writing of such action or proceeding, the Village shall have the right to participate in the defense of such action or proceeding and, whether said claims or demands are groundless or not, the Village shall, upon written notice and demand from the County, resist and defend such action or proceeding in behalf of the County, but, in no event will the Village settle any such action or proceeding without prior written consent of the County. Upon the entry of any final judgment by a court of competent jurisdiction or a final award by an arbitration panel against the County on any claim, action, demand, expense, damage or loss contemplated by this Paragraph 22 and notwithstanding that the County has not paid the same, the Village shall be obligated to pay to the County, upon written demand therefore, the amount thereof not more than sixty (60) days after such demand is made. Notwithstanding the foregoing, nothing contained in this Paragraph 22 shall be construed to indemnify or release the County against or from any liability which it would otherwise have arising from the wrongful or negligent actions or failure to act on the part of the

County's employees, agents or representatives with respect to matters not related to the ownership, acquisition, construction, operation, maintenance or repair of the Project, the System, and this Contract, or the issuance, sale or delivery of the notes or bonds herein described. As used in this Paragraph the term "County" shall include the Board.

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

23. TERMINATION OF CONTRACT.

a. This Contract shall remain in full force and effect for a period of twenty (20) years from the date of issuance of the Bonds, or until such earlier or later time as the principal and interest on the Notes and the Bonds (including any additional Bonds issued in accordance with paragraph 12) issued by the County to defray the costs of the System are paid in full. Upon the occurrence of the above, this Contract shall terminate and full right, title, and interest in the System, including all easements and rights-of-way acquired for the System, shall be conveyed by the County to the Village in a manner contemplated by Act 185 and upon such terms as the Village and the County shall then reasonably determine. In the alternative, the parties' interests in the System may be governed by any then existing or new agreements between the Village and the County. In any event, the obligation of the Village to make debt service payments required by Paragraph 10 of this Contract shall be terminated at such time as all of the Village's debt service installments are paid in full, together with any deficiency or penalty thereon.

b. The obligations and undertakings of the parties hereto are conditioned on the successful issuance and sale of the Notes, if any, and the Bonds pursuant to Act 185. If for any

reason whatsoever neither the Notes nor the Bonds are issued and sold within three years from the date of this Contract, then this Contract, except for payment of preliminary expenses and ownership of engineering data, shall be considered void and of no force and effect. If the Notes and the Bonds are not issued and sold, all preliminary legal and engineering costs and financial consultant fees shall be paid by the Village, and the Village shall have the ownership, possession and use of the Plans and Specifications, surveys and other engineering data and materials prepared.

24. **CHANGE IN JURISDICTION.** No change in the jurisdiction over any territory in the Village shall in any manner impair the obligations of this Contract based on the full faith and credit of the Village or of the County. If all or any part of the territory of the Village in the area to be served by the System is incorporated as a new city or is annexed to or becomes a part of the territory of another municipality, the municipality into which such territory is incorporated or to which such territory is annexed shall, to the extent provided by law, assume the proper proportionate share of the contractual obligation of the Village, based upon a division determined by the Board, which shall make such determination after taking into consideration all factors necessary to make the division equitable, and in addition shall, prior to such determination, receive a written recommendation as to the proper division from a committee composed of one representative designated by the governing body of the Village, one designated by the governing body of the new municipality or the municipality annexing such territory, and one independent registered engineer appointed by the Board. The Village and new municipality shall appoint its representative within fifteen (15) days after being notified to do so by the Board and within a like time the Board shall appoint the engineer third member. If the Village or new municipality shall fail to appoint its representative within the time above provided, then the Board may proceed without said appointment. If the committee shall

not make its recommendation within forty-five (45) days after its appointment or within any extension thereof by the Board, then the Board may proceed without such recommendation.

25. **DISPUTES.** All disputes arising under this Contract shall first be referred to a committee to consist of a person appointed by the Village Council and the County Drain Commissioner, or his designee. The committee shall meet in an effort to resolve the dispute. If deemed necessary, the committee shall draft for consideration by the respective parties hereto appropriate amendments to this Contract to clarify any item or to address additional matters. If the dispute cannot be resolved, the parties may use any other appropriate legal remedy.

26. **OTHER PROVISIONS.**

a. The Village shall have the right to assign, without the consent of the County, any or all of the rights and obligations of the Village hereunder with regard to the administration, operation and maintenance of the System either (a) to an authority duly constituted under state law having the Village as a constituent member, or (b) to another municipality pursuant to written agreement. No such assignment shall relieve the Village from its obligation to pay the principal, interest and bond service charges on all notes and bonds issued by the County for the Project in accordance with Paragraph 10.

b. This Contract shall be governed by and construed with reference to the Laws of the State of Michigan. If changes in the Constitution or Laws of the State of Michigan occur which shall affect the organization, territory, powers or corporate status of the Village, the County, or the Board, the terms and provisions of this Contract shall not be affected thereby and the rights, duties and obligations of the Village, County, and the Board under this Contract shall not be altered or affected thereby.

c. Any notice necessary or proper to be given to either of the parties hereto may be served in the following manner: (i) if to the Village, by personal delivery, or by first-class mail, addressed to the Village President at 117 West Main Street, Parma, Michigan 49269; and (ii) if to the County, by personal delivery, or by first-class mail, addressed to the County Drain Commissioner at 120 West Michigan Ave., Jackson, MI 49201. Any party may, from time to time, change its address and/or addressees by notice as provided above.

d. If a court determines that a provision of this Contract is invalid, all other provisions shall remain valid and enforceable. A provision found to be unenforceable against a certain person or entity in a certain circumstance shall remain valid and enforceable against all other persons or entities and in all other circumstances.

e. The headings in this Contract are for convenience of reference and shall not be construed to conflict with its provisions.

f. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

g. The parties hereto hereby authorize their respective chief executive officers, clerks, treasurers, other officers, employees and/or agents to execute any documents necessary to implement this Contract and the issuance of the Notes and the Bonds (and additional bonds authorized pursuant to Paragraph 12) by the County.

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

IN WITNESS WHEREOF, the Village of Parma, Jackson County, Michigan, by its Village Council, and the County of Jackson, by its Board of County Commissioners, have each caused its

name to be signed to this instrument by their duly authorized officers as of the day and year first above written.

This Contract has been executed in counterparts.

COUNTY OF JACKSON
BY ITS BOARD OF PUBLIC WORKS

By: _____
Geoffrey W. Snyder
Its Chair, Jackson County Board of Public Works

By: _____
Ken Elenbaas
Its Secretary, Jackson County Board of Public Works

VILLAGE OF PARMA

By: _____
James Jenkins
Its President

By: _____
Katie Cotey
Its Clerk

EXHIBIT A

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY (PARMA WASTEWATER TREATMENT PLANT SECTION)

DESCRIPTION OF PROJECT

The Project consists of renovations to the Village of Parma's existing wastewater stabilization lagoons located south of the Village limits in the Township of Spring Arbor at 9770 Baldwin Road, east of South Parma Road. Improvements to the facility include lining of the east and west lagoons, construction of new control structures and piping, installation of a groundwater cut-off drain system, replacement of the effluent outfall sewer to the Spring Arbor - Concord Drain and sludge removal. The primary components of the liner system are a geosynthetic clay liner (gcl) covered with a 40 mil PVC geomembrane, a soil cover and an erosion protection system. The Project will also include installation of an electrical power service, rectangular weir, and ultrasonic flow meter to measure effluent flows.

In addition, the Project includes renovation of the South Union Street Pump Station currently located in front of 524 S. Union St. on the west side of the road. It is currently a flooded-suction-type lift with a power service pole and the top of the entrance tube located above grade. The station will be renovated to include a new 6' x 6' fiberglass pump enclosure along with a control panel and generator. The entire facility will be surrounded by guardrail. The area inside the guardrail will be approximately 20' x 17'.

Finally, the Project will include appurtenances and other improvements related to the foregoing.

Separate maps of the Jackson County Wastewater Disposal District (Parma Wastewater Treatment Plant Section) and the location of the Existing Wastewater Treatment Plant, the South Union Pump Station and the connecting sewer forcemain interceptor are attached hereto as Figure 1 and Figure 2, respectively.

FIGURE 2

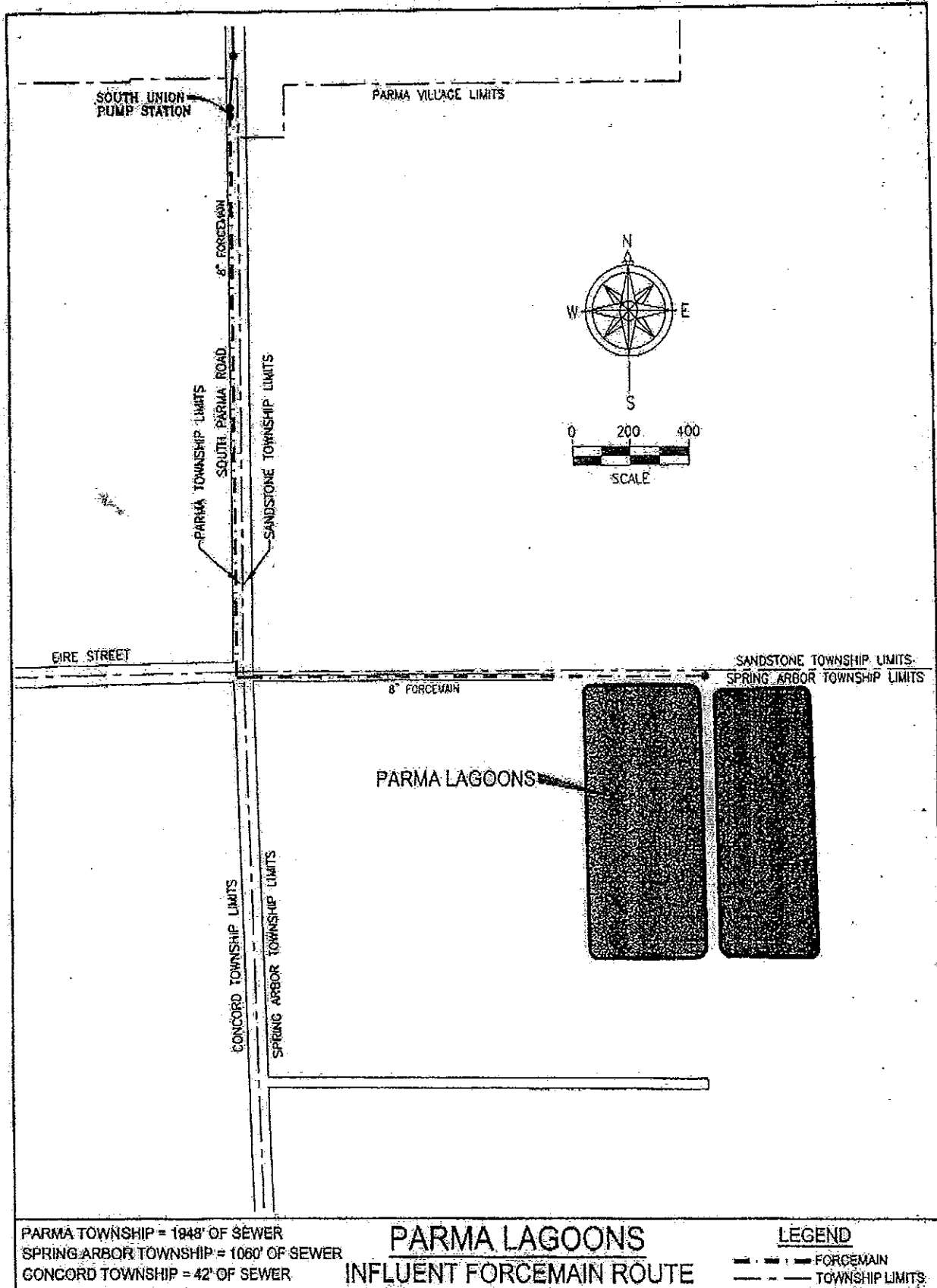


EXHIBIT B

ESTIMATE OF COST

Bendzinski & Co.

municipal finance advisors

\$2,800,000
 COUNTY OF JACKSON, STATE OF MICHIGAN
 WASTEWATER SYSTEM IMPROVEMENTS BONDS, SERIES 2008
 (VILLAGE OF PARMA SECTION)
 LIMITED TAX GENERAL OBLIGATION

ESTIMATE OF COST LAGOON RENOVATION ALTERNATIVE

Description	Amount	Total
Construction (Based on Bid Prices):		
Renovation of Lagoons and Sludge Removal	\$2,093,403	
S. Union Lift Station Renovation/Generator	178,352	
		\$2,269,755
Easements		10,000
Engineering Services		272,862
Contingencies		140,706
Cost of Issuance		
Bond Counsel	63,300	
Financial Advisor	11,500	
Local Attorney	0	
Official Statement	0	
Rating Fees	0	
Treasury Fee	477	
Previously Incurred Village Costs	0	
County Administration Fees	23,900	
Jackson County General Fund Fee	1,000	
User Charge Fee	4,500	
Bond Discount (1.0%)	0	
Printing and Publishing	2,000	
Total Cost of Issuance		106,677
Capitalized Interest (0 months @ 2.50%)		0
Other:		
	\$0	
	0	
	0	
Total Other		0
Total Project Cost		\$2,800,000
Less: Const. Interest	\$0	
Village Contribution	0	
		0
Amount of Bond Issue		\$2,800,000

jhw/6/12/2008/Jackson County/Parma 03025/leoc W/out Cont
 REVISED 7/26/2008

607 Shelby, Suite 600, Detroit, Michigan 48226-3206
 PHONE: (313) 961-8222 FAX: (313) 961-8220

The information contained herein was derived from sources generally recognized as reliable and does not make any representations as to correctness or completeness and has in no way been altered except to the extent that some information may be summarized, and is in no way intended to be a solicitation for orders.

EXHIBIT C

ESTIMATED PERIOD OF USEFULNESS

We hereby estimate the period of usefulness for the Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) in the County of Jackson as described in the Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) Bond Contract dated as of June 1, 2008, to which this certificate is attached, to be twenty (20) years and upwards.

OMM ENGINEERING, INC.

Dated as of June 1, 2008

By _____

EXHIBIT D

\$2,800,000
COUNTY OF JACKSON, STATE OF MICHIGAN
WASTEWATER SYSTEM IMPROVEMENTS BONDS, SERIES 2008
(VILLAGE OF PARMA SECTION)
LIMITED TAX GENERAL OBLIGATION

FINANCED THROUGH STATE REVOLVING FUND
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

On a Calendar Year Basis

Year	Principal Due April 1	Interest Rate	Interest Due April 1	Interest Due October 1	Total Principal & Interest Requirements
2009	\$0.00	0.000%	\$35,194.44 *	\$35,000.00	\$70,194.44
2010	80,000.00	2.500%	35,000.00	34,000.00	149,000.00
2011	85,000.00	2.500%	34,000.00	32,937.50	151,937.50
2012	90,000.00	2.500%	32,937.50	31,812.50	154,750.00
2013	95,000.00	2.500%	31,812.50	30,625.00	157,437.50
2014	105,000.00	2.500%	30,625.00	29,312.50	164,937.50
2015	110,000.00	2.500%	29,312.50	27,937.50	167,250.00
2016	120,000.00	2.500%	27,937.50	26,437.50	174,375.00
2017	125,000.00	2.500%	26,437.50	24,875.00	176,312.50
2018	135,000.00	2.500%	24,875.00	23,187.50	183,062.50
2019	140,000.00	2.500%	23,187.50	21,437.50	184,625.00
2020	145,000.00	2.500%	21,437.50	19,625.00	186,062.50
2021	150,000.00	2.500%	19,625.00	17,750.00	187,375.00
2022	160,000.00	2.500%	17,750.00	15,750.00	193,500.00
2023	165,000.00	2.500%	15,750.00	13,887.50	194,437.50
2024	170,000.00	2.500%	13,887.50	11,562.50	195,250.00
2025	175,000.00	2.500%	11,562.50	9,375.00	195,937.50
2026	180,000.00	2.500%	9,375.00	7,125.00	196,500.00
2027	185,000.00	2.500%	7,125.00	4,812.50	196,937.50
2028	190,000.00	2.500%	4,812.50	2,437.50	197,250.00
2029	195,000.00	2.500%	2,437.50	0.00	197,437.50
	<u>\$2,800,000.00</u>		<u>\$454,881.94</u>	<u>\$419,687.50</u>	<u>\$3,674,569.44</u>

ASSUMPTIONS

Bonds dated	09/30/2008
Principal due	04/01/2010
First interest payment date	04/01/2009
Number of days	181
Subsequent interest payment dates	10/01/2009
Number of days	180
Projected interest rate	2.500%

jhw/6/12/2005\Jackson County\Parma 03025\DSR wout Cont
REVISED 7/25/2008

EXHIBIT B

**CONTRACT TO CONSENT TO LOCATION OF AND USE OF PUBLIC
RIGHTS-OF-WAY BY JACKSON COUNTY WASTEWATER DISPOSAL
FACILITY (PARMA WASTEWATER TREATMENT PLANT SECTION)**

CONTRACT TO CONSENT TO LOCATION OF AND USE OF PUBLIC RIGHTS-OF-WAY BY JACKSON COUNTY WASTEWATER DISPOSAL FACILITY (PARMA WASTEWATER TREATMENT PLANT SECTION)

THIS CONTRACT is made and entered into as of this 1st day of June, 2008 (the "Contract"), by and between the County of Jackson, Michigan, (the "County") acting by and through its Board of Public Works (the "Board"), the governing body of its Department of Public Works pursuant to Act 185 of the Public Acts of Michigan of 1957, as amended ("Act 185"), the Village of Parma, a general law village located in the County (the "Village"), and the Township of Spring Arbor, a general law township located in the County (the "Township").

WITNESSETH:

WHEREAS, the County, acting by and through the Board, and the Village are parties to that certain Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) Bond Contract dated as of June 1, 2008 (the "Bond Contract"); and

WHEREAS, the Bond Contract provides that the County shall borrow money and issue bonds to evidence a low-interest long-term loan from the State Revolving Fund to renovate the wastewater treatment plant currently owned by the Village and located in Section 6 of Spring Arbor Township as shown on the map attached hereto as Exhibit A; and

WHEREAS, Section 10 of Act 185 states that no wastewater treatment plant may be located in any municipality without a resolution and contract.

IT IS THEREFORE AGREED BY AND BETWEEN THE PARTIES HERETO, as follows:

1. **Consent to Location of Wastewater Treatment Plant.** The Township hereby ratifies and consents to the location shown on Exhibit A attached hereto and improvement of the

existing wastewater treatment plant by the Village and the County in Section 6 of the Township, in accordance with Section 10 of Act 185.

2. **Consent to Use of Public Rights-of-Way.** The Township, in compliance with Section 29, Article VII, Michigan Constitution of 1963, hereby ratifies, consents and agrees to the use of South Parma Road and Erie Road and the rights-of-way of South Parma Road and Erie Road located in Section 6 of the Township as set forth on Exhibit A hereto by the Village and/or the County of Jackson (the "County"), acting by and through its Board of Public Works under contract with the Village in accordance with Act 185 of the Public Acts of Michigan, as amended, to acquire, construct, operate, maintain, repair and replace the sewer interceptor line and any improvements, enlargements and extensions thereto. To evidence and effectuate the foregoing consent and agreement, the Township will execute and deliver to the Village and/or the County such grants of easement, right-of-way, license, permit or consent as may be requested by the Village and/or the County.

3. **Improvement of Wastewater Treatment Plant.** The County and the Village agree to improve the existing wastewater treatment plant in accordance with the Bond Contract.

4. **Miscellaneous.** If a court determines that a provision of this Contract is invalid, all other provisions shall remain valid and enforceable. A provision found to be unenforceable against a certain person or entity in a certain circumstance shall remain valid and enforceable against all other persons or entities and in all other circumstances. The headings in this Contract are for convenience of reference and shall not be construed to conflict with its provisions. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

IN WITNESS WHEREOF, the Village of Parma, Jackson County, Michigan, by its Village Council, the County of Jackson, by its Board of County Commissioners, and the Township of Spring Arbor, by its Township Board, have each caused its name to be signed to this instrument by their duly authorized officers as of the day and year first above written.

This Contract has been executed in counterparts.

COUNTY OF JACKSON
BY ITS BOARD OF PUBLIC WORKS

By: _____
Geoffrey W. Snyder
Its Chair, Jackson County Board of Public Works

By: _____
Ken Elenbaas
Its Secretary, Jackson County Board of Public Works

VILLAGE OF PARMA

By: _____
James Jenkins
Its President

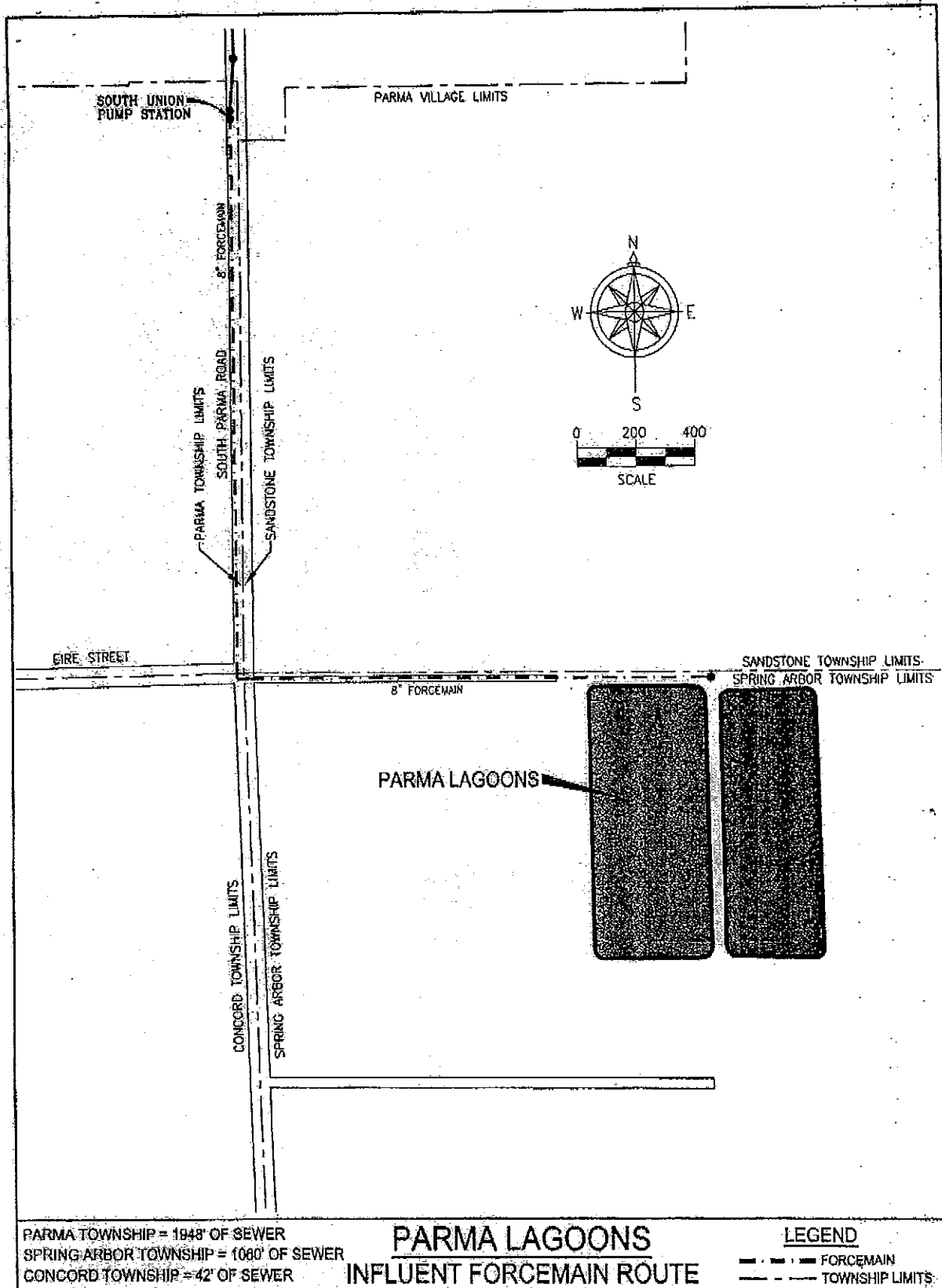
By: _____
Katie Cotey
Its Clerk

TOWNSHIP OF SPRING ARBOR

By: _____
Marston Fortress
Its Supervisor

By: _____
Randi Holthouse
Its Clerk

EXHIBIT A



BOARD OF PUBLIC WORKS

COUNTY OF JACKSON

STATE OF MICHIGAN

RESOLUTION TO APPROVE AND RECOMMEND RESOLUTION AND
CONTRACTS RE: JACKSON COUNTY WASTEWATER DISPOSAL
FACILITY (PARMA WASTEWATER TREATMENT PLANT SECTION)

Minutes of a rescheduled regular meeting of the Jackson County Board of Public Works, held
in the Jackson County Tower Building in Jackson, Michigan on Thursday, the 31st day of July, 2008,
at 8:00 a.m. Local Time.

PRESENT: Members: Clifford E. Herl, James E. Shotwell, Jr., Philip S. Duckham,
Public Member Kenneth Elenbaas, Geoff Snyder, Chairman
ABSENT: Members: _____

The following preamble and resolution were offered by Member SHOTWELL and
supported by Member DUCKHAM:

WHEREAS, a proposed Jackson County Wastewater Disposal Facility (Parma Wastewater
Treatment Plant Section) Bond Contract dated as of June 1, 2008, between the County of Jackson
(the "County") and the Village of Parma (the "Village") (the "Bond Contract") has been presented to
and considered by the Board of Public Works in the form attached as Exhibit A to the resolution
attached hereto as Attachment 1; and

WHEREAS, the Bond Contract includes a description of the System, the District and the
Project (as said terms are defined in the Bond Contract), and estimates of cost and provides for the
acquisition, construction, and financing of the Project by the County pursuant to Act 185; and

WHEREAS, the Bond Contract provides for the issuance of bonds in one or more series by
the County to defray all or part of the cost of the Project, said bonds to be limited tax full faith and
credit general obligations of the County if approved by a three-fifths majority of the members-elect
of the Board of Commissioners, secured by the Bond Contract and the limited tax full faith credit

general obligation of the Village thereunder to pay to the County amounts sufficient to pay the principal of and interest on said bonds when due and to pay such fees and other expenses as may be incurred on account of said bonds; and

WHEREAS, a description of the Project to be acquired, constructed and financed by the County to serve the Village is set forth in Exhibit A to the Bond Contract; and

WHEREAS, an estimate of cost of the Project is set forth in Exhibit B to the Bond Contract; and

WHEREAS, the estimated period of usefulness of the Project is set forth in Exhibit C to the Bond Contract; and

WHEREAS, the Project is eligible for funding in whole or in part by a loan from the State of Michigan Clean Water Revolving Fund Loan Program ("SRF Loan") to pay the cost of the Project which loan will be evidenced by bonds issued by the County in accordance with the Bond Contract; and

WHEREAS, a proposed Contract to Consent to Location of and Use of Public Rights-of-Way by Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) (the "Consent Contract") by and between the County, the Village and the Township of Spring Arbor, whereby the Township of Spring Arbor has consented to the location and renovation of the Existing Wastewater Treatment Plant in Section 6 of the Township of Spring Arbor in accordance with Section 10 of Act 185, has been presented to and considered by the Board of Public Works in the form attached as Exhibit B to the resolution attached hereto as Attachment 1.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC WORKS AS FOLLOWS:

1. The description of the Project, the System and the District, the estimate of cost of the Project and the estimated period of usefulness are approved as submitted to this Board of Public Works as part of the Bond Contract.

2. The proposed County Board Resolution attached hereto as Attachment 1, the Bond Contract attached thereto as Exhibit A and the Consent Contract attached thereto as Exhibit B are each hereby approved in substance and concept, including without limitation all exhibits to the Bond Contract and the Consent Contract, and the Chair is authorized and directed to submit said County Board Resolution to the Board of Commissioners with the recommendation of the Board of Public Works, evidenced by a certified copy of this resolution, that the same be adopted.

3. The actions taken by the Chair to secure the SRF Loan for the Project are hereby ratified and confirmed. The Chair is further authorized and directed to coordinate compliance by the County with the requirements, terms and conditions of the SRF Loan.

4. The Chair and Secretary of this Board of Public Works are hereby authorized and directed to execute the Bond Contract and the Consent Contract on behalf of the County subject to the approval thereof by the County Board of Commissioners, as set forth in the attached County Board Resolution.

5. All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Members: Clifford E. Herl, James E. Shotwell, Jr., Phillip S. Duckham,
Public Member Kenneth Elenbaas, Geoff Snyder, Chairman

NAYS: Members: NONE

ABSTAIN: Members: NONE

RESOLUTION DECLARED ADOPTED.

Geoffrey W. Snyder, Chair
Jackson County Board of Public Works

STATE OF MICHIGAN)
) ss.
COUNTY OF JACKSON)

I, the undersigned, the duly qualified and acting Chair of the Jackson County Board of Public Works, (the "Board") do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board at a rescheduled regular meeting on the 31st day of July 2008, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice, by posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have hereto affixed my official signature on this _____ day of _____, 2008, A.D.

Geoffrey W. Snyder, Chair
Jackson County Board of Public Works

ATTACHMENT 1

RESOLUTION TO APPROVE AND AUTHORIZE EXECUTION OF
JACKSON COUNTY WASTEWATER DISPOSAL FACILITY (PARMA
WASTEWATER TREATMENT PLANT SECTION) CONTRACTS AND TO
PROVIDE FOR CERTAIN OTHER MATTERS PERTAINING THERETO

WITH ATTACHED

EXHIBIT A

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY (PARMA
WASTEWATER TREATMENT PLANT SECTION) BOND CONTRACT

AND

EXHIBIT B

CONTRACT TO CONSENT TO LOCATION OF AND USE OF PUBLIC
RIGHTS-OF-WAY BY JACKSON COUNTY WASTEWATER DISPOSAL
FACILITY (PARMA WASTEWATER TREATMENT PLANT SECTION)

RESOLUTION NO. 08-08.25

COUNTY OF JACKSON

STATE OF MICHIGAN

**RESOLUTION TO AUTHORIZE ISSUANCE OF BONDS
FOR JACKSON COUNTY WASTEWATER DISPOSAL FACILITY
(PARMA WASTEWATER TREATMENT PLANT SECTION)**

Minutes of a regular meeting of the Board of Commissioners of the County of Jackson, Michigan, held in the County Building in Jackson, Michigan on the _____ day of _____, 2008, at 7:00 p.m. Local Time.

PRESENT: Commissioners: _____

ABSENT: Commissioners: _____

The following preamble and resolution were offered by Commissioner _____ and supported by Commissioner _____:

WHEREAS, Act 185 of the Public Acts of Michigan of 1957, as amended ("Act 185") authorizes a county, acting through its Board of Public Works, upon the request of a local unit of government, to acquire, improve, enlarge, extend, finance, operate and maintain sewage disposal systems and water supply systems in said local unit of government; and

WHEREAS, the County of Jackson (the "County") has (a) established a Department of Public Works under the terms of Act 185 with authority to acquire, improve, enlarge and extend sewage disposal systems and water supply systems for local units of government within the County, and (b) appointed a Board of Public Works (sometimes referred to as the "Board") in accordance with Act 185; and

WHEREAS, pursuant to Act 185, the Jackson County Board of Commissioners, acting upon the request of the Village of Parma (the "Village"), by majority vote of its members-elect on November 15, 2005, authorized and directed the establishment of a county sanitary sewage disposal

system to be known as the Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) (the “System”) to serve the Village, with the area therein to be served by the System to be known as the Jackson County Wastewater Disposal District (Parma Wastewater Treatment Plant Section) (the “District”); and

WHEREAS, the Village has determined that it is necessary for the public health, safety and welfare of the Village to construct and install improvements to the System including the acquisition, construction and financing of improvements to the Village’s existing wastewater treatment plant consisting of the renovation of the existing sewer lagoons and the South Union pump station and related improvements (together, the “Project”) at a current estimated cost of \$2,800,000; and

WHEREAS, the County has approved the Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) Contract dated as of June 1, 2008, between the County and the Village (the “Contract”), which Contract includes a description of the Project, the System and the District, and estimates of the cost and provides for the acquisition, construction and financing of the Project, as said terms are defined in the Contract, by the County pursuant to Act 185; and

WHEREAS, the Contract provides for the issuance of one or more series of bonds by the County to defray all or part of the cost of the Project (as defined in the Contract), said bonds to be limited tax full faith and credit general obligations of the County if approved by a three-fifths majority of the members of the Board of Commissioners, secured by the Contract and the Village’s limited tax full faith and credit contractual obligation thereunder to pay to the County amounts sufficient to pay the principal of and interest on said bonds and to pay such fees and other expenses as may be incurred on account of said bonds; and

WHEREAS, the estimated cost of the Project is attached to the Contract as Exhibit B (the “Estimate of Cost”); and

WHEREAS, the Village and the County have received written confirmation that the Project is in the fundable range for fiscal year 2008 funding from the State of Michigan Clean Water Revolving Fund Program; and

WHEREAS, notice of at least one meeting of the County Board of Commissioners at which a decision was made or discussed with respect to the issuance of the bonds authorized by this resolution contained a statement that the proposed bonds will contain a limited tax full faith and credit pledge of the County in accordance with Section 308 of Act 34 of the Public Acts of Michigan of 2001, as amended (“Act 34”); and

WHEREAS, the Jackson County Board of Public Works has recommended that the County Board of Commissioners adopt this resolution.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. **APPROVAL OF PROJECT.** The plans and specifications for the Project as prepared by the consulting engineers are hereby accepted and approved, and it is hereby determined to be advisable and necessary for the public health, safety and welfare of the County and the Village to acquire, construct and complete the Project as provided in said plans and specifications. The Estimate of Cost of acquiring and constructing the Project, including payment of engineering, legal and financial expenses, in the aggregate amount of \$2,800,000 as set forth in Exhibit B to the Contract is hereby ratified. The description of the Project as set forth in Exhibit A to the Contract is hereby approved and confirmed. Based upon the Certification of Period of Usefulness attached to the Contract as Exhibit C, the estimated period of usefulness of the Project is determined to be not less than twenty (20) years.

2. **PAYMENT OF PROJECT COSTS.** In accordance with the Contract, it is necessary for the County to issue and sell bonds in one or more series aggregating the principal sum of Two Million Eight Hundred Thousand Dollars (\$2,800,000) pursuant to the provisions of this

resolution and of Act 185, and other applicable statutory provisions, for the purpose of defraying all or a portion of the Estimate of Cost of acquiring and constructing the Project.

3. **BOND SPECIFICATIONS.** The County shall borrow the sum of \$2,800,000, and issue the bonds in one or more series of the County in the aggregate amount of \$2,800,000, designated Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) Bonds (General Obligation Limited Tax), Series 2008 (the “Bonds”). The Bonds shall be in substantially the form and tenor as set forth in Exhibit A attached hereto and secured in the manner provided by Paragraph 9, below.

The Bonds shall be sold to the Michigan Municipal Bond Authority (the “Authority”) in accordance with Paragraph 14, below, pursuant to the terms of a Purchase Contract by and between the Authority and the County (the “Purchase Contract”) in substantially the form set forth in Exhibit B attached hereto and a Supplemental Agreement by and between the Village, the County, the Authority and the State of Michigan acting through the Department of Environmental Quality (the “Supplemental Agreement”) in substantially the form set forth in Exhibit C attached hereto. The Bonds shall be dated as of the date of delivery to the Authority; shall bear interest at the rate of 2.50% per annum, payable on April 1, 2009, and semi annually thereafter on each April 1 and October 1 until payment of the principal of the Bonds has been made or duly provided for. The Bonds shall be issued in one or more certificates in \$1.00 denominations or any integral multiple thereof up to the aggregate principal amount of the Bonds, shall be numbered from R-1 upwards in order of authentication and shall be fully registered. The Bonds shall be due and payable on April 1 in each year in the amounts as follows:

<u>Year</u>	<u>Principal Maturity</u>	<u>Year</u>	<u>Principal Maturity</u>
2010	80,000	2020	145,000
2011	85,000	2021	150,000
2012	90,000	2022	160,000
2013	95,000	2023	165,000

2014	105,000	2024	170,000
2015	110,000	2025	175,000
2016	120,000	2026	180,000
2017	125,000	2027	185,000
2018	135,000	2028	190,000
2019	140,000	2029	195,000

The Bonds shall be sold at 100% of par value.

Notwithstanding the foregoing or any other provision of this Bond Resolution:

a. The Chairperson of the Board of Public Works, or in his absence, the Vice Chairperson of the Board of Public Works, and Secretary of the Board of Public Works, or in his absence the Assistant Secretary of the Board of Public Works, are hereby authorized and directed to approve the final terms of the sale of the Bonds as evidenced by the Purchase Contract or otherwise, including the date of delivery, the purchase price, the aggregate principal amount, which shall in no event exceed \$2,800,000, the principal amount and annual maturity dates of individual maturities, the rate or rates of interest payable on the Bonds, which shall not exceed 2.50% per annum, minimum principal denominations and the date of the first interest payment, subject in all respects to the limitations of Section 11(2) of Act 185 and Act 34.

b. The Bonds may be delivered in one or more installments of principal in accordance with the Purchase Contract and the Supplemental Agreement.

c. The County promises to pay to the Authority the principal amount of the Bonds or so much thereof as shall have been advanced to the County pursuant to the Purchase Contract and the Supplemental Agreement.

d. So long as the Authority is the owner of the Bonds, (i) the Bonds shall be 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"); (ii) the County agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on the Bonds 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 (iii) written notice of any redemption of the Bonds shall be given by the County and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

e. In the event of a default in the payment of principal or interest on the Bonds 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 the Bonds 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 the Bonds 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.

f. It is understood and agreed by the County that during the time funds are being drawn down by the County in accordance with the Purchase Contract and the Supplemental Agreement, the Authority will periodically provide the County a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the County of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of the Bonds. The County acknowledges that in the event the principal amount of the loan evidenced by the Bonds is reduced by the Authority in accordance with Schedule I to the form of the Bonds attached hereto as Exhibit A or the Supplemental Agreement, the form of which is attached hereto as Exhibit C, the Authority will prepare a revised Schedule I to the Bond that is calculated so that the principal payments are rounded to the nearest dollar and which revised Schedule I shall be effective upon receipt by the County.

4. **PAYMENT OF PRINCIPAL AND INTEREST.** The Bonds and the interest thereon shall be paid in lawful money of the United States of America by the Bond Registrar, as defined in paragraph 7, below. Principal and interest shall be paid when due by check or draft drawn on the Bond Registrar and mailed by first class mail or other acceptable method to the registered owners of record as of each March 15 with respect to payments due and payable on the immediately succeeding April 1, and as of each September 15 with respect to payments due and payable on the immediately succeeding October 1.

5. **REDEMPTION OF BONDS PRIOR TO MATURITY.** The 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.

6. **REGISTRATION OF BONDS.** The Bonds shall be registered both as to principal and interest in substantially the form and tenor as set forth in Exhibit A attached hereto.

Any individual bond shall be transferable on the bond register maintained with respect to the Bonds upon the surrender of the individual bond together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Bond Registrar (as defined in Paragraph 7 below). Upon receipt of a properly assigned Bond, the Bond Registrar shall authenticate and deliver a new bond or bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees. Any individual bond may likewise be exchanged for one or more other bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the bond being exchanged. Such exchange shall be effected by surrender of the individual bond to be exchanged to the Bond Registrar with written instructions signed by the registered owner of the individual bond or his or her attorney in form satisfactory to the Bond Registrar. Upon receipt of an individual bond with proper written instructions the Bond Registrar shall authenticate and deliver a new bond or bonds to the registered owner of the Bond or his or her properly designated transferee or transferees or attorney. A transfer, exchange and registration of Bonds shall be without expense or service charge to the registered holder except for any tax or other governmental charge required to be paid with respect to such transfer, exchange or registration. The Bond Registrar shall not be required to transfer or exchange Bonds or parts of Bonds which have been selected for redemption.

7. **DUTIES OF BOND REGISTRAR.** The County Treasurer shall initially act on behalf of the County as paying, registration and transfer agent (the “Bond Registrar”) with respect to the Bonds. In such capacity, the Bond Registrar shall, upon receipt of sufficient funds from the County, make timely payments of principal and interest on the Bonds, authenticate the Bonds upon their initial issuance and subsequent transfer to successive holders, act as registrar of the Bonds

including the preparation and maintenance of a current register of registered owners of the Bonds, coordinate the transfer of individual bonds between successive holders, including printing and transferring new certificates, and all other duties set forth in this Resolution or otherwise normally performed by paying, registration and transfer agents. All reasonable fees and expenses of the Bond Registrar shall be paid by the County. The County, acting through the Board of Public Works, reserves the right to designate a financial institution, which is a bank or trust company qualified to act as paying agent and registrar in the State of Michigan to act as Bond Registrar for the Bonds and in such event the County shall mail notice to all registered owners of the Bonds not less than 60 days prior to the effective date of said change in Bond Registrar. At the option of the County, the Bonds may be deposited, in whole or in part, with a depository trustee designated by the County which shall transfer ownership of interests in the Bonds by book entry and which shall issue depository trust receipts to owners of interests in the Bonds. Such book entry depository trust arrangement, and the form of depository trust receipts, shall be determined after consultation with the depository trustee named by the County. The Board of Public Works is hereby authorized to enter into any depository trust agreement on behalf of the County upon such terms and conditions as said Board of Public Works shall deem appropriate consistent with the terms of this Resolution. The depository trustee may be the same as the Bond Registrar and the Bonds may be transferred in part by depository trust and in part by transfer of physical bonds as the County may determine.

8. **REPLACEMENT OF BONDS.** Upon receipt by the Bond Registrar of proof of ownership of an unmatured bond, of satisfactory evidence that the bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the Bond Registrar, the Bond Registrar may 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 Board of

Public Works may authorize the Bond Registrar to pay the bond without presentation upon the receipt of the same documentation required for the delivery of a replacement bond. The Bond Registrar for each new bond delivered or paid without presentation as provided above, shall require the payment by the bondholder of expenses, including counsel fees, which may be incurred by the Bond Registrar and the County in connection therewith. Any bond delivered pursuant to the provisions of this Paragraph 8 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 originally issued.

9. **SECURITY FOR REPAYMENT OF BONDS; PLEDGE OF COUNTY FULL FAITH AND CREDIT.** The Bonds shall be issued in anticipation of payments to be made by the Village pursuant to the Contract. The Bonds shall be secured primarily by the full faith and credit pledge made by the Village in the Contract pursuant to the authorization contained in Act 185. As additional and secondary security the full faith and credit of the County are hereby pledged for the prompt payment of the principal of and interest on the Bonds as the same shall become due. The County covenants and agrees with the successive holders of the Bonds that so long as any of the Bonds remain outstanding and unpaid as to either principal or interest, the County will punctually perform all of the obligations and duties imposed on the County or undertaken by the County, pursuant to this bond resolution, the Contract, the Purchase Contract and the Supplemental Agreement. The County shall collect, segregate and apply the payments to be made by the Village pursuant to the Contract in the manner required by this bond resolution and the Contract. If the Village fails to make payments to the County which are sufficient to pay the principal of and interest on the Bonds as the same shall become due, then an amount sufficient to pay the deficiency shall be advanced from the general fund of the County. The County's ability to levy ad valorem taxes to make such advances shall be subject to constitutional and statutory limitations on the taxing power of the County.

10. **DEBT SERVICE FUND.** There shall be established and maintained on the books of the County a fund for the Bonds to be designated “PARMA VILLAGE WASTEWATER TREATMENT PLANT SECTION BOND SERIES 2008 DEBT SERVICE FUND” (the “Debt Service Fund”). There shall be deposited into the Debt Service Fund accrued interest, if any, from the date of the Bonds to the date of delivery thereof; premium, if any, received at the time of delivery of the Bonds; and all payments as received from the Village pursuant to the Contract which are hereby pledged to the payment of the principal of and interest on the Bonds and expenses incidental thereto. As part of the Debt Service Fund, there shall be established and maintained such subaccounts as are deemed necessary and appropriate for the proper administration of the Debt Service Fund and compliance with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”) and the Treasury regulations promulgated thereunder. The principal of, premium, if any, and interest on the Bonds when due shall be paid directly out of the Debt Service Fund or its subaccounts.

11. **CONSTRUCTION FUND.** There shall be established and maintained on the books of the County for the Bonds a separate account designated “PARMA VILLAGE WASTEWATER TREATMENT PLANT SECTION BOND SERIES 2008 CONSTRUCTION FUND” (the “Construction Fund”). After deducting accrued interest, if any, from the date of the Bonds to the date of delivery thereof, and premium, if any, which sums shall be deposited in the Debt Service Fund, the balance of the proceeds of the Bonds shall be deposited into the Construction Fund, together, if necessary, with a sufficient amount of available Village funds on hand adequate to pay all remaining costs of the Project not funded by the Bonds. The monies on deposit in the Construction Fund from time to time shall be used solely to pay expenses of the Project. Any unexpended balance shall be used for such purposes as required by law, including without limitation, transfer to the Debt Service Fund. After completion of the Project and disposition of remaining

Bond proceeds, if any, pursuant to the provisions of this paragraph, the Construction Fund shall be closed.

12. **DUTIES OF COUNTY TREASURER.** The County Treasurer shall keep full and complete records of all deposits to and withdrawals from the Debt Service Fund and the Construction Fund and of all investments of monies in such accounts and other transactions relating thereto for the Bonds. The County Treasurer is authorized to invest the monies in said accounts in any one or more lawful investments authorized by law for counties, consistent with the County investment policy.

13. **APPROVAL OF AGREEMENTS.** The Purchase Contract, the Supplemental Agreement and the Issuer's Certificate are hereby approved in the forms attached hereto as Exhibits B, C and D, respectively. The Chairperson of the Board of Public Works, or in his absence, the Vice Chairperson of the Board of Public Works, and the Secretary of the Board of Public Works, or in his absence the Assistant Secretary of the Board of Public Works, are hereby authorized and directed to execute on behalf of the County and deliver to the Authority the Purchase Contract, the Supplemental Agreement and the Issuer's Certificate in substantially the form approved with such additions and deletions as are consistent with the terms of the Bonds and in the best interest of the County.

14. **NEGOTIATED SALE OF BONDS.** The Chairperson of the Board of Public Works, or in his absence, the Vice Chairperson of the Board of Public Works, and the Secretary of the Board of Public Works, or in his absence the Assistant Secretary of the Board of Public Works, are hereby authorized to sell the Bonds at a negotiated sale to the Authority, in accordance with the Purchase Contract, the Supplemental Agreement and applicable state law and to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Bonds in accordance with the provisions of this resolution. The Bonds shall be sold at a negotiated sale instead of a

competitive sale to take advantage of the terms and conditions of the Authority's Clean Water Revolving Fund Program, including the rate of interest of 2.50% per annum for all maturities of the Bonds, which is below prevailing open market interest rates.

15. **EXECUTION AND DELIVERY OF BONDS.** The Bonds shall be executed in the name of the County by the manual or facsimile signatures of the Chairman of the Board of Commissioners, or in his absence, the Vice Chairman of the Board of Commissioners, and the County Clerk, or in her absence the Chief Deputy County Clerk, and authenticated by the manual signature of an authorized representative or signer for the Bond Registrar, and the seal of the County (or a facsimile thereof) shall be impressed or imprinted on the Bonds. After the Bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered by the County Treasurer to the purchaser upon receipt of the purchase price. Additional bonds bearing the manual or facsimile signatures of the Chairman of the Board of Commissioners, or in his absence, the Vice Chairman of the Board of Commissioners, and the County Clerk, or in her absence the Chief Deputy County Clerk, and upon which the seal of the County (or a facsimile thereof) is impressed or imprinted may be delivered to the Bond Registrar for authentication and delivery in connection with the exchange or transfer of Bonds. The Bond Registrar shall indicate on each bond the date of its authentication. The proceeds of the Bonds shall be deposited into the Debt Service Fund and the Construction Fund, as provided in Paragraphs 10 and 11, above. The officers, agents and employees of the County and the Board of Public Works are authorized and directed to execute and deliver such certificates, affidavits or other documents or instruments as may be required by the purchaser of the Bonds or bond counsel and to take all other actions necessary and convenient to facilitate the execution and delivery of the Bonds, including without limitation any necessary applications for municipal bond ratings or insurance. The County shall furnish the Bonds ready for execution without expense to the purchaser. The County shall also furnish, without expense to the

purchaser at the time of delivery of the Bonds, the approving opinion of Mika Meyers Beckett & Jones PLC, Attorneys, Grand Rapids, Michigan, as bond counsel, approving the legality of the Bonds. The Bonds will be delivered at the expense of the County in such City as agreed upon with the purchaser thereof.

16. **TAX COVENANT; QUALIFIED TAX EXEMPT OBLIGATION.** The County 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 taxation (as opposed to alternative minimum or other indirect taxation). The Bonds are designated as “qualified tax exempt obligations” for purposes of deduction of interest expense by financial institutions under the provisions of Section 265(b)(3) of the Code, it being reasonably anticipated that the aggregate amount of tax-exempt obligations which will be issued by the County and all subordinate entities to the County shall not exceed \$10,000,000 during calendar year 2008. The Board of Public Works and other appropriate County officials are authorized to do all things and to require the Village 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 and that the Bonds and the Contract will be and remain binding and valid obligations of the Village and the County.

17. **DISCLOSURE OF INFORMATION.** The County agrees to provide the Authority in a timely manner with all information and documents regarding the County, the Village and the Bonds, including an official statement that the Authority or its bond underwriters need to meet any Securities and Exchange Commission regulation, any industry standard or other federal or state regulation which imposes a disclosure requirement or continuing disclosure requirement relating to any Authority bond issue which was used or is needed to provide monies to the fund used to purchase the Bonds or relating to any other Authority bond issue which was used by the Authority to purchase an obligation of the County. In furtherance of the above, the County also agrees that upon

the request of the Authority it will promptly execute and deliver a continuing disclosure undertaking in form and substance determined by the Authority to be necessary or desirable to assist the Authority or its underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission. If required, such continuing disclosure undertaking shall be executed by the Chairperson of the Board of Public Works, or in his absence, the Vice-Chairperson of the Board of Public Works, and the Secretary of the Board of Public Works, or in his absence, the Assistant Secretary of the Board of Public Works.

18. **REFUNDING.** The County reserves the right to refund the Bonds, in whole or in part, prior to maturity, subject to the requirements of the Code, Act 185, Act 34 and the Authority.

19. **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, shall have been deposited in trust, this Bond Resolution shall be defeased and the owners of the Bonds shall have no further rights under this Bond 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.

20. **RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the County and the registered owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the equal benefit, protection and security of the registered owners of any and all of the Bonds, all of

which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Resolution.

21. **CONFLICTS.** All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Commissioners: _____

NAYS: Commissioners: _____

ABSTAIN: Commissioners: _____

RESOLUTION DECLARED ADOPTED.

Amanda L. Riska
County Clerk

STATE OF MICHIGAN)
) ss.
COUNTY OF JACKSON)

I, Amanda L. Riska, the duly qualified and acting Clerk of the County of Jackson, Michigan, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the County Board of Commissioners at a regular meeting thereof held on the ____ day of _____, 2008, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature this ____ day of _____, 2008.

Amanda L. Riska
County Clerk

EXHIBIT A

REGISTERED

UNITED STATES OF AMERICA

REGISTERED

STATE OF MICHIGAN

COUNTY OF JACKSON

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY (PARMA WASTEWATER
TREATMENT PLANT SECTION) BONDS (GENERAL OBLIGATION LIMITED TAX),
SERIES 2008

No. R-1

REGISTERED OWNER: Michigan Municipal Bond Authority

PRINCIPAL AMOUNT:

INTEREST RATE: Two and one-half percent (2.50%) per annum

DATE OF ORIGINAL ISSUE AND REGISTRATION: The date each installment portion of the Principal Amount was delivered to the Registered Owner in accordance with the Purchase Contract and Supplemental Agreement.

KNOW ALL MEN BY THESE PRESENTS, that the County of Jackson, State of Michigan (the "County"), acknowledges itself indebted and for value received hereby promises to pay the Principal Amount shown above to the Registered Owner specified above or its registered assigns shown as the owner of record of this bond on the books of the Jackson County Treasurer, Jackson, Michigan, as bond registrar (the "Bond Registrar") on the applicable date of record, in installments in the amounts and on the dates as set forth in Schedule I, attached hereto and made a part hereof, with interest thereon from the Date of Original Issue and Registration specified above until paid at the Interest Rate per annum specified above, first payable _____ 1, 200__ and semiannually thereafter and principal is payable on the first day of _____ commencing _____ 1, 200__ (as identified in the Purchase Contract) and annually thereafter. Payment of principal and interest shall be paid to the registered owner hereof by the Bond Registrar by first class mail. The date of record shall be each March 15 and September 15 with respect to the payments due on each April 1 and October 1, respectively. Principal and interest are payable in lawful money of the United States of America.

The County promises to pay to the Michigan Municipal Bond Authority (the "Authority") the principal amount of the Bond or so much 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 Village of Parma (the "Village"), the Authority and the State of Michigan acting through the Department of Environmental Quality.

During the time funds are being drawn down by the County under this Bond, the Authority will periodically provide the County a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the

County of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond. The County acknowledges that in the event the principal amount of the loan evidenced by the Bonds is reduced by the Authority in accordance with Schedule I attached hereto or the Supplemental Agreement, the Authority will prepare a revised Schedule I to the Bond that is calculated so that the principal payments are rounded to the nearest dollar and which revised Schedule I shall be effective upon receipt by the County.

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.

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.

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.

This bond is one of a series of bonds of like date and tenor except as to date of maturity and rate of interest aggregating the principal sum of \$_____ (the "Bonds") issued by the County under and pursuant to and in full conformity with the Constitution and statutes of Michigan (especially Act 185 of the Public Acts of 1957, as amended) and a bond authorizing resolution adopted by the Board of Commissioners of the County (the "Bond Authorizing Resolution") for the purpose of defraying part of the cost of acquiring and constructing improvements to the Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section). The bonds of this series are issued in anticipation of payments to be made by the Village in the aggregate principal

amount of _____ Hundred _____ Thousand Dollars (\$_____) pursuant to a contract (the "Contract") between the Village and the County. The full faith and credit of the Village has been pledged to the prompt payment of the foregoing amount and the interest thereon as the same become due. As additional security, the full faith and credit of the County are hereby pledged for the prompt payment of the principal of and interest on the bonds of this series. Taxes levied by the Village and the County to pay the principal of and interest on the bonds of this series are subject to constitutional and statutory tax limitations.

This bond and all other bonds issued in accordance with the Contract shall be of equal standing with each other.

This bond is transferable, as provided in the Bond Authorizing Resolution, on the bond registration books of the Bond Registrar upon surrender of this bond together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Bond Registrar. Upon such transfer, one or more fully registered bonds with denominations of \$1.00 or such larger denomination in the same aggregate principal amount and the same maturity and interest rate, will be issued to the designated transferee or transferees. The Bond Registrar shall not be required to transfer or exchange bonds or portions of bonds which have been selected for redemption.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of the Bonds have been done, exist and have happened in due time and form as required by law, and that the total indebtedness of the County, including the series of bonds of which this bond is one, does not exceed any constitutional or statutory limitations.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Authorizing Resolution until the Certification of Registration and Authentication hereon shall have been manually signed by the Bond Registrar.

IN WITNESS WHEREOF, the County of Jackson, Michigan, by its Board of Commissioners, has caused this bond to be executed in its name by the [manual or facsimile] signatures of the Chairperson of the Board of Commissioners and the County Clerk and its County seal (or a facsimile thereof) to be impressed or imprinted hereon.

COUNTY OF JACKSON

(SEAL)

By: _____

Amanda L. Riska
County Clerk

By: _____

James Shotwell, Jr., Chairperson
Board of Commissioners

CERTIFICATION OF REGISTRATION AND AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Bond Authorizing Resolution and has been registered in the name of the payee designated on the face hereof in the Register maintained for the Issuer thereof.

_____,
as Bond Registrar

Date of
Authentication: _____

By _____

Its Authorized Representative

ASSIGNMENT

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

_____ 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

NOTICE: The signature(s) to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

The Bond Registrar will not effect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if this Bond is held by joint account)

PLEASE INSERT SOCIAL SECURITY NUMBER OR
OTHER IDENTIFYING NUMBER OF TRANSFEREE

(Insert number for first-named transferee if held by joint account)

DEQ Project No.
DEQ Approved Amt: \$ _____

SCHEDULE I

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 Issuer 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 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.

Due
Date

Amount of Principal
Installment Due

_____, _____

Interest on the Bond shall accrue on principal disbursed by the Authority to the Issuer from the date principal is disbursed, until paid, at the rate of 2.5% per annum, payable _____, 20__, and semi-annually thereafter.

The Issuer agrees that it will deposit with The Bank of New York Mellon Trust Company, N.A., or at such other place as shall be designated in writing to the Issuer by the Authority (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.

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EXHIBIT B

(Legal Name of Municipality)
Project No: (Project Number)

State Revolving Fund

PURCHASE CONTRACT

The Michigan Municipal Bond Authority (the "Authority"), a public body corporate, separate and distinct from the State of Michigan, hereby offers to enter into this Purchase Contract with the Issuer named below (the "Issuer") which, upon the acceptance of this offer by the Issuer and ratification by the Authority, will be binding upon the Authority and the Issuer. This offer is made subject to acceptance on or before [_____].

Upon the terms and conditions and upon the basis of the representations, warranties, and agreements set forth herein, including those set forth on Schedule I hereto, the Authority hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Authority, bonds (the "Bonds") in the principal amount and with the maturities and interest rate as shown on Schedule I and with redemption provisions acceptable to the Authority. The purchase price for the Bonds shall be 100%. The Authority's obligation to disburse Bond proceeds shall be contingent upon funding of the State Water Pollution Control Revolving Fund created by 1988 PA 316 and 1988 PA 317. The method of payment of Bond proceeds to the Issuer shall be as set forth in the Supplemental Agreement among the Issuer, the Authority, and the State of Michigan acting through the Department of Environmental Quality.

The Issuer represents and warrants to, and agrees with, the Authority that the Issuer has, and on the Closing Date (specified below) will have, full legal right, power and authority (i) to enter into this Purchase Contract, and (ii) to sell and deliver the Bonds to the Authority as provided herein and in the resolution or ordinance authorizing the Bonds and the Issuer has duly authorized and approved the execution and delivery of and the performance by the Issuer of its obligations contained in this Purchase Contract including those set forth in Schedule I.

On _____, _____, the local preclosing date, the Issuer shall make available for inspection by the Authority at the offices of the Department of Attorney General, Finance Division, Lansing, Michigan, the Bonds, together with such other documents, certificates and closing opinions as the Authority shall require (the "Closing Documents").

On _____, _____, (the "Closing Date"), the Authority shall accept delivery of the Bonds and the Closing Documents and pay the purchase price for the Bonds.

MICHIGAN MUNICIPAL BOND
AUTHORITY

BY _____
Authorized Officer

Accepted and Agreed to this
[_____] day of [_____]

COUNTY OF JACKSON ("Issuer")

By: _____
Geoffrey W. Snyder
Title: Chairperson, Jackson County Board
of Public Works

By: _____
Ken Elenbaas
Title: Secretary, Jackson County Board
of Public Works

DEQ Project No.
DEQ Approved Amt: \$ _____

SCHEDULE I

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 Issuer 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 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.

Due Date	Amount of Principal Installment Due
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_____	_____
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Interest on the Bond shall accrue on principal disbursed by the Authority to the Issuer from the date principal is disbursed, until paid, at the rate of 2.5% per annum, payable _____, 20____, and semi-annually thereafter.

The Issuer agrees that it will deposit with The Bank of New York Mellon Trust Company, N.A., or at such other place as shall be designated in writing to the Issuer by the Authority (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.

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EXHIBIT C

State Revolving Fund Program
Act 185 Bonds

Supplemental Agreement Regarding

\$ _____
Jackson County Wastewater Disposal Facility
(Parma Wastewater Treatment Plant Section) Bonds
(General Obligation Limited Tax), Series 2008

\$ _____
County of Jackson
County of Jackson
State of Michigan

(the "Bond")

This Agreement is made as of _____, 20____, among the County of Jackson (the "County"), Village of Parma (the "Municipality"), the Michigan Municipal Bond Authority (the "Authority"), and the State of Michigan acting through the Department of Environmental Quality (the "DEQ"), in consideration for the purchase of the above-captioned Bond by the Authority. This Agreement shall be in addition to any other contractual undertaking by the Municipality contained in the contract with the County issuing its bonds pursuant to the provisions of 1957 PA 185, as amended (the "County") and any other contractual undertakings contained in the Ordinance or Resolution of the County authorizing the Bond (the "Resolution").

PREMISES:

The Authority has been created and empowered under 1985 PA 227, as amended ("Act 227") to purchase obligations from Governmental Units within the State of Michigan such as the Municipality and the County. Pursuant to the terms of the Resolution, the County intends to issue its Bond and the Municipality intends to undertake a Project as described in Exhibit B attached to this Supplemental Agreement (the "Project") which Project is a sewage treatment works or nonpoint source project, or both, as defined in Part 53, Clean Water Assistance of the Natural Resources and Environmental Protection Act, Act 451 of the Public Acts of 1994 ("Part 53"). In order to provide assistance to the Municipality to finance the Project, the Authority has agreed to purchase the Bond upon certain conditions including receipt by the Authority of an order of approval (the "Order") issued by the DEQ pursuant to the provisions of Part 53. All words and terms defined in Act 227 or Part 53 and not otherwise defined in this Agreement shall have the meanings as defined in those Acts.

In consideration of these premises and their mutual agreements, the Municipality, the Authority, and the DEQ agree as follows:

Section 1. General Covenants. The Municipality represents, warrants and covenants to the DEQ and the Authority as follows:

a. Rates and charges for the services of the Project will be established, levied or collected in an amount sufficient to pay the expenses of administration, operation and maintenance of the Project and to pay the principal and interest requirements on all bonds payable from revenues of the Project, including the Bond.

b. The Municipality agrees that the Project shall proceed in a timely fashion and will exercise its best efforts to complete the Project in accordance with the estimated Project schedule as set forth in its application and to provide from fiscal resources all moneys in excess of Bond proceeds necessary to complete the Project.

c. The Municipality will not voluntarily sell, lease, abandon, dispose of or transfer its title to the Project or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrances, without an effective assignment of obligations and the prior written approval of the Authority and the DEQ.

d. To the extent permitted by law, the Municipality shall take all actions within its control and shall not fail to take any action as may be necessary to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

e. The Municipality will take no action which would cause the Bond to be a private activity bond pursuant to Section 141(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The Municipality will make no use of Bond proceeds which would make the Bond federally guaranteed as provided in Section 149(b) of the Code. The Municipality will keep records of the expenditure and investment of Bond proceeds as required under the Code and the regulations thereunder.

f. The Municipality will operate and maintain the Project in good repair, working order and operating condition.

g. The Municipality will maintain complete books and records relating to the construction, operation and financial affairs of the Project in accordance with generally accepted accounting principles (GAAP) and generally accepted government auditing standards (GAGAS). At the conclusion of the Project, or upon notification by the DEQ, the Municipality will submit a final Project cost summary with necessary supporting documentation as required by the DEQ. The Municipality will include in its contracts for the Project notice that the contractor and any subcontractors may be subject to a financial audit as part of an overall Project audit and requirements that the contractor and subcontractors shall comply with generally accepted auditing standards.

h. The Municipality will have an audit of its entire operations prepared by a recognized independent certified public accountant for each year in which the Municipality expended \$500,000 or more in federal assistance. The audit shall be prepared in conformance with the requirements of the Single Audit Act of 1984, as amended (31 U.S.C. section 7501 et seq.) and Office of Management and Budget Circular No. A-133. The Municipality will mail a copy of such audit and its annual audit to both the Local Audit and Finance Division of the Michigan Department of Treasury and the Authority. In addition, the County agrees to provide the Authority in a timely manner with all information and documents regarding the Municipality and the County that the Authority or its bond underwriters need to meet any Securities and Exchange Commission regulation, any industry standard or other federal or state regulation which imposes a disclosure requirement or continuing disclosure requirement relating to any Authority bond issue which was used or is needed to provide monies to the fund used to purchase the Bond. The Municipality also agrees to provide the Authority in a timely manner with all information and documents regarding the Municipality that the Authority or its bond underwriters need to meet any Securities and Exchange Commission regulation, any industry standard or other federal or state regulation which imposes a disclosure requirement or continuing disclosure requirement relating to any other Authority bond issue which was used by the Authority to purchase an obligation of the Municipality. In furtherance of the above, the Municipality also agrees that upon the request of the Authority it will promptly execute and deliver and/or have the County execute and deliver a continuing disclosure undertaking in form and substance determined by the Authority to be necessary or desirable to assist the Authority or its underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

i. The Municipality will maintain and carry insurance on all physical properties of the Project of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar systems. All moneys received for losses under any such insurance policies shall be applied to the replacement and restoration of the property damaged or destroyed or for repayment of the Bond.

j. The Municipality will notify the DEQ and the Authority within 30 days of the occurrence of any event which, in the judgment of the Municipality, will cause a material adverse change in the financial condition of the Project, or, if the Municipality has knowledge, of the system of which the Project is a part or which affects the prospects for timely completion of the Project.

k. The Municipality agrees to comply with the disadvantaged business participation provisions of Executive Order 11625 (October 13, 1971) and Executive Order 12138 (May 18, 1979) whereby the Municipality will report on its efforts to utilize Minority Business Enterprises (MBEs) and Women's Business Enterprises (WBEs) on the forms, and in the manner, prescribed by the DEQ.

l. The attached Exhibit A is a summary of the estimated cost of the Project, which the Municipality certifies is a reasonable and accurate estimate.

m. The Municipality has the legal, managerial, institutional and financial capability to build, operate and maintain the Project.

n. The Municipality has, or will have prior to the start of construction, all applicable state and federal permits required for construction of the Project and will comply with the conditions set forth in such permits.

o. No undisclosed fact or event, or pending litigation, will materially or adversely affect the Project, the prospects for its completion, or the Municipality's ability to make timely repayments on the Bond.

p. The Municipality will, upon request, provide the DEQ and the Authority with access to the physical plant of the Project and all operational or financial records of the Project, and the Municipality will require similar authorizations from all contractors, consultants, or agents with which the Municipality negotiates an agreement.

q. All pertinent records shall be retained and available to the DEQ and the Authority for a minimum of 3 years after actual initiation of the operation of the Project and that if litigation, a claim, an appeal, or an audit is begun before the end of the 3 year period, records shall be retained and available until the 3 years have passed or until the action is completed and resolved, whichever is longer.

r. If the Project is segmented as provided in Section 5309 of Part 53, the Municipality agrees that the remaining segments shall be completed with or without additional financial assistance from the Michigan Water Pollution Control Revolving Loan Fund.

s. If the Project involves construction or property acquisition in a special flood hazard area, the Municipality agrees to comply with the flood insurance purchase requirements of the Flood Disaster Protection Act of 1973 (Pub. L. 93-234) whereby the Municipality will purchase flood insurance in conformance with the National Flood Insurance Program (42 U.S.C. section 4001-4128).

t. The Municipality will comply with the procurement prohibitions of Section 306 of the Clean Air Act Amendments of 1970 (42 U.S.C. section 7606) and Section 508 of the Federal Water Pollution Control Act Amendments of 1972 (33 U.S.C. section 1368), as implemented by Executive Order 11738 (September 10, 1973) whereby the Municipality certifies that goods, services, and materials for the Project will not be procured from a supplier on the List of Violating Facilities published by the U.S. Environmental Protection Agency.

u. The Municipality agrees to comply with the anti-discrimination provisions of Section 602, Title VI of the Civil Rights Act of 1964 (42 U.S.C. section 2000d), Section 13 of the Federal Water Pollution Control Act Amendments of 1972 (Pub. L. 92-500), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. section 794), and Section 303, Title III of the Age Discrimination Act of 1975 (42 U.S.C. section 6102) whereby the Municipality will not discriminate on the basis of race, color, national origin, sex, handicap, or age in any activity related to the Project.

v. If the Project involves the acquisition of an interest in real property or the displacement of any person, business, or farm operation, the Municipality agrees to comply with the land acquisition and relocation assistance requirements of the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970 (42 U.S.C. section 4601 et seq.) whereby the Municipality will follow procedures set forth in 49 CFR Part 24.

w. The Municipality agrees to comply with the Hatch Act (5 U.S.C. section 1501 et seq.) whereby the Municipality will ensure that employees whose principal employment activities are funded in whole or in part with moneys from the Michigan Water Pollution Control Revolving Loan Fund comply with the prohibitions set forth in 5 CFR Part 151.

x. The Municipality agrees to comply with the equal employment opportunity provisions of Executive Order 11246 (September 24, 1965), as amended by Executive Order 11375 (October 13, 1967).

y. If historic or archeological artifacts or remains are discovered during Project construction, the Municipality agrees to immediately contact the State Historic Preservation Officer and the DEQ. The Municipality further agrees to discontinue work in the vicinity of the discovery until the State Historic Preservation Officer has determined the general limits and potential significance of the site. If human remains are discovered during Project construction, the Municipality agrees to immediately contact the State Police.

z. The Municipality will provide written notification to the DEQ identifying the actual initiation of operation of the Project within 30 days of its occurrence. The actual initiation of operation is the date when the Project becomes capable of operation for the purposes for which it was planned, designed and built.

aa. The Municipality agrees to construct and operate the Project in compliance with all other applicable state and federal laws, executive orders, regulations, policies, and procedures and the covenants, assurances and certifications contained in its application for financial assistance relating to the Project. Also the Municipality will comply with all applicable requirements of all other state and federal laws, executive orders, policies, and regulations governing the program pursuant to which the Order was issued.

Section 2. Further Covenants. The Municipality agrees to the covenants, if any, set forth in Exhibit C attached to this Agreement.

Section 3. Statutory Compliance of Project. Based on the information supplied to the DEQ by the Municipality, the DEQ hereby certifies that the Project complies with the statutory requirements established by Part 53 for a project eligible for assistance.

Section 4. Advancement of Funds. Upon receipt by the DEQ from the County of a Disbursement Request in the form to be provided by the DEQ, the DEQ shall, after processing such Disbursement Request, notify the Authority of the amount of the Disbursement Request. The Authority shall withdraw from the Michigan Water Pollution Control Revolving Fund

established pursuant to Act 227 moneys necessary to purchase principal installments of the Bond from the County in the amount processed by the DEQ.

In the event the County receives disbursements for costs which, at the time of final disbursement or at the submission of final Project cost documentation or at any other time, are determined by the DEQ to be ineligible for financing from the Fund, the Municipality and the County agree to repay the Fund all such amounts. The DEQ shall notify the Municipality and the County in writing of any and all such ineligible costs (the "Repayment Amount"). The Municipality and the County agree to repay the Authority the Repayment Amount within 30 days following the receipt of written notice from the DEQ (the "Repayment Date"). If such amount is not received by the Authority by the Repayment Date, the Municipality and the County agree that the Repayment Amount shall bear interest (the "Additional Interest") from the Repayment Date to the date of payment at the highest rate, as determined by the Authority, equal to (a) the rate of interest then earned by the common cash fund of the State of Michigan on its short term (30 day) investments, or (b) the interest rate on the Bond, or (c) the average interest rate at which the Authority's leveraged bond proceeds that funded the purchase of the Bond are invested, or such other rate as shall be determined by resolution of the Board of the Authority but in no event in excess of the maximum rate of interest permitted by law and as set forth in the notice from the DEQ to the County and the Municipality. Such Additional Interest is in addition to the interest rate on the Bond. The Additional Interest shall continue to accrue until the Authority has been fully reimbursed for the Repayment Amount. Upon receipt by the Authority of the Repayment Amount, the Authority shall prepare a new payment schedule for the Bond which shall be effective upon receipt by the County.

Section 5. Termination of Assistance. In the event the DEQ issues an order under Section 5312 or 5313 of Part 53 recommending that assistance to the Municipality be terminated for the Project, the Authority shall cease to advance funds to the County on behalf of the Municipality pursuant to Section 4 of this Agreement. Any termination of assistance under this Agreement shall not excuse or otherwise affect the County and the Municipality's obligation to repay principal installments of the Bond previously disbursed to the County on behalf of the Municipality or interest or premiums due thereon. If as a result of termination of assistance, less than the principal amount of assistance approved by the DEQ is disbursed, the Authority shall prepare a new payment schedule, which maintains the existing level of principal installments but shortens the term of the Bond, which schedule shall be effective upon receipt by the County. Any termination of assistance under this Agreement shall not relieve the Municipality of any requirements that may exist under state or federal law to construct the Project.

Section 6. Breach of Agreement. In regard to Section 1 and 2 of this Agreement, if any of the representations or warranties are untrue, or if the Municipality shall fail to perform or comply with any of the covenants of these Sections, it shall be a material breach of this Agreement.

No failure by the Authority or the DEQ to insist upon strict performance of any covenant, warranty or representation in these Sections, nor any failure on the part of the Authority or the DEQ to declare a breach, shall constitute a waiver of any such breach or a relinquishment for the future of the right to insist upon and to enforce by any appropriate legal remedy strict compliance

with all of the covenants, warranties or representations, or of the right to exercise any such right or remedies, if any breach of the Municipality continues or is repeated.

Upon any such breach in addition to any other legal remedy the DEQ or Authority may have, the DEQ can provide written notice to the Authority of such breach and the Authority shall cease to advance funds to the County on behalf of the Municipality pursuant to Section 4 of this Agreement. Any termination of assistance under this Agreement shall not excuse or otherwise affect the County and the Municipality's obligation to repay principal installments of the Bond previously disbursed to the County on behalf of the Municipality plus interest and premiums due thereon. If as a result of termination of assistance, less than the principal amount of assistance approved by the DEQ is disbursed, the Authority shall prepare a new payment schedule, which maintains the existing level of principal installments but shortens the term of the Bond, which schedule shall be effective upon receipt by the County. Any termination of assistance under this Agreement shall not relieve the Municipality of any requirements that may exist under state or federal law to construct the Project.

Section 7. Applicable Law and Nonassignability. This Agreement shall be governed by the laws of the State of Michigan. This Agreement shall not be assigned by the Municipality.

Section 8. Severability. If any clause, provision or section of this Agreement be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

Section 9. Execution of Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute one and the same document.

VILLAGE OF PARMA
(the "Municipality")

By _____

Its _____

MICHIGAN MUNICIPAL BOND AUTHORITY
(the "Authority")

By _____

Its Authorized Officer

DEPARTMENT OF ENVIRONMENTAL
QUALITY OF THE STATE OF MICHIGAN (the
"DEQ")

By _____

Its Authorized Officer

AS ISSUER OF THE BOND, THE COUNTY ACKNOWLEDGES ITS APPROVAL OF THE
SUPPLEMENTAL AGREEMENT AND AGREES TO BE BOUND BY ITS
UNDERTAKINGS HEREIN.

County of Jackson, Michigan

By _____

Its Authorized Officer

EXHIBIT A

Summary of Estimated Project Costs

EXHIBIT B

Project Description

EXHIBIT C

Additional Covenants of the Municipality

EXHIBIT D

State Revolving Fund Program Act 185 Bonds

ISSUER'S CERTIFICATE FOR BONDS ISSUED PURSUANT TO 1957 PA 185, AS AMENDED AND FINANCED THROUGH THE STATE WATER POLLUTION CONTROL REVOLVING FUND OF THE STATE OF MICHIGAN

This Certificate is delivered by the undersigned on behalf of the County of Jackson (the "Issuer") in connection with the issuance of its \$_____ Jackson County Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) Bonds (General Obligation Limited Tax), Series 2008 (the "Bond") on this date and the sale of the Bond to the Michigan Municipal Bond Authority (the "Authority"). Pursuant to 1957 PA 185, as amended ("Act 185"), the Issuer has entered into a contract with a municipality (the "Municipality") whose project has been certified by the Department of Environmental Quality (the "DEQ") as eligible for financing from the State Water Pollution Control Revolving Fund. The Issuer represents and warrants to, and agrees with, the Authority and the DEQ as of the date of this Certificate:

1. The Issuer is duly organized and existing under the laws of the State of Michigan and is authorized by the provisions of the Constitution and the laws of the State of Michigan to issue the Bond. The undersigned are on the date hereof the duly elected or appointed, acting and qualified incumbents of the offices of the Issuer set below their respective names and the signatures appearing are the genuine signatures of said officers. The Bond has been officially signed by the officers of the Issuer having authority to execute and deliver the Bond and the seal affixed hereto, if any, is the official seal of the Issuer.
2. The Issuer has full legal right, power and authority to (i) sell and deliver the Bond to the Authority as provided in the ordinance, if any, and the resolution or resolutions authorizing and approving issuance of the Bond (the "Resolution") and (ii) execute this Certificate, and to consummate all transactions contemplated by this Certificate, the Bond, the Resolution, and any and all other agreements relating thereto.
3. The Resolution has been duly adopted by the Issuer, acting through its governing body, is in full force and effect as of the date hereof, is a contract with the Authority as the holder of the Bond and is a valid, legally binding action of the Issuer, enforceable in accordance with the terms thereof except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and by principles of equity if equitable remedies are sought.

4. When delivered to the Authority and paid for in accordance with the terms of the Resolution, the Bond (i) will have been duly authorized, executed, issued and delivered by the Issuer, (ii) will constitute a valid, legally binding obligation of the Issuer enforceable in accordance with its terms, and (iii) will not, when taken together with all other obligations of the Issuer exceed or violate any constitutional, charter or statutory limitation.

5. The information, if any, submitted to the Authority and the DEQ in connection with the purchase of the Bond by the Authority is as of the date hereof true, accurate and complete and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

6. Except as may have been disclosed in writing to the Authority and the DEQ before the date hereof and as set forth in Exhibit A hereto, if applicable, the Issuer has not been served with any litigation (and to the knowledge of the Issuer no litigation has been commenced or is threatened) against the Issuer, in any court (i) to restrain or enjoin the sale, execution or delivery by the Issuer of the Bond, (ii) in any manner questioning the authority of the Issuer to issue, or the issuance or validity of, the Bond or any other indebtedness of the Issuer, (iii) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the issuance of the Bond, (iv) questioning the validity or enforceability of the Resolution, (v) to secure a lien on any and all revenues, taxes, fees, or other moneys, securities, funds and property pledged in the Resolution that are a source of payments on the Bond and which would materially impair the ability of the Issuer to repay the Bond, or (vi) which might in any material respect adversely affect the transactions contemplated. No right of any member of the governing body of the Issuer to his or her office is being contested.

7. The execution and delivery of the Bond by the Issuer, and the fulfillment of the terms and conditions of, and the carrying out of the transactions contemplated by the Resolution do not and will not conflict with or constitute, on the part of the Issuer, a breach of or a default under any existing law (including, without limitation, the Michigan Constitution), any court or administrative regulation, decree or order or any agreement, indenture, mortgage, obligation, lease or other instrument to which the Issuer is subject or by which it is bound and which breach or default would materially affect the validity or binding effect of the Bond or the ability of the Issuer to pay the principal of and the interest on the Bond, or result in a default or lien on any assets of the Issuer. No event has occurred or is continuing which with the lapse of time or the giving of notice, or both, would constitute a default by the Issuer under the Resolution or the Bond.

8. No consent or approval of, or registration or declaration with, or permit from, any federal, state or other governmental body or instrumentality, is or was required in connection with enactment by the Issuer of the Resolution, issuance of the Bond or execution and delivery by the Issuer of this Certificate, which has not already been obtained, except as may be required under blue sky or securities laws of any state (as to which no representation or warranty is given) nor is any further election or referendum of voters required in connection therewith which has not already been held and certified and all applicable referendum periods have expired.

9. The Issuer certifies: (i) if it is the owner or operator of an oceangoing vessel or a nonoceangoing vessel that it is in compliance with the requirements of § 3103a of the NREPA, 1994 PA 451, as amended, MCL 324.3103a, and is on an applicable list prepared under MCL 324.3103a(4) and (ii) if it has contracts for the transportation of cargo with an oceangoing or nonoceangoing vessel operator that operator(s) is/are on an applicable list prepared under MCL 324.3103a(4).

10. Proceeds of the Bond will be applied (i) to the financing of the project or a portion thereof as set forth in the Resolution or (ii) to reimburse the Issuer for a portion of the cost of the project which was incurred in anticipation of Bond proceeds and which is eligible for reimbursement in accordance with Treasury Regulation 1.150-2. The Issuer will expend the proceeds of each disbursement of the Bond for the governmental purpose for which the Bond was issued within five banking days of receipt. Proceeds of the Bond shall not be used to refund (as defined in Treasury Regulation 1.150-1(d)) other outstanding obligations without the prior written consent of the Authority.

11. To the extent permitted by law, the Issuer shall take all actions within its control and shall not fail to take any action as may be necessary to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

12. The Issuer will take no action which would cause the Bond to be a “private activity bond” within the meaning of Section 141(a) of the Internal Revenue Code of 1986 as amended and any successor provision, act or statute and the regulations from time to time promulgated or proposed thereunder (the “Code”). The Issuer will make no use of Bond proceeds which would make the Bond an obligation guaranteed by the United States of America, as provided in Section 149(b) of the Code.

13. The Issuer hereby covenants and agrees for the benefit of the owners of the Bond that it will comply with the applicable requirements of Section 149 of the Code.

14. The Issuer has executed the standard documents required the Authority and has included in the Issuer’s documents the standard provisions required by the Authority in each case without alteration in any way.

IN WITNESS WHEREOF, we have signed this Certificate on _____, 20__.

COUNTY OF JACKSON

(the "Issuer")

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT A

Litigation

BOARD OF PUBLIC WORKS

COUNTY OF JACKSON

STATE OF MICHIGAN

RESOLUTION TO APPROVE AND RECOMMEND RESOLUTION TO
AUTHORIZE ISSUANCE OF BONDS FOR JACKSON COUNTY WASTEWATER
DISPOSAL FACILITY (PARMA WASTEWATER TREATMENT PLANT SECTION)

Minutes of a rescheduled regular meeting of the Jackson County Board of Public Works,
Michigan, held in the Jackson County Tower Building in Jackson, Michigan on Thursday, the 31st
day of July, 2008, at 8:00 a.m. Local Time.

PRESENT: Members: Clifford E. Herl, Philip S. Duckham, James E. Shotwell, Jr.,
Public Member Kenneth Elenbaas, Geoff Snyder, Chairman

ABSENT: Members: NONE

The following preamble and resolution were offered by Member HERL and supported by
Member SHOTWELL:

WHEREAS, a proposed Resolution to Authorize Issuance of Bonds for Jackson County
Wastewater Disposal Facility (Parma Wastewater Treatment Plant Section) (the "Resolution") has
been submitted to this Board of Public Works in the form set forth in Attachment I.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC WORKS AS
FOLLOWS:

1. The Resolution, together with the form of Bond attached to the Resolution as Exhibit
A, the form of Purchase Contract attached to the Resolution as Exhibit B, the form of Supplemental
Agreement attached to the Resolution as Exhibit C, and the form of Issuer's Certificate attached to
the Resolution as Exhibit D, are each hereby approved in substance and concept, and the Chair is
authorized to submit said Resolution to the Board of Commissioners with the recommendation of the
Board of Public Works that the same be adopted.

2. The Chair of this Board of Public Works, or in his absence the Vice Chair of the Board of Public Works, and the Secretary of this Board of Public Works, or in his absence, the Assistant Secretary of the Board of Public Works, are hereby authorized and directed to execute the Purchase Contract, the Supplemental Agreement and the Issuer's Certificate on behalf of the County, subject to the approval thereof by the County Board of Commissioners, as set forth in the Resolution.

3. All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Members: Clifford E. Herl, Philip S. Duckham, James E. Shotwell, Jr.,
Public Member Kenneth Elenbaas, Geoff Snyder, Chairman
NAYS: Members: NONE
ABSTAIN: Members: NONE

RESOLUTION DECLARED ADOPTED.

Geoffrey W. Snyder, Chair
Jackson County Board of Public Works

STATE OF MICHIGAN)
) ss.
COUNTY OF JACKSON)

I, the undersigned, the duly qualified and acting Chair of the Jackson County Board of Public Works, (the "Board") do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board at a rescheduled regular meeting on the 31st day of July, 2008, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice, by posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have hereto affixed my official signature on this ____ day of _____, 2008.

Geoffrey W. Snyder, Chair
Jackson County Board of Public Works

Resolution No. 08-08.26

COUNTY OF JACKSON

STATE OF MICHIGAN

**RESOLUTION TO APPROVE AND AUTHORIZE EXECUTION
OF JACKSON COUNTY WASTEWATER DISPOSAL FACILITY
(RIVES TOWNSHIP SECTION) CONTRACTS AND AGREEMENTS
AND TO PROVIDE FOR CERTAIN OTHER MATTERS PERTAINING THERETO**

Minutes of a regular meeting of the Board of Commissioners of the County of Jackson, Michigan, held in the Jackson County Tower Building in Jackson, Michigan on the _____ day of _____, 2008, at 7:00 p.m. Local Time.

PRESENT: Commissioners: _____

ABSENT: Commissioner: _____

The following preamble and resolution were offered by Commissioner _____ and supported by Commissioner _____:

WHEREAS, the County of Jackson, acting by and through its Board of Public Works, (the "County") is party to that certain Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of May 1, 2007 (the "Bond Contract") by and between the County and the Township of Rives (the "Township") whereby the County has agreed to establish and construct a county sanitary sewage disposal system to serve properties located in the Township, including the unincorporated Village of Rives Junction and areas along Rives Junction Road (the "Project"); and

WHEREAS, as a result of construction bids received for the Project, the cost of the Project has increased from \$2,575,000, as approved by the terms of the Bond Contract, to \$2,861,531; and

WHEREAS, to assist the County and the Township in offsetting a major portion of the increase in the cost of the Project, the United States Department of Agriculture/Rural Development (“Rural Development”) has submitted a revised loan and grant offer to the County and the Township to increase the Rural Development grant for the Project from \$1,500,000 to \$1,700,000, in addition to the Rural Development Planning Grant of \$15,000; and

WHEREAS, despite the increase in cost of the Project, the amount of the county bond issue is proposed to remain at \$1,075,000, as contemplated by the Bond Contract; and

WHEREAS, consistent with Paragraph 18 of the Bond Contract, the Township and the County have negotiated agreements with the Charter Township of Blackman and the City of Jackson for the transportation and treatment of the wastewater collected by the county system proposed to serve the Township; and

WHEREAS, a proposed First Amendment to Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of August 1, 2008 (the “First Amendment”) by and between the County and the Township has been presented to this Board in the form attached hereto as Attachment 1; and

WHEREAS, the First Amendment includes revisions to the description of the Project, the Project Service Area, the Estimate of Cost, and the Schedule of Principal and Interest Requirements, all as originally attached to the Bond Contract as Exhibits A, B and D, respectively; and

WHEREAS, a proposed Wastewater Service Agreement (the “Wastewater Service Agreement”) by and between the County, the Township and the City of Jackson has been presented to this Board in the form attached hereto as Attachment 2; and

WHEREAS, a proposed Urban Cooperation Act Agreement (the “Urban Cooperation Act Agreement”) by and between the County, the Township and the City of Jackson has been presented to this Board in the form attached hereto as Attachment 3; and

WHEREAS, a proposed Wastewater Transportation Agreement (the “Wastewater Transportation Agreement”) by and between the County, the Township and the Charter Township of Blackman has been presented to this Board in the form attached hereto as Attachment 4; and

WHEREAS, a proposed Water or Waste System Grant Agreement – RUS Bulletin 1780-12 (the “Grant Agreement”) by and between the County and the United States of America acting through the Rural Utilities Service, Department of Agriculture has been presented to this Board in the form attached hereto as Attachment 5; and

WHEREAS, the Jackson County Board of Public Works has reviewed and approved the description of the Project, the Project Service Area, the estimate of cost of the Project in the amount of \$2,861,531 and the Schedule of Principal and Interest Payments as set forth in the Bond Contract, as amended by the First Amendment, the First Amendment, the Wastewater Service Agreement, the Urban Cooperation Act Agreement, the Wastewater Transportation Agreement and the Grant Agreement and has recommended that the County Board of Commissioners adopt this resolution.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. The Board of Commissioners of the County, by a majority vote of its members-elect, hereby approves the description of the Project, the Project Service Area, the estimate of cost of the Project in the amount of \$2,861,531, and the Schedule of Principal and Interest Payments as set forth in the Bond Contract, as amended by the First Amendment.

2. The County, acting in accordance with the authority provided to the County by Act 185 of the Public Acts of Michigan of 1957, as amended (“Act 185”) and other applicable state law, hereby approves the First Amendment (and all provisions thereof) in the form attached hereto as Attachment 1.

3. The County, acting in accordance with the authority provided to the County by Act 185 and other applicable state law, hereby approves the Wastewater Service Agreement (and all provisions thereof) in the form attached hereto as Attachment 2.

4. The County, acting in accordance with the authority provided to the County by Act 185, Act 7 of the Public Acts of Michigan of 1967 (Ex. Session), as amended, and other applicable state law, hereby approves the Urban Cooperation Act Agreement (and all provisions thereof) in the form attached hereto as Attachment 3.

5. The County, acting in accordance with the authority provided to the County by Act 185 and other applicable state law, hereby approves the Wastewater Transportation Agreement (and all provisions thereof) in the form attached hereto as Attachment 4.

6. The County, acting in accordance with the authority provided to the County by Act 185 and other applicable state law, hereby approves the Grant Agreement (and all provisions thereof) in the form attached hereto as Attachment 5.

7. The Chair, or in his absence, the Vice Chair, and the Secretary, or in his absence, the Assistant Secretary, of the Jackson County Board of Public Works are authorized and directed to execute and deliver the First Amendment, Wastewater Service Agreement, Urban Cooperation Act Agreement and Wastewater Treatment Agreement for and on behalf of the County in the forms approved by this Resolution together with such additions and deletions as they deem to be appropriate and in the best interests of the County, in such number of counterparts as may be desirable.

8. The Chairman of the County Board of Commissioners, or in his absence, the Vice Chairman of the County Board of Commissioners, and the County Clerk, or in her absence, the Chief Deputy Clerk, are authorized and directed to execute and deliver the Grant Agreement for and on behalf of the County in the forms approved by this Resolution together with such additions and

deletions as they deem to be appropriate and in the best interests of the County, in such number of counterparts as may be desired.

9. The First Amendment, Wastewater Service Agreement, Urban Cooperation Act Agreement, Wastewater Treatment Agreement and Grant Agreement as presented to the County Board of Commissioners on this date, shall be kept on file at the office of the Chair of the Board of Public Works for public inspection together with a certified copy of this resolution.

10. All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Commissioners: _____

NAYS: Commissioner: _____

ABSTAIN: Commissioner: _____

RESOLUTION DECLARED ADOPTED.

Amanda L. Riska, Clerk
County of Jackson

STATE OF MICHIGAN)
) ss.
COUNTY OF JACKSON)

I, Amanda L. Riska, the duly qualified and acting Clerk of the County of Jackson, Michigan, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the County Board of Commissioners at a regular meeting thereof held on the _____ day of _____, 2008, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature this _____ day of _____, 2008.

Amanda L. Riska, Clerk
County of Jackson

ATTACHMENT 1

**FIRST AMENDMENT TO JACKSON COUNTY WASTEWATER
DISPOSAL FACILITY (RIVES TOWNSHIP SECTION)
BOND CONTRACT**

**FIRST AMENDMENT TO
JACKSON COUNTY WASTEWATER DISPOSAL FACILITY
(RIVES TOWNSHIP SECTION) BOND CONTRACT**

THIS FIRST AMENDMENT is made and entered into as of this ____ day of _____, 2008, by and between the County of Jackson, Michigan, (the "County") by and through its Board of Public Works (the "Board"), the governing body of its Department of Public Works pursuant to Act 185 of the Public Acts of Michigan of 1957, as amended ("Act 185"), and the Township of Rives, a general law township located in the County (the "Township").

WITNESSETH:

WHEREAS, the County and the Township are parties to that certain Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of May 1, 2007 (the "Contract"); and

WHEREAS, it is necessary for the County and the Township to amend the Contract to clarify the description of the Project, revise the areas to be included in the Jackson County Wastewater Disposal District (Rives Township Section) (the "District") to be served by the Jackson County Wastewater Disposal Facility (Rives Township Section) (the "System") to include properties located within the Township adjacent to Rives Township Special Assessment District No. 2 (Village of Rives Sanitary Sewer) and Rives Township Special Assessment District No. 3 (Rives Junction Road Sanitary Sewer), to update the estimate of cost based upon the bids received to acquire and construct the System and a supplemental loan and grant offer from United States Department of Agriculture/Rural Development ("Rural Development"), and to revise the Schedule of Principal and Interest Requirements.

IT IS THEREFORE AGREED BY AND BETWEEN THE PARTIES HERETO, for and in consideration of the agreement and covenants of each other and moneys to be paid one to the other, as follows:

1. The supplemental loan and grant offer from Rural Development which provides for an additional grant of \$200,000 is hereby accepted. Accordingly, the maximum Rural Development grant referenced in the Contract is hereby increased to \$1,700,000, in addition to the Rural Development Planning Grant of \$15,000.

2. The Description of the Project and the map of the service area attached to the Contract as Exhibit A is hereby amended as follows on Page 3:

EXHIBIT A

Jackson County Wastewater Disposal Facility (Rives Township Section)

Description of Project

This project will provide a sanitary sewer collection and transmission system to serve properties in the unincorporated Village of Rives Junction and, in addition, a transmission system to serve property abutting Rives Junction Road.

Rives Junction Collection System

The Rives Junction Sanitary Sewer Collection System consists of approximately 12,000 lineal feet of gravity sewer, pressure sewer, manholes, service lines, and all related appurtenances including the transmission forcemain in the area of Rives Junction. It also includes one lift station, which will pump sewage to Blackman Township.

Rives Junction Transmission Forcemain

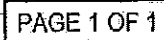
The Rives Junction Sanitary Sewer Transmission Forcemain consists of approximately 19,500 lineal feet of forcemain and all related appurtenances constructed in the right-of-way of Rives Junction Road. The forcemain will start at the lift station in Rives Junction and end in Blackman Township. A master sewage meter will be installed at the terminus in Blackman Township.

Transportation and Treatment of Wastewater by Blackman Township and the City of Jackson

The wastewater transported by the transmission main to the Rives Township/Blackman Township line will in turn be transported, pursuant to agreement, by the existing Blackman Township sanitary sewer system to the existing City of Jackson wastewater treatment plant for treatment pursuant to agreement. The Project includes the payment of appropriate capacity fees to Blackman Township and the City of Jackson applicable to such services.

A map of the Jackson County Wastewater Disposal District (Rives Township Section) is attached hereto as Figure 1 (2 pages).

Map of Service Area
Jackson County Wastewater Disposal District (Rives Township Section)



3. The Estimate of Cost attached to the Contract as Exhibit B is hereby amended and approved as follows on the attached page:

\$1,075,000
COUNTY OF JACKSON, STATE OF MICHIGAN
RIVES TOWNSHIP SEWER SYSTEM
(LIMITED TAX GENERAL OBLIGATION)

WITH RURAL DEVELOPMENT ASSISTANCE

ESTIMATE OF COST

	Total Project Costs	FINANCING	
		R.D. Bonds WITH \$1,700,000 GRANT	Bond Anticipation Note
	AMOUNT	AMOUNT	AMOUNT
Construction (Based on Bid Prices)			
Gravity Sewer System	\$1,261,601	\$1,261,601	\$0
Transmission Main to Jackson	552,091	552,091	0
Total Construction	\$1,813,692	\$1,813,692	\$0
Land, Right of Way, Survey and Legal	\$10,000	\$10,000	\$0
Site Improvement			
Engineering Fees	\$414,000	\$234,000	\$180,000
Contingencies	48,474	44,073	4,401
Cost of Issuance	0		
Bond Counsel	\$95,000	\$43,000	\$52,000
Financial Advisor	40,000	5,501	34,499
Local Attorney	25,000	10,477	14,523
Michigan Dept. of Treasury Fee	500	400	100
Official Statement	0	0	0
Transfer Agent	0	0	0
Credit Enhancements	0	0	0
Previously Incurred Township Costs	10,000	5,523	4,477
Administration Fees	18,000	0	18,000
Bond Discount (1.00%)	0	0	0
Printing and Publishing	4,000	4,000	0
Special Assessment Proceedings	0	0	0
Total Cost of Issuance	192,500	68,901	123,599
Capitalized Interest (4 months @ 4.125%)	11,086	11,086	0
Other:			
Blackman Township Interceptor Fee (99 @ \$1,794.67)	\$177,672	\$177,672	\$0
Jackson Capacity Fee (\$5.18 @ 35,000)	181,467	181,467	0
Bond Anticipation Note Repayment	320,640	320,640	0
Total Other	679,779	679,779	0
Total Project Cost	\$3,169,531	\$2,861,531	\$308,000
Reductions: Const. Interest	\$0	\$0	\$0
Grants	1,700,000	1,700,000	0
Special Assessment Collections (1)	66,531	66,531	0
Predevelopment Planning Grant	15,000	15,000	0
Township Share of Planning Grant	5,000	5,000	0
Township Contribution for Road Restoration	0	0	0
Funds from Bond Anticipation Note	308,000	0	0
Total Reductions	2,094,531	1,786,531	0
Amount of Bond Issue	\$1,075,000	\$1,075,000	\$308,000

(1) Represents the prepaid special assessments of \$61,530.72 plus \$5,000 from the Dec. 2007 levy.

Total S/A to Developed property

S/A for Transmission Only	145 *	\$4,595.35
S/A for Collection Only	99	\$4,689.80
Total for Transmission and Collection		\$9,285.15

*Includes 46 REUs along Transmission Line.

rcb/07/22/2004\Jackson County\Rives SewerRD75%\IEOC
 RCB/Revised 6/26/2008

4. The Schedule of Principal and Interest Requirements attached to the Contract as Exhibit D is hereby amended as follows on the attached page:

\$1,075,000
COUNTY OF JACKSON, STATE OF MICHIGAN
RIVES TOWNSHIP SEWER SYSTEM
(LIMITED TAX GENERAL OBLIGATION)

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

WITH \$1,700,000 RD GRANT

On a Calendar Year Basis

Year	Principal Due May 1	Interest Rate	Interest Due May 1	Interest Due November 1	Total Principal & Interest Requirements
2008	\$0.00	4.125%	\$0.00	\$11,086.94	\$11,086.94
2009	15,000.00	4.125%	22,171.88	21,862.50	59,034.38
2010	15,000.00	4.125%	21,862.50	21,553.13	58,415.63
2011	15,000.00	4.125%	21,553.13	21,243.75	57,796.88
2012	15,000.00	4.125%	21,243.75	20,934.38	57,178.13
2013	15,000.00	4.125%	20,934.38	20,625.00	56,559.38
2014	15,000.00	4.125%	20,625.00	20,315.63	55,940.63
2015	20,000.00	4.125%	20,315.63	19,903.13	60,218.75
2016	20,000.00	4.125%	19,903.13	19,490.63	59,393.75
2017	20,000.00	4.125%	19,490.63	19,078.13	58,568.75
2018	20,000.00	4.125%	19,078.13	18,665.63	57,743.75
2019	20,000.00	4.125%	18,665.63	18,253.13	56,918.75
2020	20,000.00	4.125%	18,253.13	17,840.63	56,093.75
2021	25,000.00	4.125%	17,840.63	17,325.00	60,165.63
2022	25,000.00	4.125%	17,325.00	16,809.38	59,134.38
2023	25,000.00	4.125%	16,809.38	16,293.75	58,103.13
2024	25,000.00	4.125%	16,293.75	15,778.13	57,071.88
2025	25,000.00	4.125%	15,778.13	15,262.50	56,040.63
2026	25,000.00	4.125%	15,262.50	14,746.88	55,009.38
2027	25,000.00	4.125%	14,746.88	14,231.25	53,978.13
2028	30,000.00	4.125%	14,231.25	13,612.50	57,843.75
2029	30,000.00	4.125%	13,612.50	12,993.75	56,606.25
2030	30,000.00	4.125%	12,993.75	12,375.00	55,368.75
2031	30,000.00	4.125%	12,375.00	11,756.25	54,131.25
2032	30,000.00	4.125%	11,756.25	11,137.50	52,893.75
2033	30,000.00	4.125%	11,137.50	10,518.75	51,656.25
2034	30,000.00	4.125%	10,518.75	9,900.00	50,418.75
2035	30,000.00	4.125%	9,900.00	9,281.25	49,181.25
2036	35,000.00	4.125%	9,281.25	8,662.50	52,943.75
2037	35,000.00	4.125%	8,662.50	8,043.75	51,706.25
2038	35,000.00	4.125%	8,043.75	7,425.00	49,468.75
2039	35,000.00	4.125%	7,425.00	6,806.25	48,231.25
2040	35,000.00	4.125%	6,806.25	6,187.50	46,993.75
2041	35,000.00	4.125%	6,187.50	5,568.75	45,756.25
2042	40,000.00	4.125%	5,568.75	4,950.00	49,518.75
2043	40,000.00	4.125%	4,950.00	4,331.25	47,281.25
2044	40,000.00	4.125%	4,331.25	3,712.50	45,043.75
2045	40,000.00	4.125%	3,712.50	3,093.75	42,806.25
2046	40,000.00	4.125%	3,093.75	2,475.00	40,568.75
2047	40,000.00	4.125%	2,475.00	1,856.25	38,331.25
	\$1,075,000.00		\$516,862.50	\$505,776.56	\$2,097,639.04

ASSUMPTIONS

Bonds dated	08/01/2008
Principal due	05/01/2009
First interest payment date	11/01/2008
Number of days	90
Subsequent interest payment dates	05/01/2009
Number of days	180
Projected interest rate	4.125%
(1) Capitalized Interest payable from bond proceeds	\$11,086

rcb/07/22/2004\Jackson County\Rives SewerRD75%\pic Grant
Revised 6/25/2008

5. Based upon the foregoing, and in accordance with Paragraph 6 of the Contract, the Township hereby authorizes the County to let construction contracts consistent with the revised estimate of cost, approved in Paragraph 3 above, and to finance the revised estimate of cost in accordance with the supplemental loan and grant offer from Rural Development including County bonds in the principal amount of \$1,075,000 (which shall be repaid in accordance with the amended Schedule of Principal and Interest Requirements approved in Paragraph 4 above) and the revised Rural Development grant in the amount of \$1,700,000 as approved in Paragraph 1 above, which is in addition to the Rural Development Planning Grant of \$15,000.

6. In all other respects, the Contract is hereby ratified and confirmed.

IN WITNESS WHEREOF, the Township of Rives, Jackson County, Michigan, by its Township Board; and the County of Jackson, by its Board of Public Works, have each caused its name to be signed to this instrument by their duly authorized officers as of the day and year first above written.

This Contract has been executed in counterparts.

COUNTY OF JACKSON
BY ITS BOARD OF PUBLIC WORKS

By: _____
Geoffrey W. Snyder
Its: Chair, Jackson County Board of Public Works

By: _____
Ken Elenbaas
Its: Secretary, Jackson County Board of Public Works

TOWNSHIP OF RIVES

By: _____
Gerald Surbrook
Its: Supervisor

By: _____
Sarah Jo Frizzle
Its: Clerk

ATTACHMENT 2
WASTEWATER SERVICE AGREEMENT

WASTEWATER SERVICE AGREEMENT

CITY OF JACKSON – TOWNSHIP OF RIVES – JACKSON COUNTY

THIS AGREEMENT is entered into by and between the CITY OF JACKSON, Jackson County, Michigan (the "City"), the TOWNSHIP OF RIVES, Jackson County, Michigan (the "Township"), and the County of Jackson (the "County") acting by and through its Board of Public Works.

WITNESSETH:

WHEREAS, the City owns and operates a wastewater treatment facility and has the capacity to serve some areas of the Township; and

WHEREAS, the Township desires the City to allocate 0.035 mgd (maximum month) of wastewater flow treatment capacity to be provided by the City's WWTP to accommodate existing and future users located within the Township Service District, and said allocation has been approved by the City Council; and

WHEREAS, the County and the Township are parties to that certain Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of May 1, 2007, as amended (the "Rives Bond Contract"), pursuant to the terms of which the County has agreed to acquire, finance by the issuance of bonds to evidence a long-term low-interest loan from Rural Development United States Department of Agriculture ("Rural Development") and construct a county wastewater disposal system to serve the properties located in the Township Service District; and

WHEREAS, the City, the Township, and the County are entering this Agreement to set forth the terms, conditions and requirements applicable to discharges from the Township Service District to the Wastewater Treatment System and to the City's acceptance and treatment of such discharges.

NOW, THEREFORE, be it agreed by and between the parties as follows:

1. DEFINITIONS.

Biochemical Oxygen Demand or BOD₅ means the quantity of oxygen used in the biochemical oxidation of a given amount of organic matter under standard laboratory procedures in five (5) days at twenty (20) degrees centigrade, expressed in milligrams per liter.

Bulk Metered means the measurement of the volume of wastewater discharged from a Service District or Group of Service Districts.

Commercial User means any premises not within the definition of "residential user" or "Industrial user", and which is connected to the City's wastewater facilities.

Debt Service Charge means a charge levied on certain users of the City's wastewater facilities, which is used to pay principal, interest, and administrative costs of retiring the debt incurred by the City for the construction of its wastewater facilities.

Facility Unit means a structure or area designated or used for single family occupancy, each separate apartment in a multi-family housing facility, a mobile home when used for housing, or other unit equivalent, as adopted by the Township for users of the system.

Industrial User means any premises whose use is categorized or identified in division A, B, D, E or I of the Standard Industrial Classification Manual, or which discharges wastewater containing any substance which causes interference in the wastewater facilities.

Rives Bond Contract means the Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of May 1, 2007, as amended, a copy of which is on file and available for inspection at the City Clerk's Office. If the Rives Bond Contract is ever subsequently amended, the County shall, upon the effective date of any such amendments, send a copy of the amendments made to City.

Lift Station or Pumping Station means the structure and equipment used to receive wastewater from a sewer at a low elevation and raise the wastewater by pumping or some other means to a higher elevation for discharge into a wastewater sewer.

Milligrams per Liter or mg/l is an expression of the relationship of the mass of a substance to the volume of the solution it is in, independent of the specific gravity.

Non-Domestic User means any user of the City's wastewater facilities that discharges wastes other than, or in addition to, water carried wastes from toilet, kitchen, laundry, bathing or other facilities used for household purposes.

NPDES Permit means National Pollution Discharge Elimination Permit, which is issued and amended by the Michigan Water Resources Commission and authorizes the City to discharge treated wastewater meeting certain standards to the Grand River, and sets forth other conditions for operating the City's wastewater facilities.

Outlying Township means any township which does not share a common boundary with the City, and is served or could be served by the City's wastewater facilities.

Perpetuity Charge means an annual charged levied on the Township for the purpose of recovering a fair rate of return on City investments made in its wastewater facilities in order to provide wastewater treatment services contracted by the Township.

Phosphorus or P means the total amount of phosphorus that is present in water or wastewater, as determined by standard methods and expressed in milligrams per liter.

Premises means each building or parcel of land which has a direct or indirect connection to the City's wastewater facilities.

Residential User means any premises consisting of a single or duplex dwelling used only for human residency and which is connected to the City's wastewater facilities.

Service Charge means the sum of user charges, debt service charges, and other charges for wastewater treatment service agreed to under the provisions of this Agreement.

Service District means that region of the Township which receives or could receive wastewater treatment service through a local network of sewers and pumping stations, and with boundaries defined in Exhibit 1.

Sewage Operating Fund means the City Enterprise Fund which records revenue from service charges and other financial transactions relating to the operation, maintenance, replacement and debt service of the City's wastewater facilities.

Sewer Service Ordinance means the Jackson City Sewer Service Ordinance being Title II Chapter 19 of the Jackson Code of Ordinances, as amended. Also known as the Sewer Use Ordinance.

Significant Industrial User or SIU means any user:

- A. Subject to categorical pretreatment standards; or
- B. Any other user that:
 - (1) discharges to the System an average of 25,000 gallons per day or more of process wastewater (excluding sanitary, non-contact cooling and boiler blow-down wastewater);
 - (2) contributes a process waste stream that makes up 5% or more of the average dry weather hydraulic or organic capacity of the wastewater treatment plant; or
 - (3) is otherwise designated by the City as a significant industrial user on the basis that the user has a reasonable potential to adversely affect the operation of the System, to violate any pretreatment standard or requirement, or because the City determines that a user permit for the user's discharge is required to meet the purposes and objectives of the sewer use ordinance.

Surcharge means a charge levied on any user of the City's wastewater facilities to compensate for added treatment costs incurred by the City as a result of handling said user's discharge which is in excess of restricted discharge standards, but for which the wastewater facilities are capable of handling.

Suspended Solids or SS means the total suspended matter that either floats on the surface of, or is in suspension in, water or wastewater, as determined by standard methods and expressed as milligrams per liter

System means the wastewater sewers and pumping stations of the townships, the wastewater sewers and pumping stations of the City, and the wastewater treatment facility of the City, all of which are interconnected to form one contiguous system for the purpose of providing wastewater treatment service. (Map of System to be included as Exhibit 2.)

Total Kjeldahl Nitrogen or TKN means a measure of the total ammonia nitrogen present in water or wastewater after any organic nitrogen present has been converted to ammonia nitrogen under standard digestive procedures and expressed in milligrams per liter.

Trunk Sewer means a City wastewater sewer which receives wastewater from a number of wastewater sewers and discharges wastewater into an interceptor sewer.

User means any individual, firm, company, association, society, partnership, corporation, public entity, or other similar organization, agency or group which is directly or indirectly connected to the City's wastewater facilities.

User Charges means charges levied on users of the wastewater facilities for the cost of operation, maintenance, and equipment replacement of the facilities, in accordance with Section 204(b) of Public Law 92-500.

Wastewater means a combination of liquid and water carried wastes from residences, commercial buildings, industries and institutions, together with any ground water, surface water or storm water that is present.

Wastewater Collection System means the wastewater sewers and pumping stations, along with any metering devices, used to collect and transport wastewater.

Wastewater Facilities means wastewater sewers, including sanitary sewers, storm sewers and combined sewers, lift stations and pumping stations; as well as the wastewater treatment plant, including its structures, processes and equipment necessary for treatment and discharge of wastewater of the City of Jackson.

Wastewater Treatment Facility means the City's structures, processes, equipment and arrangements necessary to treat and discharge wastewaters.

Wastewater Treatment Service means the availability or use of the City's wastewater facilities for discharge of wastewater by any user of the System in accordance with the City's Sewer Service Ordinance and the provisions of this Agreement.

2. UNDERTAKING

The City hereby agrees to faithfully provide wastewater treatment service for the Township Service District as herein defined, and the Township agrees to dispose of all wastewater from the Service District at the City's wastewater treatment facility, unless a more economically feasible and environmentally acceptable method of disposal can be demonstrated by the Township and approved by State and County public health agencies, and pay for wastewater treatment services

in the manner herein agreed upon; and such performance by the City of all terms and conditions herein found shall be considered to be in lieu of all licenses, fees, rentals, taxes, or other charges which the Township, or district, or other governmental units, might otherwise levy or impose.

3. TOWNSHIP WASTEWATER COLLECTION SYSTEM

The Township agrees to provide and maintain (or arrange to be provided and maintained) the necessary wastewater collection system within the Township Service District without expense to the City. The Township shall comply with the following provisions in respect to its wastewater collection system:

- A. Design. All plans and specifications for wastewater pretreatment or containment facilities as required by the Sewer Use Ordinance for Township industrial users shall be submitted to the City for review. Likewise, plans and specifications for major construction, alteration or extension of the wastewater collection system within the Township Service District shall be submitted to the City for review.
- B. Inspection of Construction. The City shall have the right to inspect work performed on the Township's wastewater collection system within the Service District, which could significantly affect the wastewater facilities of the City. The cost of the inspections shall be considered part of the overall expense of managing the system and included as part of the Sewage Operating Fund budget.
- C. Records and Plans. Upon completion of any construction, alteration, addition or relocation of the Township's wastewater collection system, or upon the installation of industrial pretreatment or containment facilities, as built construction plans shall be furnished to the City. The Township shall also furnish the City no less than annually a full report on the number and type of premises connected to Township sewers within the Service District.
- D. Transportation to Outlying Townships. The City and Township recognize that it may be necessary and desirable to transport wastewater from outlying townships through the Township's wastewater collection system in order for the outlying township's wastewater to reach the City's wastewater facilities. Under such a circumstance, the City shall have exclusive rights to contract with the outlying township for wastewater treatment service and the Township shall have exclusive right to contract with the outlying township for transporting wastewater through the Township's wastewater collection system.

4. SERVICES BY THE CITY

The City agrees to furnish the following services to the Township in accordance with the provisions of this Agreement:

- A. Transportation and Treatment. To accept and provide treatment of Township wastewater originating within and discharged from the Township Service District that meets the conditions of the Sewer Use Ordinance and to dispose of same. Treatment shall meet

current federal and state standards and comply with NPDES permit conditions, as amended.

- B. Metering and Billing. To determine Township wastewater characteristics and confirm bulk Township flow from the Township Service District in accordance with Paragraph 5(D)(1) of this Agreement for the purpose of calculating service charges. The City shall bill the Township monthly for wastewater treatment service.
- C. Treatment Capacity. To provide treatment capacity for 0.035 million gallons per day (mgd) (maximum month) of wastewater flow from the Township Service District (Exhibit 3). If wastewater flow from the Township Service District exceeds the provided treatment capacity, then the Township agrees to negotiate with the City for added treatment capacity in accordance with the provisions set forth in Paragraph 8 of this Agreement.
- D. Incidental Assistance. To provide upon request by the Township incidental administrative assistance such as copies of City budgets, audits, ordinances and resolutions, or other general information pertaining to the overall operation of the System.
- E. Industrial Pretreatment Program (IPP). To administer and enforce a certified Industrial Pretreatment Program as described in Chapter 19, City Sewer Service Ordinance, and the Code of Federal Regulations (40 CFR) Section 403.8, which regulates and controls non-domestic wastewater discharges into the System and requires compliance with federal pretreatment standards for applicable users.

5. SERVICE CHARGES

The City and Township agree that for service described in Paragraph 4 of this Agreement the City shall determine and receive compensation as follows:

A. Basis of Charges

- (1) User Charges. In accordance with U.S. Environmental Protection Agency regulation 40 CFR 35.929 (Exhibit 4), all wastewater user charges shall be based upon the user's proportionate share of operation, maintenance and replacement costs for the City's wastewater facilities and shall take into consideration the user's wastewater flow and strength. User charges shall include surcharges.
- (2) Rate Calculations.
 - (a) User Charges. Effective rates for user charges shall be calculated on the basis of Sewage Operating Fund budget appropriations in effect at the time the calculations are made, in accordance with the schedule set forth in Exhibit 15, and surcharge rates in the City's Wastewater Rate Resolution and surcharge provisions of the City's Sewer Use Ordinance..

- (b) Perpetuity Charge. The effective perpetuity charge shall be calculated on the basis of City investments made to the wastewater treatment facility, and shall be determined in accordance with the procedures set forth in Exhibit 10. City investments shall include those made prior to and during the 12-month audit period as set forth in Exhibit 15, less any assets acquired prior to July 1, 1984 and disposed of from the Treatment Plant and Park property categories of the Sewage Fund and other Municipal Contributed Capital Fixed Asset Schedules, as audited.
 - (c) Debt Service and Capital Improvement Charge. The effective rate for the Debt Service and Capital Improvement Charge shall be calculated on the basis of actual expenses incurred by the City during the appropriate 24-month audit period as set forth in Exhibit 15.
- B. Use of Revenue. All revenues received by the City as user charges from the Township shall be used solely for the operation, maintenance and replacement costs of the City's wastewater facilities.
- C. Service Charge Rates
 - (1) User Charges
 - (a) Treatment Charges. For Township wastewater which is treated at the City's wastewater treatment facility, a treatment charge shall be levied on the volume of flow and strength of the wastewater at a rate based upon the appropriate expense items set forth in Paragraph 5(A)(2)(a) of this Agreement and calculated by applying the methodology agreed to in Exhibit 6.
 - (b) Surcharges. If any Township wastewater, other than bulk metered flow, is treated at the City's wastewater treatment facility, and if it exceeds the wastewater strength limitations set forth in Section 2.47(2)(n) of the City's Sewer Use Ordinance (Exhibit 7), a surcharge shall be levied on the amount of excess pollutant loading at the surcharge rates set forth in the City's Wastewater Rate Resolution (Exhibit 8), as amended.
 - (2) Perpetuity Charge. For Township wastewater treatment capacity reserved in Paragraph 4(C) of this Agreement, as amended, an annual perpetuity charge shall be levied on the Township. The annual charge shall be based upon the appropriate expense items set forth in Paragraph 5(A)(2)(b) of this Agreement and calculated by applying the methodology agreed to in Exhibit 10.

The annual perpetuity charge shall be paid within 30 days from the date of the Jackson's invoices for that charge. The Township will also be charged on a monthly basis based upon the volume and strength of the discharge from the Township to the City's Wastewater System as provided by this Agreement.

- (3) Incidental Work. Any work performed by the City, exclusive of that covered by user charges, debt service, and capital improvement charges or perpetuity charges, either at the specific request of the Township or as may be reasonably necessary for the City to perform, such as administering the Industrial Pretreatment Program within the Township (as provided by Paragraph 6(B)(1)), shall be billed to the Township at actual, reasonable costs incurred by the City.
- (4) Debt Service and Capital Improvement Charge. If any Township wastewater, which is not included in the wastewater treatment capacity allocated to the Township in Paragraph 4(C) of this Agreement, passes through the City's wastewater collection system and is treated at the City's wastewater treatment facility, a debt service and capital improvement charge shall be levied on the discharge for the purpose of recovering the discharger's share of capital improvement expenses incurred by the City in order to provide adequate treatment service and capacity. The debt service and capital improvement rate shall be based upon the appropriate expenses items set forth in Paragraph 5(A)(2)(c) of this Agreement and calculated by applying the methodology agreed to in Exhibit 9.
- (5) One-time Capital Charge. To recover the investment in capital costs to the City's Wastewater System that have been incurred by the City to create wastewater treatment service capacity in the System released to the Township by this Agreement, the Township agrees to pay to the City a one-time capital charge in the amount of \$14,535.00. This one-time capital charge payment shall be paid to the City in full by the County on behalf of the Township from the proceeds of the bonds issued by the County in accordance with the terms of the Rives Bond Contract, within 60 days following the date of initial delivery by the County of bonds to Rural Development. The County shall provide written notice to the City of the date of initial issuance of bonds by the County to evidence the loan in accordance with the Rives Bond Contract, and the date stated in such notice shall be the date that the 60 day period for payment of the one-time payment shall be deemed to have commenced. Notwithstanding anything to the contrary in this subsection, the Township shall remain shall be ultimately and primarily responsible for timely and full payment to the City of the one-time payment. Further, the City may exercise all remedies provided by this Agreement for non-payment by the Township (including, but not limited to, termination of service) if the County fails to pay the one-time payment to the City; and the City shall not be obligated to pursue claims for non-payment against the County.

D. Application of Service Charges.

- (1) Bulk Metered Flow. For Township wastewater which is bulk metered and treated at the City's wastewater treatment facility, monthly service charges shall be determined as follows:

For Township wastewater which is bulk metered and treated at the City's wastewater treatment facility, monthly service charges shall be determined by applying the applicable user charge rates, as amended, from Paragraph 5(C) of this Agreement to the Township's monthly wastewater flow and strength characteristics from each bulk metering station, plus one-twelfth of the annual perpetuity charge. The confirmation of Township wastewater flow and the determination of Township strength characteristics shall be performed by the City twice each year under dry weather conditions during the months of May and June, and October and November using portable flow meters and composite samples. In order to obtain representative samples, three consecutive sets of 24-hour to 48-hour composite samples shall be collected and analyzed according to acceptable scientific standards. If the Township believes conditions exist which require flow proportionate composite sampling, then the Township may request the City to make a determination by simultaneously sampling the Township wastewater flow using both flow proportionate composite sampling and regular composite sampling techniques. The City shall establish flow proportionate composite sampling as the regular method of determining the Township's wastewater characteristics, if the average concentration of all parameters of the flow proportionate composite samples tested exceeds more than fifteen percent (15%) of the average concentration of all parameters of the regular composite samples tested. Sample parameters to be tested include at least the following: biochemical oxygen demand, suspended solids, total Kjeldahl nitrogen and total phosphorus. The Township shall pay the City the actual cost of performing the determination. If test results warrant flow proportionate composite sampling as the regular method of sampling, the cost of such sampling shall be part of the total operating costs of the system. Township wastewater characteristics for each bulk metering station shall be updated each year by averaging the new data compiled during each sampling period with the three previous years of sampling data. Updated wastewater characteristics from May and June sampling shall be used for monthly billings of July through December. Updated wastewater characteristics from October and November shall be used for monthly billings of January through June. If the Township requests additional wastewater sampling and analysis, then the cost of such work shall be paid for by the Township. The City and Township may mutually agree to an alternate system of determining wastewater characteristics if the alternate system is more accurate and cost effective than the system described in this Paragraph. The exact methodology used for computing monthly service charges for bulk metered flow is developed in Exhibit 11.

- (2) Individually Metered Flow. If any Township wastewater is not bulk metered, but individually metered at the premise and passes through the City's wastewater facilities, wastewater service charges shall be determined by applying the applicable service charge rates, as amended, from Paragraph 5(C) of this Agreement to the individually metered discharge with wastewater characteristics assumed as follows:

- | | | |
|-----|----------------------------|---------------------------|
| (a) | Suspended Solids: | 250 mg/l SS |
| (b) | Biochemical Oxygen Demand: | 250 mg/l BOD ₅ |
| (c) | Total Kjeldahl Nitrogen: | 40 mg/l TKN |
| (d) | Total Phosphorus: | 10 mg/l P |

The methodology used to compute service charges for individually metered discharges is described in Exhibit 12.

If an analysis of wastewater discharged from any premise identifies any strength characteristic in excess of the concentration assumed in this Paragraph, then a surcharge may be levied by the City on any excess amount of discharge, in accordance with the provisions of Paragraph 5(C)(1)(c) of this Agreement and following the sampling and analysis procedures of Paragraph 5(D)(1)(b) of this Agreement.

- (3) Unmetered Flow. If any Township wastewater is not metered by any means, but passes through the City's wastewater facilities, wastewater service charges shall be determined by applying the applicable service charge rates, as amended, from Paragraph 5(C) of this Agreement to wastewater flow and strength characteristics assumed to be as follows:

- | | | |
|-----|----------------------------|---|
| (a) | Flow: | 900 cubic feet per month
per facility unit |
| (b) | Suspended Solids: | 250 mg/l SS |
| (c) | Biochemical Oxygen Demand: | 250 mg/l BOD ₅ |
| (d) | Total Kjeldahl Nitrogen: | 40 mg/l TKN |
| (e) | Total Phosphorus: | 10 mg/l P |

The methodology used to develop rates for unmetered flow and to compute service charges for the same is described in Exhibit 13.

If an analysis of unmetered wastewater discharged from any premise identifies any strength characteristic in excess of the concentration assumed in this Paragraph, then the City may compute service charges on the basis of measured wastewater flow and strength, following the sampling and analysis procedures of Paragraph 5(D)(1)(b) of this Agreement and applying the applicable service charge rates, as amended, from Paragraph 5(C) of this Agreement.

E. Service Charge Revisions.

- (1) Annual Review. In accordance with U.S. Environmental Protection Agency Regulation 40 CFR 35.929-2(b), the City and Township agree to review user charges biennially and amend them to assure proportionate distribution of costs among all users, and to assure sufficient revenues to pay the total costs necessary for adequate operation and maintenance (including replacement) of the City wastewater facilities (Exhibit 14). The first review process shall be conducted between November 1, 1984 and January 31, 1985, and shall be repeated every two years thereafter following the schedule set forth in Exhibit 15. During the review period, other service charge rates in Paragraph 5(C) of this Agreement shall also be reviewed and amended for the projected 12-month service period according to the rate calculation provisions of Paragraph 5(A)(2) of this Agreement. Amendments to service charge rates shall be determined following the applicable methodology described in Exhibits 6, 9 and 10. If from the review process it is determined that the service charge rates in effect for the 12-month period being audited caused the Township to pay a greater amount of operation, maintenance and replacement costs than actually incurred by the City during said 12-month period, then the City shall reimburse the Township the difference between the actual service charges paid by the Township and the Township's proportionate share of the total costs incurred. If on the other hand, it is determined from the review that the service charge rates in effect for the 12-month period being audited caused the Township to pay less than the actual operation, maintenance and replacement costs incurred by the City during said 12-month period, then the Township shall pay the City the difference between its proportionate share of costs and the actual service charge paid during the 12-month period. Either reimbursement paid by the City to the Township or the balance due from the Township to the City shall be paid prior to the first day of March in the year in which the annual review process is completed, unless other payment arrangements are mutually agreed to by both parties.
- (2) Annual Meeting. In addition to the annual review, the City and Township agree to meet at least once a year along with other governmental units served by the City's wastewater treatment facility to discuss the operation of the facility and any concerns about the operations that might be of interest to any party. Each governmental unit shall designate no more than three representatives for the meeting. Such a meeting may be requested at any time by any of the governmental units. If no specific meetings requests are made, the City shall take the responsibility of coordinating a time and location for an annual meeting with all parties concerned.
- (3) Interim Cost Adjustments. In the event an unusual or unforeseen change occurs in any of the major expense items listed on the attachment to Exhibit 6 during the two-year period between review processes, such as a change in energy costs, then the City and Township agree to adjust user charges to reflect the increase or decrease in expense. The change in expense must exceed five percent (5%) of the

total annual cost listed in column two of the attachment to Exhibit 6 in order for the City or the Township to request an adjustment to the user charges. The City agrees to notify the Township as soon as possible of any likely need to request an interim rate adjustment.

- F. Arbitration. If the Township disagrees with any amended service charge and if that disagreement cannot be resolved between the parties, then it shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The Township shall demand arbitration of the dispute within 60 days of the effective date of the amended service charge, otherwise it will be deemed to be in concurrence with the amended service charge. The arbitrator shall determine the issues set forth in the Demand for Arbitration in accordance with the strict application of the methodologies set forth in Paragraph 5 of this Agreement, except as modified by State or Federal law. The arbitrator's decision shall be binding upon the parties. Said arbitrator shall not live or work within the System's service area or be employed by either the City or the Township unless approved by both parties. The Township shall not withhold payment of any amended service charges during the pendency of the disagreement, but shall instead pay such charges subject to adjustment at the settlement of the dispute. Any adjustment to the Township shall include the payment of interest at a rate of eight percent (8%) per annum computed from the day of payment. The City and Township shall share equally the expenses and fees of the arbitrator.
- G. Penalty For Late Payment. All payments of service charges billed by the City to the Township are due within 30 days from the date of invoicing. A penalty of one percent (1%) of the amount due will be assessed for each additional month the bill remains unpaid.

6. TOWNSHIP OBLIGATIONS

In order that all users of the system might best be served, and in order that the Township collection system might function properly, the Township agrees:

- A. Sewer Use Ordinance. To adopt and amend a sewer use ordinance placing limitations on the wastewater discharges of its users. The Township agrees that the wastewater discharged by the Township to the City's Wastewater Facilities, and by Township users to the Township's Wastewater Collection System at each user's point of discharge, shall be subject to the regulations, limitations, and restrictions as established under the City's Sewer Use Ordinance, as amended. The Township further agrees to adopt and amend as frequently as necessary to keep up-to-date a sewer use ordinance containing all of the same surcharges, regulations, limitations, and restrictions (including, but not limited to, all definitions) as are adopted by the City under its Sewer Use Ordinance, as amended from time to time. The Township ordinance shall be identical to the City's Sewer Use Ordinance with (i) deviations which are approved by the City for purposes of continued access to the City's Wastewater Facilities and (ii) deviations which merely reflect the fact that it is an ordinance of the Township.

B. Enforcement.

- (1) The Township shall establish and maintain an industrial pretreatment program (IPP) consistent with applicable state and federal laws and regulations, all subject to the City's right to take or require actions as provided by this Agreement or actions consistent with or required by the City's IPP, the City's NPDES permit, or state and federal laws and regulations. The City shall administer the Township's IPP. Administration of the IPP includes, but is not limited to: issuance, denial, revocation, modification, and reissuance of user permits and special agreements; determination of which users are SIUs; monitoring and surveillance; and reporting and dealing with state and federal agencies.
- (2) Except as provided by Paragraph 6(B)(4), the Township agrees to take such steps as are necessary to enforce all provisions of its Sewer Use Ordinance. Further, except as provided by Paragraph 6(B)(4), if noncompliance with the Sewer Use Ordinance occurs by the Township or by a Township user, the Township shall investigate and prosecute any violations of the Township's sewer use ordinance occurring within the Township's municipal boundaries in accordance with an Enforcement Response Plan (ERP) identical to the City's ERP, as amended, with only such deviations as approved by the City. The City may adopt rules for use of the City's Wastewater Facilities and for dischargers to the Township's Wastewater Collection System.
- (3) If the Township fails to enforce its Sewer Use Ordinance, pretreatment requirements, or rules adopted by the City as described in Paragraphs 6(A) and 6(B)(2), with respect to users in the Township or discharges originating in the Township, or if the City is not satisfied with the enforcement action taken by the Township in the enforcement of the Township's Sewer Use Ordinance, the City may immediately enforce such provisions as the City deems necessary and the costs incurred by the City in doing so shall be paid to the City by the Township.

Subject to the right of arbitration as provided in this Paragraph, in the event the City takes enforcement action as provided by this Paragraph, the City shall bill the Township the reasonable cost and expense incurred by the City, including attorney fees, technical expert fees, and analytical and sampling costs, and the Township shall pay the City said reasonable costs and expenses.

In the event that the City initiates its own enforcement action, within 60 days thereafter, the Township may request arbitration pursuant to the rules of the American Arbitration Association to challenge the reasonableness of the decision by the City to proceed with an enforcement action for the particular enforcement action at issue. If the Township is successful in challenging the reasonableness of the decision by the City, then the Township shall not be liable for any costs or expenses of such enforcement action, and shall be reimbursed any costs or expenses billed to the Township and paid by the Township to the City for the

enforcement action at issue. The party that prevails in arbitration shall be entitled to reasonable costs and expenses associated with the arbitration proceeding.

- (4) The City, not the Township, shall be responsible for all decisions regarding the enforcement of user permits, special agreements, and other enforcement matters related to SIUs as provided by the Sewer Use Ordinance and applicable law. The City shall be responsible for issuing, modifying, revoking, denying, and reissuing permits to all SIUs located in the Township and for any other special agreements (including such actions in connection with any enforcement action) and said SIU or special agreement party shall be obligated to comply with all terms and conditions contained in any permit issued by the City. SIUs not discharging to the Township's wastewater collection system as of the date of this Agreement may connect to the Township's wastewater collection system only after the City issues a permit to such SIU. Existing SIUs must apply to the City for a permit within 90 days of the date of this Agreement and their continued discharge is subject to the Township's Sewer Use Ordinance, including action taken by the City on the user's permit application. All user reports shall be made directly to the City by the user.
- (5) The City shall be responsible for the collection of any permit fees associated with the issuance of any permit. Such fees shall be entirely payable to the City and not the Township. However, if any permit fee is not paid, or if the permit is not otherwise complied with by any SIU, the Township shall take action to disconnect the offending SIU from the Wastewater Collection System if requested to do so by the City. In assessing permit fees to SIUs located in the Township, the City shall employ the same fee criteria as applied to SIUs located within the City, and said SIUs shall be entitled to all procedural rights and remedies established in the City's Sewer Use Ordinance, as amended, with respect to review of the imposition of such fees. The City's right to issue permits to users located in the Township shall not entitle the City to any portion of the connection fee otherwise due and owing to the Township.
- (6) All hearings under the City's or the Township's Sewer Use Ordinances shall be conducted by the City, including matters in which the Township has otherwise taken enforcement action.

- C. Wastewater Collection System, Meters, and Flows. The Township shall provide and maintain at all times in good operating condition (or cause to be maintained) the wastewater collection system and wastewater meters determined by the City to be necessary within the Township without expense to the City. In addition to any other wastewater meters the City may require consistent with the requirements of this Agreement, the City may require the Township to install a flow meter at the point where the Township's Wastewater Collection System connects to the wastewater collection system owned by the Charter Township of Blackman. The Township shall calibrate (or cause to be calibrated) the meters every six months, and check calibration monthly, and

submit written results to the City within 30 days of receipt of same. Monthly wastewater flow data shall be reported to the City no later than the 10th day of the following month.

- D. Surcharges. In the event any user of the Township's wastewater collection system discharges wastewater that exceeds the limitations contained in the Township's Sewer Use Ordinance, as amended, or any permit issued by the City, or otherwise has a deleterious effect on or interferes with the operation of the Wastewater Treatment Facilities or is otherwise subject to a surcharge under the Township's Sewer Use Ordinance or the City's surcharge schedules, the City may impose a surcharge against the Township and/or such user. The imposition of a surcharge will be in addition to all other remedies available to the City pursuant to this Agreement, the City's Sewer Use Ordinance, as amended, and applicable laws and regulations. If a surcharge is paid by a user and is based, in whole or in part, on a deleterious effect or interference with the Township's wastewater collection system, the Township shall be paid the portion of the surcharge based on such effect or interference.
- E. Blackman Charter Township as Agent. The Township reserves the right to enter into an agreement with Blackman Charter Township whereby Blackman Charter Township shall act as the agent of the Township with respect to the billing and collection of wastewater service charges from customers located within the Township Service District and, in turn, to pay to the City for the account of the Township all service charges due by the Township to the City in accordance with this Agreement. In the event the Township and Blackman Charter Township enter into such an agreement, and the City receives written notice executed by both the Township and Blackman Charter Township, then the City shall send all invoices for service charges attributable to the Township jointly to the Township and Blackman Charter Township. Notwithstanding anything to the contrary in this subsection, the Township shall be ultimately and primarily responsible for timely payment to the City of all wastewater service charges due to the City for discharges from the Township Service District to the Wastewater Treatment System, regardless of whether or not Blackman Charter Township is acting as the Township's agent. Further, the City may exercise all remedies provided by this Agreement for non-payment by the Township (including, but not limited to, termination of service) if Blackman Charter Township, as agent for the Township, fails to pay to the City any amount when due under this Agreement; and the City shall not be obligated to pursue claims for non-payment against Blackman Charter Township.

7. EXTENDING SERVICE AREA

The City and Township recognize that orderly development of the System will result in more favorable service charges to all users of the City's wastewater facilities. It is therefore the intention of the City and the Township to promote and encourage such orderly development through such tools as a master plan and sewer extension policies. When such development is proposed within the Township, the Township shall give written notice to the City defining the area to be served. The notice shall also include pertinent data on anticipated volumes and characteristics of the wastewater, location and pumping rates of any lift stations, and other

related information. The Township shall take no further steps to construct said development until the City has had reasonable time, not to exceed thirty (30) days, in which to study the proposal to verify the availability of unused wastewater treatment service capacity reserved in Paragraph 4(C) of this Agreement for the Township, and has advised the Township of its finding in this regard. If the City finds that adequate wastewater treatment service capacity is available to the Township, the Township may then proceed with its development plan. In the event the study by the City reveals adequate wastewater treatment service capacity is not reserved to the Township under this agreement for the proposed development and if the City determines that it has excess reserve treatment capacity for City users which it does not foresee needing in the near future and which it believes to be in the best interest of the City to reallocate to the Township, then the City may invite the Township to renegotiate the allocation of treatment capacity as set forth in Paragraph 4(C) of this Agreement. If a reallocation of capacity is negotiated between the City and the Township, then both the Township's capacity set forth in Paragraph 4(C) of this Agreement and the perpetuity charge shall be amended in accordance with the methodology set forth in Paragraph 5(C)(2) of this Agreement to reflect any changes agreed to by the City and the Township. If excess treatment capacity cannot be reallocated and if substantial modifications or additions are needed to the City's wastewater facilities in order to adequately serve the Township's proposed development plan, then the City shall proceed with reasonable promptness to estimate the cost for making such modifications or additions and shall advise the Township of the estimated costs as well as when such modifications or additions can reasonably be expected to be completed. Upon receipt of the advice from the City, the Township shall reassess its intent in pursuing the proposed development and shall notify the City of its intentions. If the intention of the Township is to pursue the development plan, then the City and the Township may amend this Agreement in accordance with Paragraph 8(B) to include provisions for additional City investment to its wastewater facilities for the purpose of adequately servicing the proposed development of the Township. All reasonable effort shall be made by the City and the Township to negotiate an agreement which will provide the additional wastewater treatment services to be needed by the Township. If necessary modifications or additions to the City's wastewater facilities cannot be made within a reasonable time to serve the proposed development of the Township, then the Township may make arrangements for wastewater treatment service through facilities other than those of the City and in such event this Agreement shall not apply to said area or district. The County's approval or agreement shall not be required to effect any amendments to this Agreement as provided by this Section regarding an increase in the Township's wastewater treatment capacity.

8. RENEGOTIATION

- A. Revised Discharge Limitations. In the event current standards of wastewater treatment are revised by the State or Federal governments, and if the revised standards necessitate major modifications or additions to the City's wastewater facilities, then the Service Charges set forth in Paragraph 5(C) of this Agreement shall be amended in accordance with the methodologies set forth in Exhibits 6, 9 and 10 to reflect the Township's proportionate share of the required investments.
- B. Increased Treatment Capacity. In the event the Township wishes to provide wastewater treatment service for its users, which is beyond the treatment capacity available under

Paragraph 4(C) of this Agreement, and if such development necessitates major modifications or additions to the City's wastewater facilities, then the Service Charges set forth in Paragraph 5 of this Agreement shall be amended in accordance with the methodologies set forth in Exhibits 6, 9 and 10 to reflect the Township's proportionate share of the investments.

9. COUNTY OF JACKSON

- A. The County is a party to this Agreement because it owns the county sewage disposal system located within the Township Service District in accordance with the terms of the Rives Bond Contract until such time as the bonds issued by the County are paid in full from revenues provided by the Township. In addition, the County is the applicant to Rural Development for the loan and grant funding provided by Rural Development to fund the cost of this county sewage disposal system. The receipt by the Township of wastewater treatment services from the City in accordance with the terms of this Agreement is consistent with the terms of the Rives Bond Contract.
- B. The County shall have the right to enforce the terms of this Agreement in the event of a breach by the Township, or, following reasonable notice by the County to the Township and the subsequent failure of the Township to enforce the terms of this Agreement in the event of a breach by the City, the City. The County reserves the right to assign, without the consent of the City, all of its right, title and interest under this Agreement to the Township upon final payment of all principal and interest on bonds issued by the County in accordance with the Rives Bond Contract.

10. DEFAULT

It is understood and agreed by the parties hereto that in the event there is any claimed default on the part of any party to this Agreement, that notice of such claimed default shall be served in writing on the claimed defaulting party. The claimed defaulting party shall be given sixty (60) days within which to correct such alleged default, or such other reasonable time mutually agreed to by the parties to correct the default. The preceding sentence shall not apply to any failure by the Township to enforce its Sewer Use Ordinance, as amended, or any permit issued to a user in the Township, or if the City is not satisfied with the enforcement action taken by the Township.

11. TERMINATION

This contract shall remain in full force and effect for the term provided by Section 17 unless sooner terminated by consent of the parties hereto or by any party because of a breach by any other party of a material provision or undertaking herein, provided, however, that no termination shall be made because of such a breach until after the expiration of six (6) months following a written notice of such breach to the offending party by the other party hereto, which notice shall specify how in the opinion of the non-offending party the breach can be corrected and the offending party fails to correct the breach within the six-month period which follows the written notice.

12. CASUALTY EXCUSED LIABILITY

The parties hereto shall be excused from any breach of this Agreement and from any liability or damage if caused by riots, strikes, disaster, war, act of God or causes beyond their reasonable control. Discharges by users of the Township's wastewater collection system shall not be deemed a cause beyond the reasonable control of the Township.

13. ARBITRATION

In the event of a dispute between the parties to this Agreement concerning the establishment of service charges, user charges, rates, unit equivalents, or the costs or expenses of enforcement litigation initiated pursuant to Paragraph 6(B)(3) of this Agreement, if the dispute cannot be resolved between the parties, then any party may request that the matter be submitted to binding arbitration. The request to submit a dispute to binding arbitration must be made within 60 days after the dispute arises, unless all parties agree in writing to extend the period. This Paragraph shall not apply to any matter relating to the Township's IPP.

14. EXCLUSIVENESS

The rights, power and authority herein granted by the Township to the City shall be for the exclusive use and benefit of said City during the term of this Agreement, and the period of any extension thereof, it being intended hereby that the Township, except as the parties hereto mutually agree upon, shall not grant like rights, powers or authority as herein granted, to any other person, firm, corporation or governmental unit during said period, and shall not directly or indirectly allow, permit, or consent to the use of any public places within the Township Service District in any manner inconsistent or competitive with the terms, conditions, and purposes of this Agreement; provided, however, that if the Township seeks to increase treatment capacity of wastewater flow and said increased capacity is not allowed by the City, the Township may contract with other entities for the said increased capacity by using the capacity of the other entity.

15. SUCCESSORS

This agreement is mutually understood and declared to be binding upon all successor governmental units of the parties hereto which may, during the term hereof, become vested by law with the right to control the use of the public places hereinbefore described, and also all successor governmental units of the City.

16. SAVING CLAUSE

Should any part of this Agreement be held by a Court of competent jurisdiction to be illegal or unenforceable, such event shall not be deemed to affect the validity of any other portion hereof. Any such holding materially affecting the commitments herein may be the subject of further negotiations for purpose of legally revising the consideration involved.

17. TERM AND EFFECTIVE DATE

- A. Except as provided by Section 17(B), this Agreement shall become effective on the date that it has been signed by authorized representatives of the City, the Township, and the County, and shall remain in effect for a term of 40 years from the date of initial issuance of bonds by the County to evidence the loan in accordance with the Rives Bond Contract. The County shall provide written notice to the City of the date of initial issuance of bonds by the County to evidence the loan in accordance with the Rives Bond Contract, and the date stated in such notice shall be the date that the 40 year term of this Agreement shall be deemed to have commenced.
- B. Notwithstanding anything to the contrary in Section 17(A), this Agreement shall not take effect unless and until the Urban Cooperation Act Agreement (attached to and incorporated in this Agreement as Exhibit 16) has also been entered into between the City, the Township, and the County.
- C. The City, the Township, and the County agree that if this Agreement is overturned or invalidated for any reason, in whole or in part, the Urban Cooperation Act Agreement (Exhibit 16) shall then become null, void and of no further effect unless otherwise mutually agreed by the City, the Township, and the County, and except as otherwise provided by Section 6(C) of the Urban Cooperation Act Agreement.

18. ENTIRE AGREEMENT

This Agreement and its Attachments constitute the final, entire and exclusive agreement of the Parties with respect to the subject matter addressed, and supersedes all prior communications, understandings and agreements relating to the subject matter, whether oral or written. Nothing in this Agreement shall limit the ability of the Parties to negotiate amendments to this Agreement, provided that except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. Nothing in this Agreement is intended to nor should it be construed to create any rights in any persons or entities that are not a party to this Agreement.

IN WITNESS WHEREOF, this Agreement is signed and delivered by authority of the Jackson City Council, the Rives Township Board, and the County of Jackson, by its Board of Public Works, given on the dates set forth below.

[The rest of this page is intentionally left blank.]

In the presence of:

CITY OF JACKSON, a
Municipal Corporation,

By _____
Jerry F. Ludwig, Mayor

Date: _____

By _____
Lynn Fessel, City Clerk

Date: _____

STATE OF MICHIGAN)
)ss:
COUNTY OF JACKSON)

On this ____ day of _____, 2008, before me, a Notary Public in and for said County, appeared Jerry F. Ludwig and Lynn Fessel, to me personally known, who being duly sworn did each for herself say that they are respectively the Mayor and City Clerk of the City of Jackson, County of Jackson, State of Michigan, a Municipal Corporation, the City named in and which executed the within instrument, and that the seal affixed to said instrument is the seal of said City and that said instrument was signed and sealed on behalf of said City by authority of its City Council, and that said Jerry F. Ludwig and Lynn Fessel acknowledged said instrument to be the free act and deed of the City.

Notary Public
Jackson County, Michigan
My Comm. Exp: _____

[The rest of this page is intentionally left blank.]

In the presence of:

TOWNSHP OF RIVES, a
Municipal Corporation

By _____
Gerald Surbrook, Supervisor

Date: _____

By _____
Sarah Jo Frizzle, Clerk

Date: _____

STATE OF MICHIGAN)
)ss:
COUNTY OF JACKSON)

On this ____ day of _____, 2008, before me, a Notary Public in and for said County, appeared Gerald Surbrook and Sarah Jo Frizzle, to me personally known, who being duly sworn did each for himself and herself say that they are respectively the Supervisor and Clerk of the Township of Rives, County of Jackson, State of Michigan, a Municipal Corporation, the Township named in and which executed the within instrument, and that the seal affixed to said instrument is the seal of said Township and that said instrument was signed and sealed on behalf of said Township by authority of its Board, and that said Gerald Surbrook and Sarah Jo Frizzle acknowledged said instrument to be the free act and deed of the Township.

Notary Public
Jackson County, Michigan
My Comm. Exp: _____

[The rest of this page is intentionally left blank.]

In the presence of:

COUNTY OF JACKSON, by
its Board of Public Works,

By _____
Geoffrey W. Snyder
Its Chair, Jackson County Board of Public Works

Date: _____

By _____
Ken Elenbaas
Its Secretary, Jackson County Board of Public Works

Date: _____

STATE OF MICHIGAN)
)ss:
COUNTY OF JACKSON)

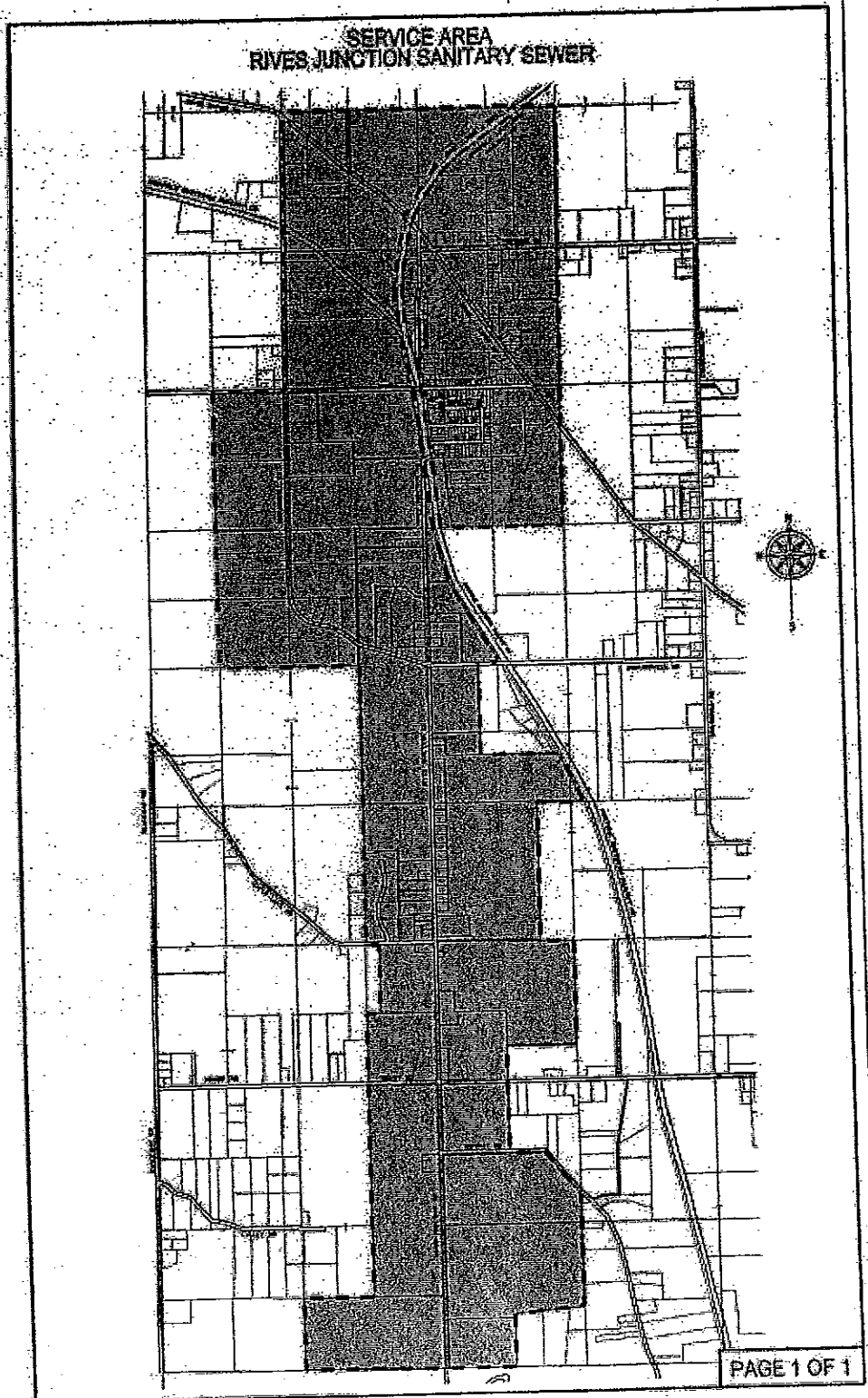
On this ____ day of _____, 2008, before me, a Notary Public in and for said County, appeared Geoffrey W. Snyder and Ken Elenbaas, to me personally known, who being duly sworn did each for herself say that they are respectively the Chair and Secretary of the Jackson County Board of Public Works, the Board named in and which executed the within instrument, and that said instrument was signed on behalf of said Board by authority of the Board, and that said Geoffrey W. Snyder and Ken Elenbaas acknowledged said instrument to be the free act and deed of the Board.

Notary Public
Jackson County, Michigan
My Comm. Exp: _____

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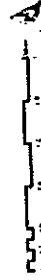
EXHIBIT 1

Map of Service District for Jackson County Wastewater District (Rives Township Section)



APPROXIMATE WASTEWATER TREATMENT PLANT SERVICE AREA

City of Jackson, Michigan



September, 2003

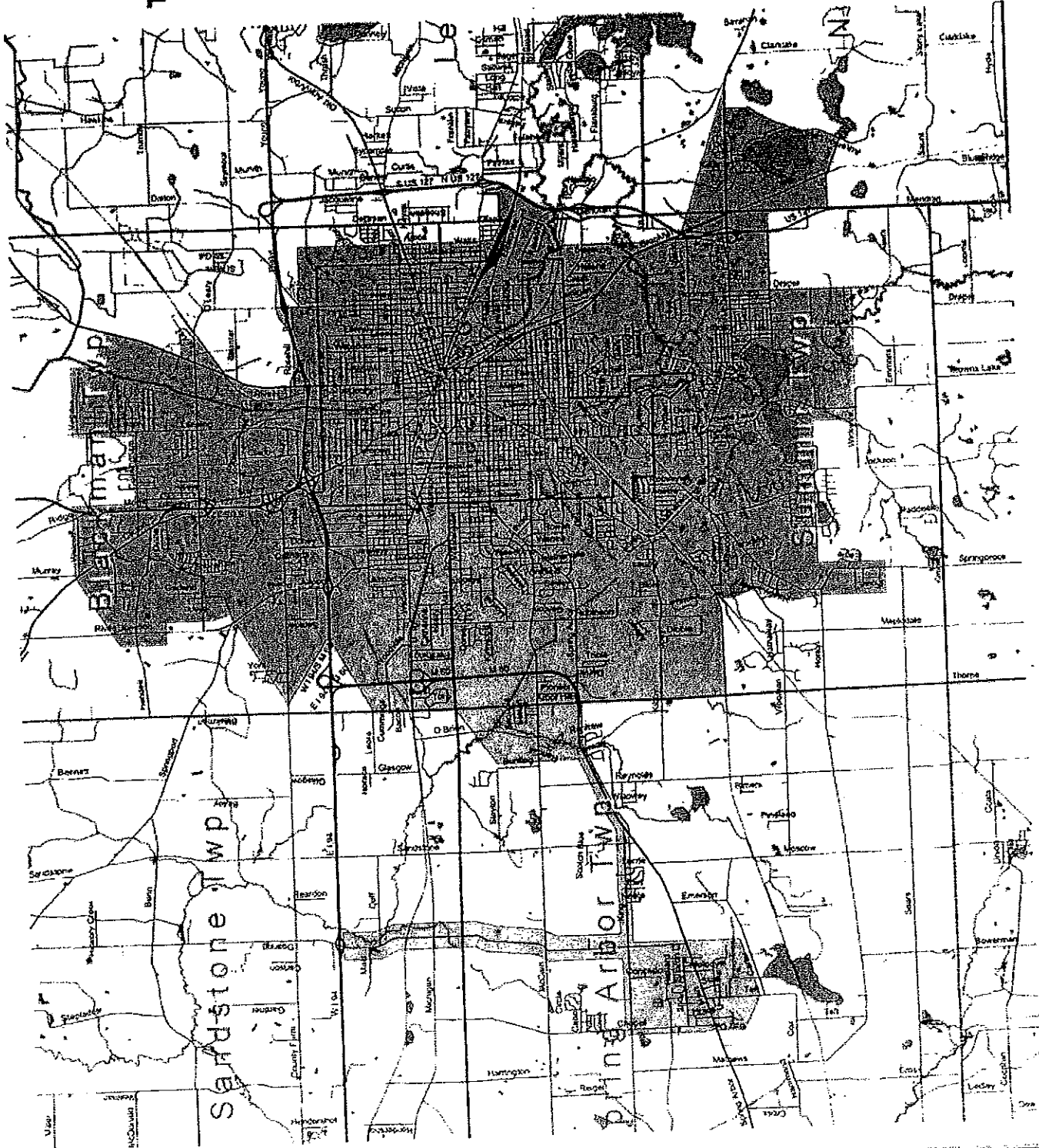


Exhibit 3 (04-2008)

Allocated Treatment Capacities
For The
Jackson Wastewater Treatment Plant

Municipality		Capacity
City of Jackson		10.335 MGD (1)
Township of Blackman		
	West Side	2.25 MGD
	State Prison of Southern Michigan	2.00 MGD (2)
Rives Township		0.035 MGD
Township of Napoleon		0.15 MGD
Township of Spring Arbor		1.13 MGD
Township of Summit		2.90 MGD
Total Plant Capacity		18.8 MGD

Note:

(1) MGD = Million Gallons per Day (Max Month)

(2) If the wastewater flow from the State Prison of Southern Michigan exceeds the 2.0 MGD capacity allocation, the excess flow shall not be subtracted from Blackman Township's west side allocation of 2.25 MGD. Instead the City's and the Township of Blackman shall negotiate additional treatment capacity adequate for the projected Prison flow.

EXHIBIT 4

Basis of user charges

Requirements for User Charge System

[Code of Federal Regulations]
[Title 40, Volume 1]
[Revised as of July 1, 2003]
From the U.S. Government Printing Office via GPO Access
[CITE: 40CFR35.929]

TITLE 40--PROTECTION OF ENVIRONMENT

CHAPTER I--ENVIRONMENTAL PROTECTION AGENCY

PART 35--STATE AND LOCAL ASSISTANCE--Table of Contents

Subpart E--Grants for Construction of Treatment Works--Clean Water Act

Sec. 35.929 Requirements for user charge system.

The Regional Administrator shall approve the grantee's user charge system and the grantee shall implement and maintain it in accordance with Sec. 35.935-13 and the requirements in Secs. 35.929-1 through 35.929-3. The grantee shall be subject to the noncompliance provisions of Sec. 35.965 for failure to comply.

Sec. 35.929-1 Approval of the user charge system.

The Regional Administrator may approve a user charge system based on either actual use under paragraph (a) of this section or ad valorem taxes under paragraph (b) of this section. The general requirements in Secs. 35.929-2 and 35.929-3 must also be satisfied.

(a) User charge system based on actual use. A grantee's user charge system based on actual use (or estimated use) of waste water treatment services may be approved if each user (or user class) pays its proportionate share of operation and maintenance (including replacement) costs of treatment works within the grantee's service area, based on the user's proportionate contribution to the total waste water loading from all users (or user classes). To insure a proportional distribution of operation and maintenance costs to each user (or user class), the user's contribution shall be based on factors such as strength, volume, and delivery flow rate characteristics.

(b) User charges based on ad valorem taxes. A grantee's user charge system (or the user charge system of a subscriber, i.e., a constituent community receiving waste treatment services from the grantee) which is based on ad valorem taxes may be approved if it meets the requirements of paragraphs (b) (1) through (b) (7) of this section. If the Regional Administrator determines that the grantee did not have a dedicated ad valorem tax system on December 27, 1977, meeting the requirements of paragraphs (b) (1) through (b) (3) of this section, the grantee shall

develop a user charge system based on actual use under Sec. 35.9291(a).

(1) The grantee (or subscriber) had in existence on December 27, 1977, a system of ad valorem taxes which collected revenues to pay the cost of operation and maintenance of waste water treatment works within the grantee's service area and has continued to use that system.

(2) The grantee (or subscriber) has not previously obtained approval of a user charge system on actual use.

(3) The system of ad valorem taxes in existence on December 27, 1977, was dedicated ad valorem tax system.

(i) A grantee's system will be considered to be dedicated if the Regional Administrator determines that the system meets all of the following criteria:

(A) The ad valorem tax system provided for a separate tax rate or for the allocation of a portion of the taxes collected for payment of the grantee's costs of waste water treatment services;

(B) The grantee's budgeting and accounting procedures assured that a specified portion of the tax funds would be used for the payment of the costs of operation and maintenance;

(C) The ad valorem tax system collected tax funds for the costs of waste water treatment services which could not be or historically were not used for other purposes; and

(D) The authority responsible for the operation and maintenance of the treatment works established the budget for the costs of operation and maintenance and used those specified amounts solely to pay the costs of operation and maintenance.

(ii) A subscriber's system based on ad valorem taxes will be considered to be dedicated if a contractual agreement or a charter established under State law existed on December 27, 1977, which required the subscriber to pay its share of the cost of waste water treatment services.

(4) A user charge system funded by dedicated ad valorem taxes shall establish, as a minimum, the classes of users listed below:

(i) Residential users, including single-family and multifamily dwellings, and small nonresidential users, including nonresidential commercial and industrial users which introduce no more than the equivalent of 25,000 gallons per day of domestic sanitary wastes to the treatment works:

(ii) Industrial and commercial users;

(A) Any nongovernmental user of publicly owned treatment works which discharges more than 25,000 gallons per day (gpd) of sanitary waste; or a volume of process waste, or combined process and sanitary waste, equivalent to 25,000 gpd of sanitary waste. The grantee, with the Regional Administrator's approval, shall define the strength of the residential discharges in terms of parameters including, as a minimum, biochemical oxygen demand (BOD) and suspended solids (SS) per volume of flow. Dischargers with a volume exceeding 25,000 gpd or the weight of BOD or SS equivalent to that weight found in 25,000 gpd of sanitary waste are considered industrial users.

(B) Any nongovernmental user of a publicly owned treatment works which discharges wastewater to the treatment works which contains toxic pollutants or poisonous solids, liquids, or gases in sufficient quantity either singly or by interaction with other wastes, to contaminate the sludge of any municipal systems, or to injure or to interfere with any sewage treatment process, or which constitutes a hazard to humans or animals, creates a public nuisance, or creates any hazard in or has an adverse effect on the waters receiving any discharge from the treatment works.

(iii) Users which pay no ad valorem taxes or receive substantial credits in paying such taxes, such as tax exempt institutions or governmental users, but excluding publicly owned facilities performing local governmental functions (e.g., city office building, police station, school) which discharge solely domestic wastes.

(5) The grantee must be prepared to demonstrate for the Regional Administrator's approval that its system of evaluating the volume, strength, and characteristics of the discharges from users or categories of users classified within the subclass of small nonresidential users is sufficient to assure that such users or the average users in such categories do not discharge either toxic pollutants or more than the equivalent of 25,000 gallons per day of domestic wastewater.

EXHIBIT "5"

This Agreement does not have an Exhibit 5. Accordingly, this page is intentionally left blank.

EXHIBIT 6

Completed 7/20/06
CITY OF JACKSON
PROPOSED EXTRA STRENGTH WASTEWATER SURCHARGES
2006 - 2007 Proposed Budget
EXTRA STRENGTH SURCHARGE (continued)

DESCRIPTION	TOTAL COST	FLOW %	BOD %	\$	SS %	\$	P %	\$	TKN %	\$
PERSONNEL	\$1,402,199	25	25	\$350,550	25	\$350,550	10	\$140,220	15	\$210,330
POWER	\$375,000	20	50	\$187,500	10	\$37,500	5	\$18,750	15	\$56,250
CHEMICALS	\$159,000	25	0	\$0	5	\$7,950	70	\$111,300	0	\$0
MAINTENANCE	\$690,636	50	20	\$138,127	20	\$138,127	5	\$34,532	5	\$34,532
SUPPLIES	\$113,000	15	35	\$16,950	40	\$45,200	5	\$5,650	5	\$5,650
ADMINISTRATION	\$353,736	100	0	\$0	0	\$0	0	\$0	0	\$0
EQUIP. REPL.	\$396,586	30	30	\$118,976	30	\$118,976	5	\$19,829	5	\$19,829
TOTAL OM&R COST	\$3,490,157	37	24	\$834,703	20	\$698,303	9	\$330,281	9	\$326,591
ANNUAL LOAD		12.5 MGD		5,294,518		6,212,536 LBS		163,511 LBS		670,764
OM&R COST PER UNIT		\$0.2132 /HCF		\$0.1577		\$0.1124 /LB		\$2.0199 /LB		\$0.4869
CAPITAL ACQUISITIONS	\$363,250	37	24	\$87,180	20	\$72,650	9	\$32,693	9	\$32,693
Bond paymt,int,agent fee				\$0.0165		\$0.0117 /LB		\$0.1999 /LB		\$0.0487
CAPITAL COST PER UNIT				\$0.0220 /HCF		\$0.1241 /LB		\$2.2198 /LB		\$0.5356
TOTAL COST PER UNIT	\$3,853,407			\$0.2352 /HCF						

Exhibit 7 (6-2007)

Excerpt from Jackson City Code

Please refer to Chapter 27 especially Article III sections 27-71 thru 27-105

Completed 7/11/06

EXHIBIT 8

EXCERPT FROM WATER AND WASTEWATER RATE RESOLUTION

* * * * *

Projected 2006 - 2007

6. City wastewater service charges shall be based upon the following rate schedules:

d. Extra Strength charges:

For recovering the cost of treating wastewater which is permitted for discharge into the City wastewater treatment facilities, but which has extra strength properties, a surcharge shall be assessed upon the user as follows:

- (i) \$0.1389 per pound of suspended solids when the suspended solids concentration is greater than 250 mg/l.
- (ii) \$0.1885 per pound of BOD when the BOD concentration is greater than 250 mg/l.
- (iii) \$0..9795 per pound of TKN when the TKN concentration is greater than 40 mg/l.
- (iv) \$2.1333 per pound of total phosphorus when the total phosphorus concentration is greater than 10 mg/l.

EXHIBIT 9

DEBT SERVICE AND CAPITAL IMPROVEMENT CHARGE

Township wastewater which passes through the City's wastewater facilities, and is not bulk metered, shall be assessed a debt service and capital improvement charge, which shall be levied on the individual user for the purpose of recovering the user's charge of capital expenditures made by the City in order to provide adequate wastewater treatment service and capacity. The rate set forth for the debt service and capital improvement charge shall be reviewed and amended annually in accordance with paragraph 5 of this Agreement.

The debt service portion of the rate shall be based upon bonds sold to finance additions to wastewater facilities, and the capital improvement portion of the rate shall be based upon other plant additions financed by the Sewage Fund. The rate shall be determined from actual expenditures and billable wastewater flow during the 12 month audit period and calculated by dividing the appropriate principal and interest payments, plus capital improvements, less township perpetuity charges; by the billable wastewater flow through the City's collection system, less bulk metered township wastewater passing through City sewers. The equation is as follows:

$$\text{Debt Service and Capital Improvement Rate} = \frac{\text{P \& I Payments} + \text{Capital Improvements} - \text{Twp Perpetuity}}{\text{Billable Flow in City Sewers} - \text{Bulk Metered Twp Flow}}$$

- Note: (a) P & I Payments consist of payments on Sanitary Sewage Disposal System Revenue Bonds total \$995,000 bond 1996 at 4.9672% issued for 10 yrs dated 11/1/96 and matures 9/1/2007. SSDS bond 2000 for \$995,000 at 5.26456 issued for 15 yrs dated 10/1/2000 and matures 9/1/2015.
- (b) Township perpetuity charge is based on current Township contract allocations.
- (c) Capital improvements shall be determined from the assets acquired during the 12 month audit period in Fund 590 activity 555.

Projected 2006 - 2007	51950 I			
	200000 P			
	1300 A			
Debt Service and Capital Improvement Rate	=	<u>\$253,250</u>	+	\$110,000
		1779712 100 cu / ft	-	645582 100 cu / ft
			=	<u>\$157,247</u>
	=	<u>\$0.1816</u>		per 100 cu / ft

Exhibit 10 Attachment
Perpetuity Charges (6-2007)

Township share of Treatment Plant Capacity:

Area Served	Contracted Treatment Capacity (MGD)	Plant Treatment Capacity (MGD)	Township Share of Capacity
Summit	2.90	18.8	0.154
Prison	2.00	18.8	0.106
Blackman	2.25	18.8	0.120
Rives Junction	0.035	18.8	0.002
Spring Arbor	1.13	18.8	0.060
Napoleon	0.15	18.8	0.008
City	10.335		

Perpetuity based on 1971 and prior year's investment:

Area Served	Township Share of Capacity	City Investment (\$)	Perpetuity rate (6%)	Perpetuity charge (\$)
Summit	0.154	\$2,939,482	0.06	\$27,161
Prison	0.106	\$2,939,482	0.06	\$18,695
Blackman	0.120	\$2,939,482	0.06	\$21,164
Rives Junction	0.002	\$2,939,482	0.06	\$353
Spring Arbor	0.060	\$2,939,482	0.06	\$10,582
Napoleon	0.008	\$2,939,482	0.06	\$1,411
Sub Total				\$79,366

Perpetuity based on investments from 1971 through 1984

Area Served	Township Share of Capacity	City Investment (\$)	Perpetuity rate (7%)	Perpetuity charge (\$)
Summit	0.154	\$2,505,919	0.07	\$27,014
Prison	0.106	\$2,505,919	0.07	\$18,594
Blackman	0.120	\$2,505,919	0.07	\$21,050
Rives Junction	0.002	\$2,505,919	0.07	\$351
Spring Arbor	0.060	\$2,505,919	0.07	\$10,525
Napoleon	0.008	\$2,505,919	0.07	\$1,403
Sub Total				\$78,937
Total				\$158,302

Rives Junction perpetuity/year based on 0.035 MGD (max month) = \$704
0.035 MGD new allocation, one time capital charge based on capital improvements at the WWTP from May 1986 to June 2006 = \$14,535

6/2007

Exhibit 11 (a) - Example

WASTEWATER TREATMENT SERVICE CHARGES
RIVES JUNCTION
JULY 2006

35100 gals/day

END DATE	AUG 2006	FAC UNITS	156	225 TOTAL FLOW	1088100	GALLONS
BEG DATE	JUL 2006	Gals/Fac unit				

TREATMENT CHARGES:

		UNIT	COST			
JUL 2006	100 CU/FT	1455	0.2352	=		\$342.14
6 MON AVG	BOD MG/L	250	\$0.1742	=	8.34	\$395.21
6 MON AVG	SS MG/L	250	\$0.1241	=	8.34	\$281.54
6 MON AVG	TKN MG/L	40	\$0.5356	=	8.34	\$194.42
6 MON AVG	P MG/L	10	\$2.2198	=	8.34	\$201.44

\$1,414.75

TREATMENT CHARGE

PERPETUITY CHARGE:

MONTHLY PERPEUITY CHARGE

\$58.67

TOTAL MONTHLY SERVICE CHARGE

\$1,473.42

Exhibit 11(b) (6-2007)

Service Charges For Bulk Metered Flow (Blackman example)

For Township wastewater which is bulk metered and treated at the wastewater treatment facility, monthly service charges shall include appropriate transportation charges, treatment charges, and one twelfth the annual perpetuity charge. The calculation of the monthly service charges shall be determined as follows:

- (i) Transportation Charge: The monthly wastewater flow shall be multiplied by the appropriate transportation rate set forth in paragraph 5C (1) (a) of this agreement, as amended.

Example: Currently, only the River Street meter has wastewater flowing through the City's High Level Interceptor.

Township flow at River Street Meter

$$\begin{aligned}\text{Monthly Township Flow} &= 7,395 \text{ gallons per day} \times 31 \text{ days per month} \\ &= 0.229 \text{ million gallons (MG) or 306 hundred cubic feet} \\ \text{(River St)}\end{aligned}$$

$$\begin{aligned}\text{Monthly Transportation Charge} &= \$0.0213/100 \text{ cubic feet} \times 306 \text{ hundred cubic feet} \\ &= \$6.52\end{aligned}$$

- (ii) Treatment Charge: the monthly wastewater flow and average wastewater strength determinations, as determined by the provisions of paragraph 5B (1) of this agreement, shall be multiplied by the appropriate treatment rates set forth in paragraph 5D (1) (b) of this agreement, as amended, and the appropriate units conversion factor.

Township wastewater strength at River Street Meter

(assumed strength)	Biochemical Oxygen Demand, BOD	220	mg/l
	Suspended Solids, SS	200	mg/l
	Total Kjeldahl Nitrogen, TKN	23	mg/l
	Total Phosphorus, P	4.4	mg/l

$$\begin{aligned}\text{Flow} &= \$0.2352/100 \text{ cubic feet} \times 306 \text{ hundred cubic feet} = \$ 71.97 \\ \text{BOD} &= \$0.1742/\text{lb.} \times 0.229 \text{ MG} \times 220 \text{ mg/l} \times 8.34 \text{ lb/MG/mg/l} = \$ 73.19 \\ \text{SS} &= \$0.1241/\text{lb.} \times 0.229 \text{ MG} \times 200 \text{ mg/l} \times 8.34 \text{ lb/MG/mg/l} = \$ 47.40 \\ \text{TKN} &= \$0.5356/\text{lb} \times 0.229 \text{ MG} \times 23 \text{ mg/l} \times 8.34 \text{ lb/MG/mg/l} = \$ 23.53 \\ \text{P} &= \$2.2198/\text{lb} \times 0.229 \text{ MG} \times 4.4 \text{ mg/l} \times 8.34 \text{ lb/MG/mg/l} = \$ 18.65\end{aligned}$$

$$\begin{aligned}\text{Township monthly treatment charge for River Street flow} &= \$ 234.74\end{aligned}$$

Examples:

Township wastewater flow at Master Meter (Total flow – Prison and Robinson flows)
Monthly Township Flow = 1.368 million gallons per day (MGD) X 31 days per month

= 42.41 million gallons (MG) or 56,698 - 100 cubic feet

Township wastewater strength at Master Meter (Total strength – Prison and Robinson strength)

(example samples)	Biochemical Oxygen Demand, BOD	277 mg/l
	Suspended Solids, SS	324 mg/l
	Total Kjeldahl Nitrogen, TKN	30.5 mg/l
	Total Phosphorus, P	7.9 mg/l

Flow = $\$0.2352/100 \text{ cubic feet} \times 56,698 \text{ 100 cubic feet} = \$13,335.37$
BOD = $\$0.1742/\text{lb.} \times 42.41 \text{ MG} \times 277 \text{ mg/l} \times 8.34 \text{ lb/MG/mg/l} = \$17,067.20$
SS = $\$0.1241/\text{lb.} \times 42.41 \text{ MG} \times 324 \text{ mg/l} \times 8.34 \text{ lb/MG/mg/l} = \$14,221.69$
TKN = $\$0.5356/\text{lb} \times 42.41 \text{ MG} \times 30.5 \text{ mg/l} \times 8.34 \text{ lb/MG/mg/l} = \$5,777.96$
P = $\$2.2198/\text{lb} \times 42.41 \text{ MG} \times 7.9 \text{ mg/l} \times 8.34 \text{ lb/MG/mg/l} = \underline{\$6,202.62}$

Township monthly treatment charge for Master Meter flow = **\$56,604.84**

(iii) Perpetuity Charge : The monthly perpetuity charge shall equal one- twelfth the annual perpetuity charge set forth in paragraph 5C (3) of this agreement, as amended

Example:

Township of Blackman $1/12 \times \$42,214 = \$3,517.83$
Total for Bulk Metered Flow = **\$ 60,363.93**

Completed 7/20/06

EXHIBIT 12

SERVICE CHARGE FOR INDIVIDUALLY METERED FLOW

Township wastewater which is not bulk metered, but metered at the premise and passes through the City's wastewater facilities, shall be assessed a service charge that is determined as follows:

- (i) The transportation portion of the service charge shall be computed on the basis of the transportation rate set forth in paragraph 5C(1)(a)(iv) of this Agreement, as amended.

Projected 2006 - 2007 \$0.8669 /100 cu / ft

- (ii) The treatment portion of the service charge shall be computed on the basis of the unit cost set forth in paragraph 5C(1)(b) of this agreement, as amended, and applied to wastewater strength characteristics assumed to be as follows:

Biochemical Oxygen Demand, BOD	250 mg/l
Suspended Solids, SS	250 mg/l
Total Kjeldahl Nitrogen, TKN	40 mg/l
Total Phosphorus, P	10 mg/l

Projected 2006 - 2007

Flow =	\$0.2132 /100 cu / ft	\$0.2132 /100 cu / ft
BOD =	\$0.1577 /lb. BOD X 250 mg/l BOD X 0.00624 $\frac{\text{lb./100 cu/ft}}{\text{mg/l}}$	\$0.2460 /100 cu / ft
SS =	\$0.1124 /lb. SS X 250 mg/l SS X 0.00624 $\frac{\text{lb./100 cu/ft}}{\text{mg/l}}$	\$0.1753 /100 cu / ft
TKN =	\$0.4869 /lb. TKN X 40 mg/l TKN X 0.00624 $\frac{\text{lb./100 cu/ft}}{\text{mg/l}}$	\$0.1215 /100 cu / ft
P =	\$2.0199 /lb. P X 10 mg/l P X 0.00624 $\frac{\text{lb./100 cu/ft}}{\text{mg/l}}$	\$0.1260 /100 cu / ft

Total Treatment Charge = \$0.8821 /100 cu / ft

- (iii) Surcharges shall be included if wastewater strength exceeds any concentration listed above. Surchage rates are set forth in paragraph 5C(1)(c) of this Agreement, as amended.

- (iv) The debt service portion of the service charge shall be computed on the basis of the Debt Service and Capital Improvement rate set forth in paragraph 5C(2) of this Agreement, as amended.

Projected 2006 - 2007

\$0.1816 /100 cu / ft

Total service charge, without surcharges

\$1.9306 /100 cu / ft

Completed 7/20/06

EXHIBIT 13

SERVICE CHARGE FOR UNMETERED FLOW

Township wastewater which is not bulk metered, nor metered at the premise, and passes through the City's wastewater facilities shall be assessed a service charge that is determined as follows:

The number of facility units assigned to a premise or structure shall be multiplied by the monthly service charge rate per facility unit. The monthly service charge rate per facility unit is determined by multiplying the total service charge, without surcharges, per 100 cu / ft as set forth in Exhibit 12, by nine(which is the number of 100 cubic feet assumed to be discharged per month per facility unit).

Projected 2006 - 2007

$$\text{Monthly Service Charge Per Facility Unit} = \$1.9306 \text{ per 100 cubic feet} \times \frac{900 \text{ cubic feet}}{\text{Month/Facility Unit}}$$

= \$17.38 per month per facility unit

Exhibit 14

Review of user charges

(6) The ad valorem user charge system shall distribute the operation and maintenance costs for all treatment works in the grantee's jurisdiction to the residential and small nonresidential user class, in proportion to the use of the treatment works by this class. The proportional allocation of costs for this user class shall take into account the total waste water loading of the treatment works, the constituent elements of the wastes from this user class and other appropriate factors. The grantee may assess one ad valorem tax rate to this entire class of users or, if permitted under State law, the grantee may assess different ad valorem tax rates for the subclass of residential users and the subclass of small nonresidential users provided the operation and maintenance costs are distributed proportionately between these subclasses.

(7) Each member of the industrial and commercial user class described under paragraph (b) (4) (ii) of this section and of the user class which pays no ad valorem taxes or receives substantial credits in paying such taxes described under paragraph (b) (4) (iii) of this section shall pay its share of the costs of operation and maintenance of the treatment works based upon charges for actual use (in accordance with Sec. 35.929-1(a)). The grantee may use its ad valorem tax system to collect, in whole or in part, those charges from members of the industrial and large commercial class where the following conditions are met:

(i) A portion or all of the ad valorem tax rate assessed to members of this class has been specifically designated to pay the costs of operation and maintenance of the treatment works, and that designated rate is uniformly applied to all members of this class:

(ii) A system of surcharges and rebates is employed to adjust the revenues from the ad valorem taxes collected from each user of this class in accordance with the rate designated under paragraph (b) (7) (i) of this section, such that each member of the class pays a total charge for its share of the costs of operation and maintenance based upon actual use.

Sec. 35.929-2 General requirements for all user charge systems.

User charge systems based on actual use under Sec. 35.929-1(a) or ad valorem taxes under Sec. 35.929-1(b) shall also meet the following requirements:

(a) Initial basis for operation and maintenance charges. For the first year of operation, operation and maintenance charges shall be based upon past experience for existing treatment works or some other method that can be demonstrated to be appropriate to the level and type of services provided.

(b) Biennial review of operation and maintenance charges. The grantee shall review not less often than every 2 years the waste water

contribution of users and user classes, the total costs of operation and maintenance of the treatment works, and its approved user charge system. The grantee shall revise the charges for users or user classes to accomplish the following:

(1) Maintain the proportionate distribution of operation and maintenance costs among users and user classes as required herein;

(2) Generate sufficient revenue to pay the total operation and maintenance costs necessary to the proper operation and maintenance (including replacement) of the treatment works; and

(3) Apply excess revenues collected from a class of users to the costs of operation and maintenance attributable to that class for the next year and adjust the rate accordingly.

(c) Toxic pollutants. The user charge system shall provide that each user which discharges any toxic pollutants which cause an increase in the cost of managing the effluent or the sludge of the grantee's treatment works shall pay for such increased costs.

(d) Charges for operation and maintenance for extraneous flows. The user charge system shall provide that the costs of operation and maintenance for all flow not directly attributable to users (i.e., infiltration/inflow) be distributed among all users of the grantee's treatment works system based upon either of the following:

(1) In the same manner that it distributes the costs of operation and maintenance among users (or user classes) for their actual use, or

(2) Under a system which uses one of any combination of the following factors on a reasonable basis:

(i) Flow volume of the users;

(ii) Land area of the users;

(iii) Number of hookups or discharges to the users;

(iv) Property valuation of the users, if the grantee has a user charge system based on ad valorem taxes approved under Sec. 35.929 1(b).

(e) Adoption of system. One or more municipal legislative enactments or other appropriate authority must incorporate the user charge system. If the project is a regional treatment system accepting wastewaters from other municipalities, the subscribers receiving waste treatment services from the grantee shall adopt user charge systems in accordance with section 204(b)(1)(A) of the Act and Secs. 35.929 through 35.929-3. These user charge systems shall also be incorporated in appropriate municipal legislative enactments or other appropriate authority of all municipalities contributing wastes to the treatment works. The public shall be informed of the financial impact of the user charge system on them and shall be consulted prior to adoption of the system, in accordance with 40 CFR part 25.

(f) Notification. Each user charge system must provide that each user be notified, at least annually, in conjunction with a regular bill, of the rate and that portion of the user charges or ad valorem taxes which are attributable to waste water treatment services.

(g) Inconsistent agreements. The grantee may have preexisting agreements which address: (1) The reservation of capacity in the grantee's treatment works, or (2) the charges to be collected by the grantee in providing wastewater treatment services or reserving capacity. The user charge system shall take precedence over any terms or conditions of agreements or contracts between the grantee and users (including industrial users, special districts, other municipalities, or Federal agencies or installations) which are inconsistent with the requirements of section 204(b)(1)(A) of the Act and these regulations.

(h) Costs of pretreatment program. A user charge system submitted by a municipality with an approved pretreatment program shall provide that

the costs necessary to carry out the program and to comply with any applicable requirements of section 405 of the Act and related regulations are included within the costs of operation and maintenance of the system and paid through user charges, or are paid in whole or in part by other identified sources of funds.

Sec. 35.929-3 Implementation of the user charge system.

(a) When a grantee's user charge system is approved, implementation of the approved system shall become a condition of the grant.

(b) The grantee shall maintain such records as are necessary to document compliance with these regulations.

(c) Appendix B to this subpart contains guidelines with illustrative examples of acceptable user charge systems.

(d) The Regional Administrator may review, no more often than annually, a grantee's user charge system to assure that it continues to meet the requirements of Secs. 35.929-1 through 35.929-3.

EXHIBIT 15

User Charge Review, Audit and Service Period Schedule

	Review Period	Service Audit Period	Service Period Using Projected Rate
1.	July 1, 2007 through Dec. 31, 2007	July 1, 2006 through June 30, 2007	July 1, 2007 through June 30, 2008
2.	July 1, 2008 through Dec. 31, 2008	July 1, 2007 through June 30, 2008	July 1, 2008 through June 30, 2009
3.	July 1, 2009 through Dec. 31, 2009	July 1, 2008 through June 30, 2009	July 1, 2009 through June 30, 2010
4.	July 1, 2010 through Dec. 31, 2010	July 1, 2009 through June 30, 2010	July 1, 2010 through June 30, 2011
5.	July 1, 2011 through Dec. 31, 2011	July 1, 2010 through June 30, 2011	July 1, 2011 through June 30, 2012
6.	July 1, 2012 through Dec. 31 2012	July 1, 2011 through June 30, 2012	July 1, 2012 through June 30, 2013
7.	July 1, 2013 through Dec. 31, 2013	July 1, 2012 through June 30, 2013	July 1, 2013 through June 30, 2014
8.	July 1, 2014 through Dec. 31, 2014	July 1, 2013 through June 30, 2014	July 1, 2014 through June 30, 2015
9.	July 1, 2015 through Dec. 31, 2015	July 1, 2014 through June 30, 2015	July 1, 2015 through June 30, 2016
10.	July 1, 2016 through Dec. 31, 2016	July 1, 2015 through June 30, 2016	July 1, 2016 through June 30, 2017

Exhibit 16
Urban Cooperation Act Agreement
(to be attached)

ATTACHMENT 3
URBAN COOPERATION ACT AGREEMENT

Urban Cooperation Act Agreement

City of Jackson – Township of Rives – County of Jackson

THIS URBAN COOPERATION ACT AGREEMENT is entered into by and between the CITY OF JACKSON, Jackson County, Michigan (the "City"), the TOWNSHIP OF RIVES, Jackson County, Michigan (the "Township"), and the County of Jackson (the "County") acting by and through its Board of Public Works..

WITNESSETH:

WHEREAS, the Urban Cooperation Act, Act 7 of the Public Acts of Michigan of 1967 (Ex. Sess.), as amended (the "Urban Cooperation Act" or the "Act"), provides that local governmental units as defined in the Act may enter into interlocal agreements, which agreements may provide for a joint exercise of any power, privilege or authority which the local governmental units share in common and which each might exercise separately; and

WHEREAS, the Act permits local governmental units to jointly address the purposes of providing public sewer and wastewater treatment services; to provide for the use of public funds to defray the costs of meeting those purposes; and to provide how those costs will be paid for by the local governmental units that are parties to the interlocal agreement; and

WHEREAS, the City and the Township are both interested in promoting economic and community development within their respective jurisdictions, and to coordinate economic development efforts toward that end.

WHEREAS, the Township needs, and expects that it will continue in the near future to need, wastewater treatment service capacity to serve existing and proposed users in the Township;

WHEREAS, the City has excess wastewater treatment service capacity that is currently reserved for use by City users, a portion of which capacity the City is willing to release and allocate to the Township for use by Township users; and

WHEREAS, the County and the Township are parties to that certain Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of May 1, 2007, as amended (the "Rives Bond Contract"), pursuant to the terms of which the County has agreed to acquire, finance by the issuance of bonds to evidence a long-term low-interest loan from Rural Development United States Department of Agriculture ("Rural Development") and construct a county wastewater disposal system to serve the properties located in the Township Service District;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

Section 1. Authority.

This Agreement is entered into under the Urban Cooperation Act and uses all powers, privileges and authorities granted to the City and Township under the Act.

Section 2. Purposes.

This Agreement is entered into for the following purposes:

- A. To promote economic and community development within the City and Township including, but not limited to, expansion of manufacturing opportunities, commercial and retail development, and single-family and multi-family residential development. The City and Township intend that this Agreement will help to promote the expansion of economic opportunities, the creation of employment opportunities and the expansion of their local tax bases to allow for the provision of local government services.
- B. To provide for coordination of effective planning activities between the City and the Township, specifically to meet current and future needs regarding the provision of wastewater treatment service capacity by the City to City and Township users.
- C. To provide for a basis for joint activities to promote economic and community development within City and Township, with the goal of benefiting all residents and businesses within the City and the Township by broadening the economic and employment base in the two communities.
- D. To further economic development and increase economic activity by providing the availability of wastewater treatment service capacity by the City to the Township, and to provide how the Township will compensate the City for the availability of such capacity.

Section 3. Release of Capacity to Township; Compensation.

- A. The City has available wastewater treatment service capacity that is currently reserved for use by City users. The City is willing to release and allocate a portion of that available wastewater treatment service capacity to the Township as provided by this Agreement.
- B. The City, the Township, and the County will enter into a separate agreement whereby the City will allocate wastewater treatment service capacity in the amount of 0.035 million gallons per day ("MGD"). That separate agreement between the City and the Township is entitled the "Wastewater Service Agreement (City of Jackson – Township of Rives – Jackson County)." A copy of the "Wastewater Service Agreement (City of Jackson – Township of Rives – Jackson County)" shall be attached to this Agreement as Exhibit A.
- C. In return for releasing and allocating to the Township a portion of the City's available wastewater service treatment capacity otherwise reserved for use by City users, the Township agrees to pay to City a one-time payment of \$87,500.00. This one-time payment shall be paid to the City in full by the County on behalf of the Township from

the proceeds of the bonds issued by the County in accordance with the terms of the Rives Bond Contract, within 60 days following the date of initial delivery by the County of bonds to Rural Development. The County shall provide written notice to the City of the date of initial issuance of bonds by the County to evidence the loan in accordance with the Rives Bond Contract, and the date stated in such notice shall be the date that the 60 day period for payment of the one-time payment shall be deemed to have commenced. Notwithstanding anything to the contrary in this subsection, the Township shall be ultimately and primarily responsible for timely and full payment to the City of the one-time payment. Further, the City may exercise all remedies provided by this Agreement for non-payment by the Township (including, but not limited to, termination of service) if the County fails to pay the one-time payment to the City; and the City shall not be obligated to pursue claims for non-payment against the County.

Section 4. Connection Fees; Payment In Lieu of Connection Fees.

A. Payment of Connection Fees.

1. The Township agrees to establish and pay to the City a connection fee of \$400.00 per residential equivalent unit ("REU"). The connection fee shall be calculated based on the Township's "Table of Unit Factors" attached to and incorporated in this Agreement as Exhibit B. As provided by the Township's Table of Unit Factors, a unit factor of 1 is considered to be a single family household residence and is equal to 190 gallons per day.
2. The payment of connection fees to the City by the Township shall be made at the time of connection and transmitted to City within 90 days of connection by the user. The Township shall be solely responsible for administering, calculating, collecting, and transmitting the fee to the City. The base amount of the fee (\$400 per REU) shall be adjusted for inflation on January 1, 2009, and on each January 1 thereafter for the full term of this Agreement based on the federal Consumer Price Index ("CPI"); provided that in no event shall the connection fee be less than \$400.00 per REU.

For the purposes of this paragraph, the following provisions shall apply:

- a. "CPI" means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, unadjusted for seasonal variation, as established by the U.S. Department of Labor, Bureau of Labor Statistics (or other similar measures mutually agreed to by the Parties).
- b. The "Base Value" that is subject to adjustment for inflation based on the CPI shall be \$400.00.
- c. The adjustment for inflation in the Base Value shall be equal to the percent change in: (1) the level of the CPI established at the beginning of the effective date of this Agreement (the "Beginning Period"); and (2) the

level of the CPI established on each January 1 beginning on January 1, 2009, and on each January 1 thereafter for the full term of this Agreement (each such annual date being the "End Period" for each annual calculation).

- d. The adjustment for inflation in the Base Value shall be calculated by first determining the CPI index point change between the Beginning Period and the End Period and then determining the percent change. That percentage of the Base Value shall then be added to the Base Value to obtain the Base Value adjusted for inflation. The following hypothetical example illustrates the computation of percent change:

CPI for End Period	(136.0)
Less CPI for Beginning Period	(129.9)
Equals index point change	(6.1)
Divided by Beginning Period CPI	(129.9)
Equals	(0.047)
Result multiplied by 100	(0.047 X 100)
Equals percent change	(4.7)

Under the hypothetical example above, the \$400.00 Base Value adjusted for inflation based on the CPI would be equal to 4.7% of \$400.00 (\$18.80) added to \$400.00, which equals \$418.80.

3. For the purposes of this Agreement, the method of calculating the amount of the connection fee to be paid to the City by the Township and the specifics regarding unit factors as provided by Exhibit B shall remain unchanged in its entirety for the full effective term of this Agreement, unless otherwise agreed to in advance by the Jackson City Council.

B. Payment in Lieu of Connection Fees.

As an alternative to paying the connection fees to the City as provided by Section 5(A), the Township may in its discretion instead elect to pay to the City a one-time payment in the amount of \$79,432.00. This one-time payment shall be paid to the City in full by the County on behalf of the Township from the proceeds of the bonds issued by the County in accordance with the terms of the Rives Bond Contract, within 60 days following the date of initial delivery by the County of bonds to Rural Development. The County shall provide written notice to the City of the date of initial issuance of bonds by the County to evidence the loan in accordance with the Rives Bond Contract, and the date stated in such notice shall be the date that the 60 day period for payment of the one-time payment shall be deemed to have commenced. Notwithstanding anything to the contrary in this subsection, the Township shall be ultimately and primarily responsible for timely and full payment to the City of the one-time payment. Further, the City may exercise all remedies provided by this Agreement for non-payment by the Township (including, but not limited to, termination of service) if the County fails to pay the one-time payment to

the City; and the City shall not be obligated to pursue claims for non-payment against the County.

Section 5. Agreements with Other Local Governmental Units.

During the effective term of this Agreement, the City agrees that it will not enter an agreement with any other local governmental entity to provide the same wastewater treatment services at less cost per gallon than provided by this Agreement and the Wastewater Service Agreement (City of Jackson – Township of Rives – Jackson County) (Exhibit A).

Section 6. Term and Effective Date.

- A. Except as provided by Section 6(B), this Agreement shall become effective on the date that it has been signed by authorized representatives of the City, the Township, and the County, and shall remain in effect for a term of 40 years from the date of initial issuance of bonds by the County to evidence the loan in accordance with the Rives Bond Contract. The County shall provide written notice to the City of the date of initial issuance of bonds by the County to evidence the loan in accordance with the Rives Bond Contract, and the date stated in such notice shall be the date that the 40 year term of this Agreement shall be deemed to have commenced.
- B. Notwithstanding anything to the contrary in Section 6(A), this Agreement shall not take effect unless and until the Wastewater Service Agreement (City of Jackson – Township of Rives – Jackson County) (Exhibit A) (the “Rives Wastewater Service Agreement”) has also been entered into between the City, the Township, and the County.
- C. The City, the Township, and the County agree that if this Agreement is overturned or invalidated by a court of competent jurisdiction for any reason, the Rives Wastewater Service Agreement shall then become null, void and of no further effect, subject to the following:
 - 1. The Township shall continue to be responsible to pay the City for all wastewater treatment service provided by the City to the Township as provided by the terms of this Agreement and the Rives Wastewater Service Agreement as though this Agreement and the Rives Wastewater Service Agreement were still in full force and effect for the full 40 year term as provided by Section 6(A) unless a new agreement or agreements are entered into between the parties to provide for payment for such services prior to that date.
 - 2. The Township shall, however, be entitled to a proportionate refund of the one-time payments made to the City, if any, under Section 3(C), and of the payments in lieu of connection fees made to the City, if any, under Section 4(B), as follows: The respective refunds shall be proportionate to the amount of wastewater treatment capacity released and allocated to the Township as provided by this Agreement, but still remaining unused by the Township at the effective date of any judicial overturning or invalidation of this Agreement. The amount of

remaining unused capacity at the time of overturning or invalidation of this Agreement shall be determined by the City based on the most current data available to the City regarding the Township's total discharges to the City's Wastewater Treatment System. (Thus, for example, if the Township has used only 75% of the 0.035 MGD released and allocated to it under Section 3(B) of this Agreement at the time this Agreement is overturned or invalidated, the Township would be entitled to a refund of 25% of the payments made under Section 3(C).) If the Township or the County initiates, or is a party to, or otherwise directly or indirectly supports or encourages the legal action that results in judicial overturning or invalidation of this Agreement, the Township shall not be entitled to any refund as provided by this Section 6(C)(2).

Section 7. Quarterly Reports.

In addition to any other reports or notifications made or given by the Township to the City in connection with discharges from the Township to the City's wastewater treatment system, the Township shall provide the City with quarterly written reports regarding connections made within the Township to the system, including the date and location of each connection and the known or projected quantity and quality of the discharge from each connection.

Section 8. Non-Severability.

If any part of this Agreement is held by a Court of competent jurisdiction to be illegal or unenforceable, this Agreement shall thereafter be null, void and of no further effect, except as provided by Section 6(C) or as otherwise agreed to by the City, the Township, and the County.

Section 9. Entire Agreement.

This Agreement and its Exhibits constitute the final, entire and exclusive agreement of the parties with respect to the subject matter addressed, and supersedes all prior communications, understandings and agreements relating to the subject matter, whether oral or written. Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

IN WITNESS WHEREOF, this Agreement is signed and delivered by authority of the Jackson City Council, the Rives Township Board, and the County of Jackson, by its Board of Public Works, given on the dates set forth below.

In the presence of:

CITY OF JACKSON, a
Municipal Corporation,

By _____
Jerry F. Ludwig, Mayor

Date: _____

By _____
Lynn Fessel, City Clerk

Date: _____

STATE OF MICHIGAN)
)ss:
COUNTY OF JACKSON)

On this ____ day of _____, 2008, before me, a Notary Public in and for said County, appeared Jerry F. Ludwig and Lynn Fessel, to me personally known, who being duly sworn did each for herself say that they are respectively the Mayor and City Clerk of the City of Jackson, County of Jackson, State of Michigan, a Municipal Corporation, the City named in and which executed the within instrument, and that the seal affixed to said instrument is the seal of said City and that said instrument was signed and sealed on behalf of said City by authority of its City Council, and that said Jerry F. Ludwig and Lynn Fessel acknowledged said instrument to be the free act and deed of the City.

Notary Public
Jackson County, Michigan
My Comm. Exp: _____

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In the presence of:

TOWNSHP OF RIVES, a
Municipal Corporation

By _____
Gerald Surbrook, Supervisor

Date: _____

By _____
Sarah Jo Frizzle, Clerk

Date: _____

STATE OF MICHIGAN)
)ss:
COUNTY OF JACKSON)

On this ____ day of _____, 2008, before me, a Notary Public in and for said County, appeared Gerald Surbrook and Sarah Jo Frizzle, to me personally known, who being duly sworn did each for himself and herself say that they are respectively the Supervisor and Clerk of the Township of Rives, County of Jackson, State of Michigan, a Municipal Corporation, the Township named in and which executed the within instrument, and that the seal affixed to said instrument is the seal of said Township and that said instrument was signed and sealed on behalf of said Township by authority of its Board, and that said Gerald Surbrook and Sarah Jo Frizzle acknowledged said instrument to be the free act and deed of the Township.

Notary Public
Jackson County, Michigan
My Comm. Exp: _____

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● _____

By Geoffrey W. Snyder
Its Chair, Jackson County Board of Public Works

By Ken Elenbaas
Its Secretary, Jackson County Board of Public
Works

STATE OF MICHIGAN)
)ss:
COUNTY OF JACKSON)

Notary Public
Jackson County, Michigan
My Comm. Exp: _____

9

Exhibit A

**Attach copy of Wastewater Service Agreement
(City of Jackson-Township of Rives-Jackson County)**

EXHIBIT B
TABLE OF UNIT FACTORS

USAGE	UNIT FACTOR
Auto Dealers & Garages	.20 per employee
Barber Shops	.14 per chair
Bars	.05 per seat
Beauty Shops	.25 per chair
Boarding Houses	.16 per person
Boarding Schools	.27 per person
Bowling Alleys (no bars or lunch facilities)	.20 per alley
Car Wash (drive through)	10.00 single production line
(self service)	3.00 per bay
Churches	.01 per seat
Cleaners (pick up only)	.20 per employee
Cleaners (pressing only)	1.25 per press
Clinics	.50 per doctor
Convalescent Homes	.25 per bed
Convents	.25 per person
Country Clubs	.08 per member
Drug Stores	.20 per employee
Factories (exclusive of industrial use)	.20 per employee
Fraternal Organizations (members only)	1.00 per hall
Fraternal Organizations (members and rentals)	2.00 per hall
Grocery Stores & Super Markets	1.10 per 1,000 square feet

USAGE	UNIT FACTOR
Hospitals	1.10 per bed
Hotels	.25 per bed
Laundry (self service)	.50 per washer
Mobile Home Parks	1.00 per unit
Motels	.25 per bed
Multiple Family Residence	1.00 per unit
Office Building	.20 per employee
Public Institutes other than Hospitals	.20 per employee
Restaurants (dinner and/or drinks)	.13 per seat
Rooming Houses (no meals)	.13 per person
Schools	1.00 per classroom
Service Stations	.25 per pump
Snack Bars, Drive Ins	.08 per seat
Store (other than specifically listed)	.20 per employee
Swimming Pool	3.00 per 1,000 square foot
Theaters (Drive In)	.008 per car space
Theaters (Inside)	.000093 x weekly hours of operations x seats
Warehouses	.20 per employee
Industry (Wet process)	to be determined at time of application

A unit factor of one (1) is considered to be a single family household residence and equals 190 gal. per day.

Minimum charge is to be one (1) unit.

ATTACHMENT 4

WASTEWATER TRANSPORTATION AGREEMENT

WASTEWATER TRANSPORTATION AGREEMENT

THIS AGREEMENT is made and entered as of this ____ day of _____, 2008 (the "Effective Date"), by and between the County of Jackson, Michigan (the "County"), whose address is 120 West Michigan Ave., Jackson, Michigan 49201, acting by and through its Board of Public Works (the "Board of Public Works"), the governing body of its Department of Public Works pursuant to Act 185 of the Public Acts of Michigan of 1957, as amended ("Act 185"); the Charter Township of Blackman, a Michigan charter township ("Blackman") located in the County of Jackson, Michigan and whose address is 1990 W. Parnall Road, Jackson, Michigan 49201-8612; and the Township of Rives, a Michigan general law township ("Rives") located in the County of Jackson, Michigan and whose mailing address is 8335 Lansing Avenue, Jackson, Michigan 49201-8221.

WITNESSETH:

WHEREAS, Rives and the County, by and through its Board of Public Works, in accordance with Act 185, are parties to that certain Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract, dated as of May 1, 2007, as amended (the "Rives Bond Contract") whereby the County has agreed to acquire, finance by the issuance of bonds and construct a sanitary sewer system, designated by the County as the Jackson County Wastewater Disposal Facility (Rives Township Section) to serve properties located in Rives Township, including the unincorporated Village of Rives Junction and properties along Rives Junction Road (the "Rives Sewer System"); and

WHEREAS, the County has received and accepted, for the benefit of Rives, a loan and grant offer from the United States Department of Agriculture/Rural Development ("Rural Development") to pay the cost of acquiring and constructing Rives Sewer System; and

WHEREAS, the Rural Development loan will be evidenced by the bonds issued by the County in accordance with the Rives Bond Contract; and

WHEREAS, the County and Rives are parties to that certain Wastewater Service Agreement dated as of _____, 2008, (the "Wastewater Treatment Agreement") with the City of Jackson (the "City"), whereby the City has agreed to accept for treatment at the City Wastewater Treatment Facility (the "City Wastewater Treatment Facility") the wastewater generated by the Rives Sewer System within the Service District, a map of which is attached hereto as Exhibit C (the "Service District"); and

WHEREAS, Blackman owns and operates a wastewater collection and transportation system which collects wastewater from customers within Blackman and transports the wastewater so collected directly to the City Wastewater Treatment Facility (the "Blackman Sewer System"); and

WHEREAS, the Blackman Sewer System includes a sanitary sewer interceptor, pumping station and appurtenances which extend from a point on Rives Junction Road to the City Wastewater Treatment Facility, a description of which is set forth in Exhibit A attached hereto and made a part hereof (the "Blackman Interceptor"); and

WHEREAS, the Blackman Interceptor has available excess capacity sufficient to transport the wastewater collected by the Rives Sewer System to the City Wastewater Treatment Facility; and

WHEREAS, Blackman regulates the Blackman Sewer System by the terms of Blackman Township Ordinance No. 18, as amended from time to time (the "Blackman Sewer Ordinance"); and

WHEREAS, Section 2 of Act 35 of the Public Acts of Michigan of 1951, as amended ("Act 35") authorizes municipal corporation(s), including counties and townships, to join with any other municipal corporation(s) by contract for the ownership, operation or performance, jointly, or by any one municipal corporation on behalf of all, of any property, facility or service which each municipal corporation would have the power to own, operate or perform, separately; and

WHEREAS, Section 4 of Act 94 of the Public Acts of Michigan of 1933, as amended ("Act 94") authorizes any public corporation, including counties and townships, "to purchase, acquire,

construct, improve, enlarge, extend or repair” a sewage disposal system, including sanitary sewer, works, instrumentalities and properties useful for the collection, treatment or disposal of sewage or industrial wastes and “to own, operate and maintain the same, within or without its corporate limits, and to furnish the services, facilities and commodities of any such public improvement to users within or without its corporate limits;” and

WHEREAS, the parties are entering this Agreement under the authority of applicable law, including without limitation, Act 35, Act 94 and Act 185 to provide terms and conditions for the transportation of wastewater discharged from the Rives Sewer System by the Blackman Interceptor to the City Wastewater Treatment Facility for treatment in accordance with the contractual rights of Rives and the County under the Wastewater Treatment Agreement.

IT IS THEREFORE AGREED by and between the parties hereto, and in consideration of their respective undertakings set forth herein, as follows:

1. **Rives Sewer System, Point of Connection.** The County will construct the Rives Sewer System in accordance with the Rives Bond Contract. The wastewater collected by the Rives Sewer System shall be discharged to the Blackman Interceptor at the physical point of connection (the “Point of Connection”) which is located in Blackman south of the Rives/Blackman Township line and described in Exhibit A attached hereto and made a part hereof. All costs of the connection of the Rives Sewer System to the Blackman Interceptor at the Point of Connection shall be paid by the County in accordance with the Rives Bond Contract as part of the cost of the Rives Sewer System.

2. **Transportation by Blackman and Treatment by City.** Blackman shall utilize the Blackman Interceptor to transport the wastewater received from the Rives Sewer System at the Point of Connection to the City Wastewater Treatment Facility for treatment in accordance with the Wastewater Treatment Agreement. The County and Rives have purchased capacity in the City

Wastewater Treatment Facility from the City in accordance with the terms of the Wastewater Treatment Agreement.

3. **Capacity in Blackman Interceptor for Rives Sewer System.** Blackman agrees to provide capacity in the Blackman Interceptor for the Service District served by the Rives Sewer System, as follows:

a. Blackman shall provide capacity in the Blackman Interceptor for the Rives Sewer System in the amount of 35,000 gallons per day, maximum month, of wastewater flow from the Rives Sewer System. Blackman shall not assign any portion of this capacity to other municipal or non-municipal entities without the prior written consent of Rives.

b. Blackman shall provide capacity in the Blackman Interceptor for the Rives Sewer System in excess of the 35,000 gallons per day, maximum month, for which capacity has been reserved in subparagraph a, on a "first come first serve" basis with other potential customers of the Blackman Sewer System, subject (1) to the continued availability of capacity in the Blackman Interceptor to transport additional wastewater to the City Wastewater Treatment Facility, and (2) to an equal amount of additional capacity in the City Wastewater Treatment Facility being made available to Rives by the City.

c. In the event additional capacity in the Blackman Interceptor is not available in excess of the 35,000 gallons per day, maximum month, for which capacity has been reserved in subparagraph a, for any reason to serve the Rives Sewer System, and Rives is willing to fund the necessary upgrades to the Blackman Interceptor to increase capacity in the Blackman Interceptor to the extent necessary to provide the additional requested capacity, Blackman and the County agree to not unreasonably withhold their consent to such further upgrades to the Blackman Interceptor and any related amendment to this Agreement appropriate or required to implement such upgrades and

provide such additional capacity, provided that an equal amount of additional capacity in the City Wastewater Treatment Facility is made available to Rives by the City.

d. For purposes of this paragraph, utilization of capacity in the Blackman Interceptor by Rives Sewer System customers shall be measured by the total wastewater flow metered by the master wastewater meter located at the Point of Connection and installed as part of the Rives Sewer System. At any point in time, the metered flow shall be divided by the number of days elapsed since the previous meter reading, with this resulting in the number of gallons per day of wastewater flow for said period.

4. **Payment for Capacity in Blackman Interceptor.** As consideration for the capacity provided by Blackman in the Blackman Interceptor and the use of the Blackman Interceptor to transport wastewater from the Rives Sewer System to City Wastewater Treatment Facility for treatment:

a. Rives shall cause to be paid by every customer which connects directly or indirectly to the Rives Sewer System an Interceptor Connection Fee of \$1,794.67 per Residential Equivalent Unit (singular, a "Unit" and plural "Units") (the "Interceptor Connection Fee") and Rives shall so provide in its sewer ordinance. It is understood and agreed that this Interceptor Connection Fee includes:

1. \$300 per Unit as an indirect connection fee for use of the Blackman Sewer System;
2. \$336.93 per Unit to reimburse Blackman for the cost of the Northwest Lift Station located adjacent to the Northwest Community Schools; and
3. \$1,157.74 per Unit to reimburse Blackman for other costs of the Blackman Interceptor, including the forcemain from the Northwest Lift Station and improvements to the Clinton Road Lift Station.

b. The Interceptor Connection Fees shall be paid as follows:

1. For the 99 Units included in Rives Township Special Assessment District No. 2 (Village of Rives Sanitary Sewer) ("Rives SAD No. 2"), the Interceptor Connection Fees will be paid by the County on behalf of Rives in a lump-sum payment in the amount of \$177,672.33 within 60 days after the date of initial delivery of bonds by the County to Rural Development in accordance with the Rives Bond Contract. This payment is subject to adjustments, if any, to the number of Units specifically assessed on the special assessment roll for Rives SAD No. 2 made as the result of tax tribunal appeals.

2. The Interceptor Connection Fees for all other properties to be connected to the Rives Sewer System, including those properties located along Rives Junction Road and included in Rives Township Special Assessment District No. 3 (Rives Junction Road Sanitary Sewer) ("Rives SAD No. 3") will be collected by Rives at the time a prospective sewer customer applies for connection to the Rives Sewer System. Rives agrees to remit to Blackman on a quarterly basis, the Interceptor Connection Fees so received from sewer customers.

5. **Operation and Maintenance.** The Rives Sewer System shall, subject to the terms of this Agreement, be and remain the sole and exclusive responsibility of Rives for all operation, maintenance, repair and replacement in accordance with the Rives Bond Contract. The Rives Sewer System includes a lift station located in Rives Junction and a master wastewater meter located at the Point of Connection. The obligation of Rives to operate, maintain, repair and replace the Rives Sewer System shall include the operation, maintenance, replacement and periodic calibration of the master wastewater meter as required by the Wastewater Treatment Agreement. The Blackman Sewer System and the Blackman Interceptor shall, subject to the terms of this Agreement, be and remain the sole and exclusive responsibility of Blackman for all operation, maintenance, repair and replacement. It is acknowledged and agreed that a portion of Blackman's responsibility for the

Blackman Interceptor will be discharged from revenues paid to Blackman by Rives in accordance with this Agreement. Rives and Blackman reserve the right to enter a separate agreement whereby Blackman will administer, operate and maintain the Rives Sewer System and bill customers of the Rives Sewer System on behalf of Rives, subject to the terms of the Rives Bond Contract.

6. Payment of Transportation O,M&R Charge to Blackman.

a. In consideration of Blackman's obligation for operation, maintenance, repair and replacement of the Blackman Interceptor, Rives shall cause every customer which connects directly or indirectly to the Rives Sewer System to pay a monthly Transportation O,M&R Charge on a per Unit basis (currently \$2.00 per Unit per month). The Transportation O,M&R Charge shall be set by Blackman from time to time based upon the actual and projected expense of operation, maintenance, repair and replacement of the Blackman Interceptor and shall be uniform in amount for all customers, whether located within or without Blackman. All monies collected from the Transportation O,M&R Charge shall be remitted to Blackman on a quarterly basis. Blackman shall hold such funds in a segregated account and use such funds strictly to pay the cost of the operation, maintenance, repair and replacement of the Blackman Interceptor and the related necessary expenses to preserve the Blackman Interceptor in good repair and working order. Blackman shall annually provide a written summary of revenues and expenses attributable to the segregated fund to each of the other parties to this Agreement.

b. Blackman shall bill Rives in arrears in amount equal to the Transportation O,M&R Charge for the preceding billing period multiplied by the number of Units assigned to each customer of the Rives Sewer System connected, directly or indirectly, to the Rives Sewer System. From time to time, Rives agrees to promptly furnish to Blackman the number of Units connected, directly or indirectly, to the Rives Sewer System, including the effective dates of new connections,

in a manner sufficient to enable Blackman to accurately bill Rives for all customers connected, directly or indirectly, to the Rives Sewer System.

7. **Rives Sewer System Subject to Blackman Rules, Regulations, Restrictions and Table of Unit Factors.** Rives and the County agree that the wastewater discharged by customers of Rives Sewer System into the Blackman Interceptor for transportation to and treatment by the City Wastewater Treatment Facility shall be subject to such rules, regulations and restrictions as Blackman establishes from time to time under the Blackman Sewer Ordinance. Rives agrees to adopt and enforce under the Rives' Connection, Use and Rate Ordinances such rules, regulations and restrictions (including without limitation, those related to pretreatment) which are not less restrictive than those as are adopted by Blackman under the Blackman Sewer Ordinance. Rives shall assign Units to each customer served by the Rives Sewer System, with an average flow of 190 gallons per day per Unit, in accordance with the Table of Unit Factors currently used by Blackman as such table might be amended from time to time by Blackman in the future and Rives agrees to incorporate the Blackman Table of Unit Factors into the Rives Sewer Ordinance. The current Blackman Table of Unit Factors is attached hereto as Exhibit B.

8. **Regulatory Agencies.** This Agreement is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the parties hereto will collaborate in obtaining such regulatory permits, certificates, or the like, as may be required to comply therewith.

9. **Records.** Rives will maintain and have available at all reasonable times for inspection by Blackman the following records:

- a. Plans showing the location and size of all sewer lines and appurtenances.
- b. The number and sizes of all service connections.
- c. The number of customers and Units served.
- d. Any other records and reports as may be reasonably required by Blackman.

10. **Notice of Initial Delivery.** Thirty (30) days prior to the estimated date of completion of construction of the Rives Sewer System, the County will notify Blackman in writing the anticipated date for the initial delivery of wastewater.

11. **Notice of Future Utilization of Blackman Interceptor.** Rives agrees to provide reasonable advance written notice to Blackman of any event which could lead to the application by Rives for additional capacity in the Blackman Interceptor beyond the capacity initially reserved for the Rives Sewer System pursuant to Paragraph 3, above, in sufficient time to permit Blackman to undertake the activities necessary for the planning, design, permitting and construction of enhancements or expansions to the Blackman Interceptor sufficient to accommodate the proposed increase in wastewater to be discharged by the Rives Sewer System to the Blackman Interceptor.

12. **Operating Liability.** Blackman will use reasonable diligence to provide and maintain regular and uninterrupted wastewater transportation service but does not guarantee uninterrupted service and shall not be liable for injuries or damages by such interruptions whether caused by defects in original construction, cave-ins, accidents, repairs, sewer backups (except to the extent provided by Act 222 of the Public Acts of Michigan of 2001, as amended) or other causes. The parties agree that the wastewater facilities and service provided by the parties under this Agreement are a governmental function as defined in Public Act No. 170 of 1964, as amended.

13. **Force Majeure.** No failure or delay in performance of this Agreement by any party shall be deemed to be a breach thereof when such failure or delay is occasioned by or due to any Act of God, strikes, lockouts, wars, terrorism, riots, epidemics, explosions, sabotage, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority, or any other cause, not within the control of the party claiming suspension; provided that no cause or contingency shall relieve Rives or the County of its obligation to pay Transportation O,M&R

Charges for wastewater actually transported by the Blackman Interceptor from the Rives Sewer System to the City Wastewater Treatment Facility.

14. **Use of Rights of Way.** Blackman, in compliance with Section 29, Article VII, Michigan Constitution of 1963, hereby consents and agrees to the use of the public streets, alleys, lands and rights-of-way in Blackman by the County and Rives to construct, operate, maintain, repair and replace that portion of Rives Sewer System located within Blackman between the Rives/Blackman Township line and the Point of Connection, and any improvements, enlargements and extensions thereto. To evidence and effectuate the foregoing consent and agreement, Blackman will execute and deliver to the County and/or Rives such grants of easement, right-of-way, license, permit or consent as may be requested by the County and/or Rives.

15. **Easements.** Blackman agrees to assist the County and Rives in obtaining any easements necessary for the Rives System to connect to the Blackman Interceptor at the Point of Connection.

16. **Term of Agreement.** This Agreement shall take effect as of the Effective Date and shall continue from that date for a term of forty (40) years from the date of initial issuance of bonds by the County to evidence the Rural Development loan in accordance with the Rives Bond Contract. The County shall provide written notice to Blackman of the date of initial issuance of bonds by the County to evidence the loan in accordance with the Rives Bond Contract, and the date stated in such notice shall be the date that the remaining 40 year term of this Agreement shall be deemed to have commenced. This Agreement shall automatically be renewed thereafter for additional five (5) year terms. Any of the parties may terminate its participation in this Agreement by giving a written notice of termination at least one year prior to the expiration of the initial forty (40) year term or any subsequent five (5) year term, and, in that event, this Agreement shall terminate, without renewal, at the end of the then current term.

17. **Assignment by County.** Following payment in full of all principal and interest on the bonds issued by the County in accordance with the Rives Bond Contract to pay the cost of the Rives Sewer System, the County may assign all of its right, title and interest under this Agreement to Rives, without the consent of Blackman.

18. **Amendment.** This Agreement may only be amended in writing upon the mutual consent of the parties hereto, provided that no amendment shall be made to this Agreement which impairs the repayment of any Bonds issued prior to or after the date of this Agreement by or on behalf of the County or any of the parties hereto with respect to the Rives Sewer System.

19. **Nondiscrimination.** Neither the County, Rives nor Blackman, as prohibited by law, shall discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions or privileges of employment, or a matter directly or indirectly related to employment, because of race, religion, national origin, age, sex, disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height, weight or marital status.

20. **Miscellaneous.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Unless otherwise specifically provided, all notices and other documents to be served or transmitted hereunder shall be in writing and addressed to the respective parties hereto at the addresses stated on page 1 of this Agreement or such other address or addresses as shall be specified by the parties hereto from time to time and may be served or transmitted in person or by ordinary mail properly addressed with sufficient postage. This Agreement has been executed in the State of Michigan and shall be governed by Michigan law. The waiver by any party hereto of a breach or violation of any provision of this Agreement shall not be a waiver of any subsequent breach of the same or any other provision of this Agreement. If any section or provision of this Agreement is unenforceable for any reason, the unenforceability thereof

shall not impair the remainder of this Agreement, which shall remain in full force and effect. It is contemplated that this Agreement shall be executed in multiple counterparts, all of which together shall be deemed to be one agreement. This Agreement together with the contracts and agreements specifically referenced in this Agreement represents the entire understanding and agreement between the parties hereto with regard to the matters addressed herein. All prior oral or, except to the extent provided herein, written understandings and agreements with regard to the matters addressed herein are specifically merged herein. In the event of a conflict or inconsistency between the terms of this Agreement and the terms of any other contract or agreement referenced in this Agreement, the terms of this Agreement shall control, except in the event of a conflict or inconsistency between the terms of this Agreement and the Rives Bond Contract and the effect of such conflict or inconsistency, if the terms of this Agreement were to control, would in any manner materially affect the security of the Bonds issued pursuant to the Rives Bond Contract or the prompt payment of the principal or interest on the Bonds, then the terms of the Rives Bond Contract shall control. The captions in this Agreement are for convenience only and shall not be considered as a part of this Agreement or in any way to amplify or modify the terms and provisions hereof. This Agreement shall be enforceable only by the parties hereto and their successors in interest by virtue of an assignment which is not prohibited under the terms of this Agreement, and no other persons shall have the right to enforce any of the provisions contained herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

COUNTY OF JACKSON
BY ITS BOARD OF PUBLIC WORKS

By: _____
Geoffrey W. Snyder
Its: Chair, Jackson County Board of Public Works

By: _____
Kenneth Elenbaas
Its: Secretary, Jackson County Board of Public Works

CHARTER TOWNSHIP OF BLACKMAN

By: _____
Raymond Snell
Its: Supervisor

By: _____
John Michael Thomas
Its: Clerk

TOWNSHIP OF RIVES

By: _____
Gerald Surbrook
Its: Supervisor

By: _____
Sarah Jo Frizzle
Its: Clerk

EXHIBIT A POINT OF CONNECTION AND BLACKMAN INTERCEPTOR

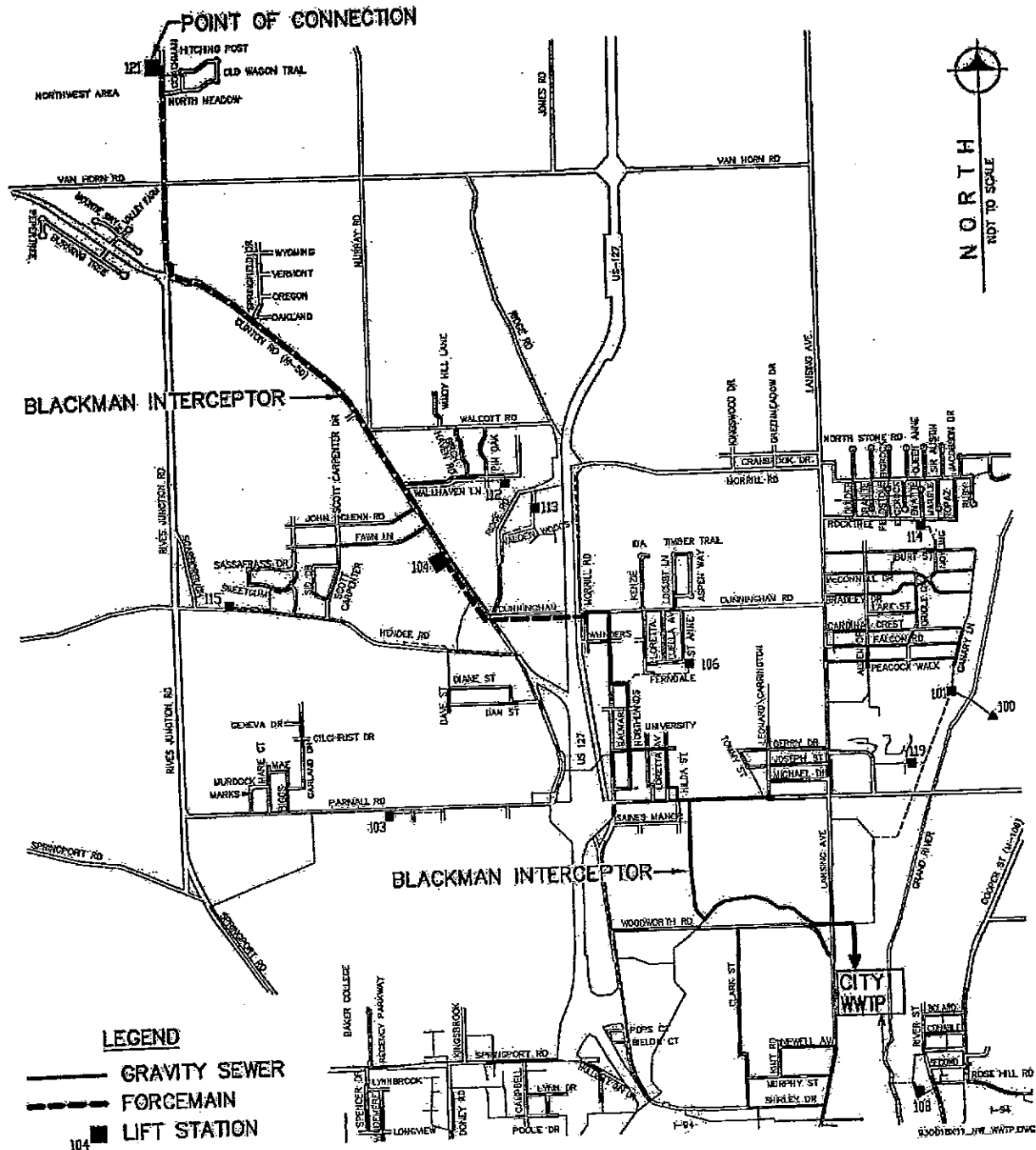


EXHIBIT B

TABLE OF UNIT FACTORS

USAGE	UNIT FACTOR
Auto Dealers & Garages	.20 per employee
Barber Shops	.14 per chair
Bars	.05 per seat
Beauty Shops	.25 per chair
Boarding Houses	.16 per person
Boarding Schools	.27 per person
Bowling Alleys (no bars or lunch facilities)	.20 per alley
Car Wash (drive through)	10.00 single production line
(self service)	3.00 per bay
Churches	.01 per seat
Cleaners (pick up only)	.20 per employee
Cleaners (pressing only)	1.25 per press
Clinics	.50 per doctor
Convalescent Homes	.25 per bed
Convents	.25 per person
Country Clubs	.08 per member
Drug Stores	.20 per employee
Factories (exclusive of industrial use)	.20 per employee
Fraternal Organizations (members only)	1.00 per hall
Fraternal Organizations (members and rentals)	2.00 per hall
Grocery Stores & Super Markets	1.10 per 1,000 square feet
USAGE	UNIT FACTOR

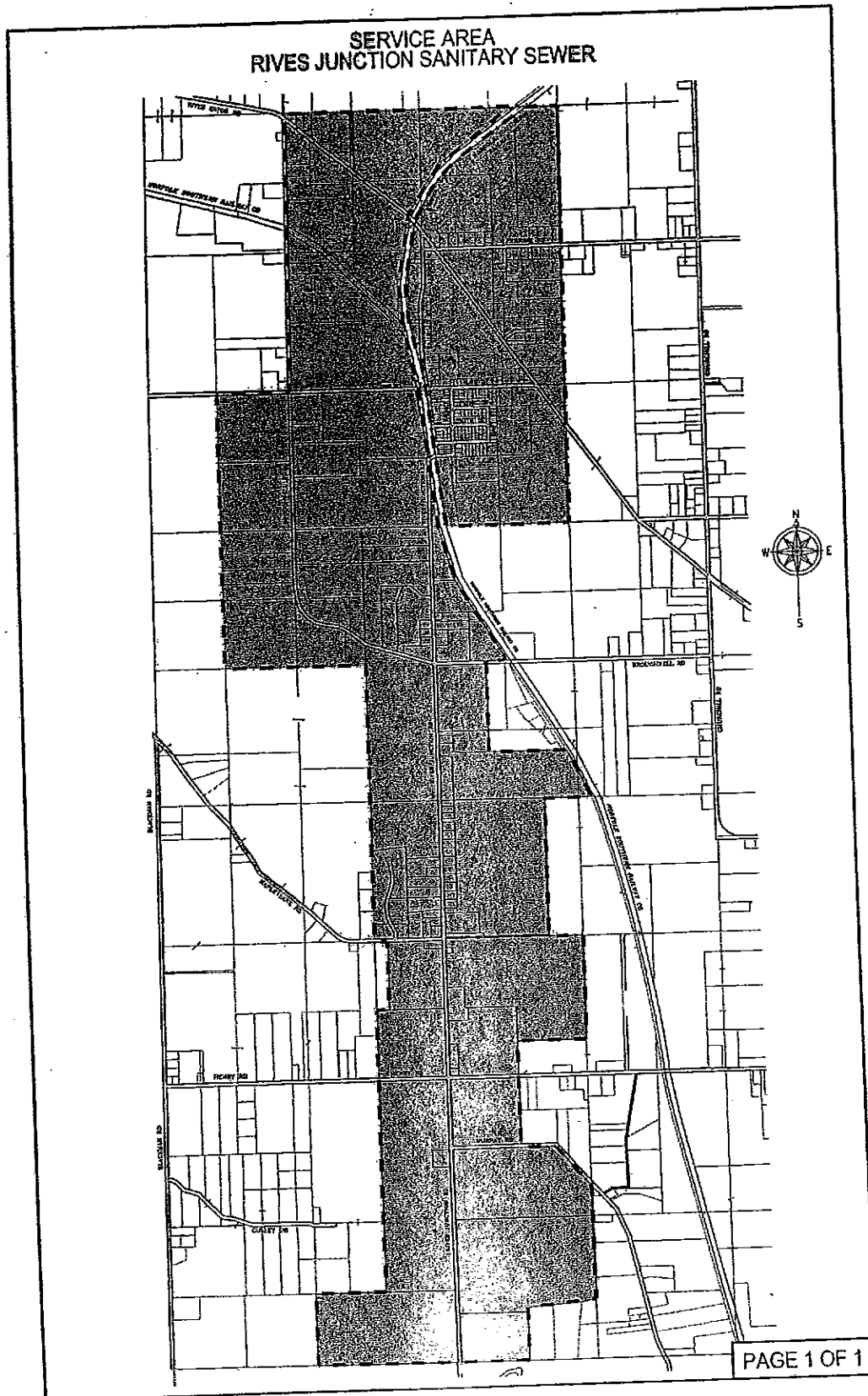
Hospitals	1.10 per bed
Hotels	.25 per bed
Laundry (self service)	.50 per washer
Mobile Home Parks	1.00 per unit
Motels	.25 per bed
Multiple Family Residence	1.00 per unit
Office Building	.20 per employee
Public Institutes other than Hospitals	.20 per employee
Restaurants (dinner and/or drinks)	.13 per seat
Rooming Houses (no meals)	.13 per person
Schools	1.00 per classroom
Service Stations	.25 per pump
Snack Bars, Drive Ins	.08 per seat
Store (other than specifically listed)	.20 per employee
Swimming Pool	3.00 per 1,000 square foot
Theaters (Drive In)	.008 per car space
Theaters (Inside)	.000093 x weekly hours of operations x seats
Warehouses	.20 per employee
Industry (Wet process)	to be determined at time of application

A unit factor of one (1) is considered to be a single family household residence and equals 190 gal. per day.

Minimum charge is to be one (1) unit.

EXHIBIT C

Map of Service District for Jackson County Wastewater District (Rives Township Section)



ATTACHMENT 5
GRANT AGREEMENT

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated _____ between

Jackson County

a public corporation organized and operating under

Public Act No. 185 of the Public Acts of 1957

(authorizing statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 2,906,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,191,000 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 1,191,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 1,715,000 or 59.02% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 59.02% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes

of service, adopted by resolution dated _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

See Attached.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

- (a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.
- (b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

- (1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.
- (2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.
- (3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

- (a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.
- (b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

None.

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

- A. Will make available to Grantee for the purpose of this Agreement not to exceed \$1,715,000.00, which it will advance to Grantee to meet not to exceed 59.02% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

- B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

- C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman, Board of Commissioners

and attested and its corporate seal affixed by its duly authorized

Clerk

Attest:

By:

Amanda Riska

(Title) **Clerk**

By:

James Shotwell, Jr.

(Title) **Chairman, Board of Commissioners**

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By:

(Title)

BOARD OF PUBLIC WORKS

COUNTY OF JACKSON

STATE OF MICHIGAN

**RESOLUTION TO APPROVE AND RECOMMEND RESOLUTION AND
CONTRACTS AND AGREEMENTS RE: JACKSON COUNTY WASTEWATER
DISPOSAL FACILITY (RIVES TOWNSHIP SECTION)**

Minutes of a rescheduled regular meeting of the Jackson County Board of Public Works, held in the Jackson County Tower Building in Jackson, Michigan on Thursday, the 31st day of July, 2008, at 8:00 a.m. Local Time.

PRESENT: Members: Clifford E. Herl, Philip Duckham, James E. Shotwell, Jr.,
Public Member Kenneth Elenbaas, Geoff Snyder, Chairman

ABSENT: Members: NONE

The following preamble and resolution were offered by Member SHOTWELL and supported by Member HERL:

WHEREAS, the County of Jackson, acting by and through its Board of Public Works, (the "County") is party to that certain Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of May 1, 2007 (the "Bond Contract") by and between the County and the Township of Rives (the "Township") whereby the County has agreed to establish and construct a county sanitary sewage disposal system to serve properties located in the Township, including the unincorporated Village of Rives Junction and areas along Rives Junction Road (the "Project"); and

WHEREAS, as a result of construction bids received for the Project, the cost of the Project has increased from \$2,575,000, as approved by the terms of the Bond Contract, to \$2,861,531; and

WHEREAS, to assist the County and the Township in offsetting a major portion of the increase in the cost of the Project, the United States Department of Agriculture/Rural Development ("Rural Development") has submitted a revised loan and grant offer to the County and the Township

to increase the Rural Development grant for the Project from \$1,500,000 to \$1,700,000, in addition to the Rural Development Planning Grant of \$15,000; and

WHEREAS, despite the increase in cost of the Project, the amount of the county bond issue is proposed to remain at \$1,075,000, as contemplated by the Bond Contract; and

WHEREAS, consistent with Paragraph 18 of the Bond Contract, the Township and the County have negotiated agreements with the Charter Township of Blackman and the City of Jackson for the transportation and treatment of the wastewater collected by the county system proposed to serve the Township; and

WHEREAS, a proposed First Amendment to Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of August 1, 2008 (the "First Amendment") by and between the County and the Township has been presented to this Board in the form attached as Attachment 1 to the resolution attached hereto as Exhibit A; and

WHEREAS, the First Amendment includes revisions to the description of the Project, the Project Service Area, the Estimate of Cost, and the Schedule of Principal and Interest Requirements, all as originally attached to the Bond Contract as Exhibits A, B and D, respectively; and

WHEREAS, a proposed Wastewater Service Agreement (the "Wastewater Service Agreement") by and between the County, the Township and the City of Jackson has been presented to this Board in the form attached as Attachment 2 to the resolution attached hereto as Exhibit A; and

WHEREAS, a proposed Urban Cooperation Act Agreement (the "Urban Cooperation Act Agreement") by and between the County, the Township and the City of Jackson has been presented to this Board in the form attached as Attachment 3 to the resolution attached hereto as Exhibit A; and

WHEREAS, a proposed Wastewater Transportation Agreement (the "Wastewater Transportation Agreement") by and between the County, the Township and the Charter Township of

Blackman has been presented to this Board in the form attached as Attachment 4 to the resolution attached hereto as Exhibit A; and

WHEREAS, a proposed Water or Waste System Grant Agreement – RUS Bulletin 1780-12 (the “Grant Agreement”) by and between the County and the United States of America acting through the Rural Utilities Service, Department of Agriculture has been presented to this Board in the form attached as Attachment 5 to the resolution attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC WORKS AS FOLLOWS:

1. The description of the Project, the Project Service Area, the estimate of cost of the Project in the amount of \$2,861,531 and the Schedule of Principal and Interest Payments are hereby approved as submitted to this Board of Public Works as set forth in the Bond Contract, as amended by the First Amendment.

2. The proposed County Board Resolution attached hereto as Exhibit A, the First Amendment attached thereto as Attachment 1, the Wastewater Service Agreement attached thereto as Attachment 2, the Urban Cooperation Act Agreement attached thereto as Attachment 3, the Wastewater Transportation Agreement attached thereto as Attachment 4, and the Grant Agreement attached thereto as Attachment 5 are each hereby approved in substance and concept, including without limitation all exhibits to the First Amendment, Wastewater Service Agreement, Urban Cooperation Act Agreement, Wastewater Transportation Agreement and Grant Agreement, and the Chair is authorized and directed to submit said County Board Resolution to the Board of Commissioners with the recommendation of the Board of Public Works, evidenced by a certified copy of this resolution, that the same be adopted.

3. The actions taken by the Chair to secure the Rural Development loan and grant offer for the Project are hereby ratified and confirmed. The Chair is further authorized and directed to

coordinate compliance by the County with the requirements, terms and conditions of the Rural Development loan and grant offer.

4. The Chair, or in his absence, the Vice Chair, and the Secretary, or in his absence, the Assistant Secretary, of this Board of Public Works are hereby authorized and directed to execute the First Amendment, Wastewater Service Agreement, Urban Cooperation Act Agreement and Wastewater Transportation Agreement on behalf of the County subject to the approval thereof by the County Board of Commissioners, as set forth in the attached County Board Resolution.

5. All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Members: Clifford E. Herl, Philip Duckham, James E. Shotwell, Jr.,

Public Member Kenneth Elenbaas, Geoff Snyder, Chairman

NAYS: Members: NONE

ABSTAIN: Members: NONE

RESOLUTION DECLARED ADOPTED.

Geoffrey W. Snyder, Chair
Jackson County Board of Public Works

STATE OF MICHIGAN)
) ss.
COUNTY OF JACKSON)

I, the undersigned, the duly qualified and acting Chair of the Jackson County Board of Public Works, (the "Board") do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board at a rescheduled regular meeting on the 31st day of July 2008, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice, by posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have hereto affixed my official signature on this _____ day of _____, 2008, A.D.

Geoffrey W. Snyder, Chair
Jackson County Board of Public Works

RESOLUTION NO. 08-08.27

COUNTY OF JACKSON

STATE OF MICHIGAN

**RESOLUTION TO AUTHORIZE ISSUANCE OF BONDS FOR
JACKSON COUNTY WASTEWATER DISPOSAL FACILITY
(RIVES TOWNSHIP SECTION)**

Minutes of a regular meeting of the Board of Commissioners of the County of Jackson, Michigan, held in the County Tower Building in Jackson, Michigan on the _____ day of _____, 2008, at _____ p.m. Local Time.

PRESENT: Commissioners: _____

ABSENT: Commissioners: _____

The following preamble and resolution were offered by _____ and supported by _____:

WHEREAS, Act 185 of the Public Acts of Michigan of 1957, as amended ("Act 185") authorizes a county, acting through its Board of Public Works, upon the request of a local unit of government, to acquire, improve, enlarge, extend, finance, operate and maintain sewage disposal systems and water supply systems in said local unit of government; and

WHEREAS, the County of Jackson (the "County") has (a) established a Department of Public Works under the terms of Act 185 with authority to acquire, improve, enlarge and extend sewage disposal systems and water supply systems for local units of government within the County, and (b) appointed a Board of Public Works (sometimes referred to as the "Board") in accordance with Act 185; and

WHEREAS, pursuant to Act 185, the Jackson County Board of Commissioners, acting upon the request of the Township of Rives ("Township"), by majority vote of its members-elect on May

16, 2000, authorized and directed the establishment of a county sanitary sewage disposal system (the “Project”) to be known as the Jackson County Wastewater Disposal Facility (Rives Township Section) (the “System”) to serve the Township with the area therein to be served by the System to be known as the Jackson County Wastewater Disposal District (Rives Township Section) (the “District”); and

WHEREAS, the County acting by and through the Board of Public Works is party to that certain Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of May 1, 2007, as amended by that certain First Amendment to Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Contract dated as of August 1, 2008 (together, the “Contract”) by and between the County and the Township; and

WHEREAS, the Contract includes a description of the System, the District and the Project (as such terms are defined in the Contract), estimates of cost, the obligation of the Township to pay the cost of the Project, and a Schedule of Principal and Interest Requirements, and provides for the acquisition, construction and financing of the Project by the County pursuant to Act 185; and

WHEREAS, the Contract provides for the issuance of bonds by the County to defray all or part of the cost of the Project, said bonds to be limited tax full faith and credit general obligations of the County if approved by a three-fifths majority of the members of the Board of Commissioners, secured by the Contract and the Township’s limited tax full faith and credit contractual obligation thereunder to pay to the County amounts sufficient to pay the principal of and interest on said bonds and to pay such fees and other expenses as may be incurred on account of said bonds; and

WHEREAS, the County issued its Jackson County Wastewater Disposal Facility (Rives Township Section) \$308,000 Bond Anticipation Notes (General Obligation Limited Tax), Series 2007, dated November 15, 2007 (the “Notes”) in anticipation of and primarily payable from the bonds to be issued by the County pursuant to the Contract; and

WHEREAS, the proceeds of the Notes were used to pay preliminary expenses of the Project;
and

WHEREAS, the Notes are subject to mandatory redemption in full prior to maturity on a date to be determined by the County which date shall not be more than sixty (60) days after the expected date of issuance of the bonds to be issued by the County pursuant to the Contract and the principal of and interest on the Notes payable upon such redemption are payable from proceeds of said County bonds; and

WHEREAS, the County has received an offer of loan and grant assistance to fund the Project from Rural Development, Department of Agriculture of the United States of America (the “Government”) and is adopting this resolution to authorize the issuance of bonds in accordance with the Contract pursuant to Act 185 to evidence the Government loan for the Project; and

WHEREAS, notice of at least one meeting of the County Board of Commissioners at which a decision was made or discussed with respect to the issuance of the bonds authorized by this resolution contained a statement that the proposed bonds will contain a limited tax full faith and credit pledge of the County in accordance with Section 308 of Act 34 of the Public Acts of Michigan of 2001, as amended (“Act 34”); and

WHEREAS, the Jackson County Board of Public Works has recommended that the County Board of Commissioners adopt this resolution.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. **APPROVAL OF PROJECT.** It is hereby determined to be advisable and necessary for the public health, safety and welfare of the County and the Township to acquire, construct and complete the Project as provided in the Contract and the plans and specifications for the Project. The total estimated cost of acquiring and constructing the Project, including payment of engineering, legal and financial expenses and capitalized interest on the Bonds from the date of delivery through

October 31, 2008, in the aggregate amount of \$2,861,531 (the “Estimated Cost”) as set forth in the Contract, is hereby approved and confirmed. The description of the Project as set forth in the Contract is hereby ratified and confirmed. The estimated period of usefulness of the Project, as set forth in Exhibit C to the Contract, which is determined to be not less than forth (40) years, is hereby ratified and confirmed.

2. **PAYMENT OF PROJECT COSTS; PLAN OF REFUNDING THE NOTES.** In accordance with the Contract and based upon the Estimated Cost of the Project, it is necessary for the County to issue and sell bonds aggregating the principal sum of One Million Seventy-five Thousand Dollars (\$1,075,000) pursuant to the provisions of this resolution, Act 185, Act 34 of the Public Acts of Michigan of 2001, as amended (“Act 34”) and other applicable statutory provisions, for the purpose of defraying a portion of the Estimated Cost of acquiring and constructing the Project, which shall include the payment of the principal of and interest on the Notes payable upon the mandatory redemption of the Notes in accordance with the terms thereof. Accordingly, the Notes shall be refunded in full on a current refunding basis from the proceeds of the Bonds as required by Section 413 of Act 34.

3. **BOND SPECIFICATIONS.** The County shall borrow the sum of \$1,075,000, and issue the bonds of the County in the aggregate amount of \$1,075,000, designated Jackson County Wastewater Disposal Facility (Rives Township Section) Bonds (General Obligation Limited Tax), Series 2008 (the “Bonds”). The Bonds shall be secured in the manner provided by Paragraph 9, below, and issued substantially in the form attached hereto as Exhibit A. The Bonds shall be initially issued in fully-registered form in a single manuscript bond and shall be numbered R-1. The Bonds shall be dated as of the date of initial delivery to the Government; shall bear interest in the manner set forth in the form of Bond attached as Exhibit A at the rate of 4.125 percent (4.125%) per annum, payable on November 1, 2008, and semi-annually thereafter on each May 1 and November

1, until payment of the principal of the Bonds has been made or duly provided for. The Bonds shall be issued in \$1,000 denominations or any multiple thereof up to the aggregate principal amount of the Bonds authorized, and then outstanding, and shall be due and payable on May 1 in each year in the amounts as follows:

<u>Year</u>	<u>Principal Maturity</u>	<u>Year</u>	<u>Principal Maturity</u>
2009	\$15,000	2029	\$30,000
2010	15,000	2030	30,000
2011	15,000	2031	30,000
2012	15,000	2032	30,000
2013	15,000	2033	30,000
2014	15,000	2034	30,000
2015	20,000	2035	30,000
2016	20,000	2036	35,000
2017	20,000	2037	35,000
2018	20,000	2038	35,000
2019	20,000	2039	35,000
2020	20,000	2040	35,000
2021	25,000	2041	35,000
2022	25,000	2042	40,000
2023	25,000	2043	40,000
2024	25,000	2044	40,000
2025	25,000	2045	40,000
2026	25,000	2046	40,000
2027	25,000	2047	40,000
2028	30,000		

The Bonds shall not be sold for less than 100.0% of par value.

Notwithstanding the foregoing, the Chair of the Board of Public Works is authorized in conjunction with the sale of the Bonds to approve a reduction in the principal amount of the Bonds, revise the amount of any principal maturity, approve a reduction in the rate or rates of interest payable on the Bonds, approve revisions in the terms of redemption of the bonds, approve a revision in the dated date of the Bonds, apportion the principal maturities of the Bonds between that portion of the Bonds required to fund the plan of refunding the Notes and that portion of the Bonds to be used as “new money” to pay costs of the Project, and to determine a mandatory redemption date for the Notes.

4. **PAYMENT OF PRINCIPAL AND INTEREST.** The Bonds and the interest thereon shall be paid in lawful money of the United States of America by the Bond Registrar, as defined in paragraph 7, below. Interest shall be paid when due by check or draft drawn on the Bond Registrar and mailed by first class mail or other acceptable method to the registered owners of record as of each April 15 with respect to payments due and payable on the immediately succeeding May 1, and as of each October 15 with respect to payments due and payable on the immediately succeeding November 1. Principal shall be payable at the principal office of the Bond Registrar upon presentation and surrender of the corresponding bond certificate. Notwithstanding the foregoing, if the Bonds are issued in a single bond incorporating all maturities, the principal of the Bonds for all maturities except the final maturity shall be paid by first class mail or other method acceptable to the registered owners of record as of April 15 with respect to the principal payment due and payable on the immediately succeeding May 1 and the principal due upon the final maturity of the Bonds shall be payable upon presentation and surrender of the Bond at the office of the Bond Registrar.

5. **REDEMPTION OF BONDS PRIOR TO MATURITY.** The Bonds maturing in the years 2009 through 2047, inclusive, shall be subject to redemption prior to maturity, at the option of the County, in whole or in part in increments of \$1,000 in such order of maturity as the County may determine and within any maturity by lot on any interest payment date on or after November 1, 2008, at par and accrued interest to the date fixed for redemption, without premium.

Notice of the call of any Bonds for redemption shall be given by first-class mail by the Bond Registrar, no less than thirty (30) days prior to the date fixed for redemption, to the registered owners of record at the registered address shown on the registration books kept by the Bond Registrar. Bonds shall be called for redemption in multiples of \$1,000 and Bonds of denominations of greater than \$1,000 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by \$1,000 and such Bonds may be redeemed in part. The notice of

redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in aggregate principal amount equal to the unredeemed portion of the bond surrendered shall be issued to the registered owner thereof. No further interest payment on the Bonds or portions of the Bonds called for redemption shall accrue after the date fixed for redemption, whether or not the Bond is presented for redemption, provided funds are on hand with the Bond Registrar to redeem the same.

6. **REGISTRATION OF BONDS.** The Bonds shall be registered both as to principal and interest in substantially the form and tenor as set forth in Exhibit A attached hereto. Any individual bond shall be transferable on the bond register maintained with respect to the Bonds upon the surrender of the individual bond together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Bond Registrar (as defined in Paragraph 7 below). Upon receipt of a properly assigned Bond, the Bond Registrar shall authenticate and deliver a new bond or bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees. Any individual bond may likewise be exchanged for one or more other bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the bond being exchanged. Such exchange shall be effected by surrender of the individual bond to be exchanged to the Bond Registrar with written instructions signed by the registered owner of the individual bond or his or her attorney in form satisfactory to the Bond Registrar. Upon receipt of an individual bond with proper written instructions the Bond Registrar shall authenticate and deliver a new bond or bonds to the registered owner of the Bond or his or her properly designated transferee or transferees or attorney. A transfer, exchange and registration of Bonds shall be without expense or service charge to the registered holder except for any tax or other governmental charge required to be paid with respect to such transfer, exchange or

registration. The Bond Registrar shall not be required to transfer or exchange Bonds or parts of Bonds which have been selected for redemption.

7. **DUTIES OF BOND REGISTRAR.** The County Treasurer shall initially act on behalf of the County as paying, registration and transfer agent (the “Bond Registrar”) with respect to the Bonds. In such capacity, the Bond Registrar shall, upon receipt of sufficient funds from the County, make timely payments of principal and interest on the Bonds, authenticate the Bonds upon their initial issuance and subsequent transfer to successive holders, act as registrar of the Bonds including the preparation and maintenance of a current register of registered owners of the Bonds, coordinate the transfer of individual bonds between successive holders, including printing and transferring new certificates, and all other duties set forth in this Resolution or otherwise normally performed by paying, registration and transfer agents. All reasonable fees and expenses of the Bond Registrar shall be paid by the County. The County, acting through the Board of Public Works, reserves the right to designate a financial institution, which is a bank or trust company qualified to act as paying agent and registrar in the State of Michigan to act as Bond Registrar for the Bonds and in such event the County shall mail notice to all registered owners of the Bonds not less than 60 days prior to the effective date of said change in Bond Registrar.

8. **REPLACEMENT OF BONDS.** Upon receipt by the Bond Registrar of proof of ownership of an unmatured bond, of satisfactory evidence that the bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the Bond Registrar, the Bond Registrar may 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 Board of Public Works may authorize the Bond Registrar to pay the bond without presentation upon the receipt of the same documentation required for the delivery of a replacement bond. The Bond

Registrar for each new bond delivered or paid without presentation as provided above, shall require the payment by the bondholder of expenses, including counsel fees, which may be incurred by the Bond Registrar and the County in connection therewith. Any bond delivered pursuant to the provisions of this Paragraph 8 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 originally issued.

9. **SECURITY FOR REPAYMENT OF BONDS; PLEDGE OF COUNTY FULL FAITH AND CREDIT.** The Bonds shall be issued in anticipation of payments to be made by the Township pursuant to the Contract. The Bonds shall be secured primarily by the full faith and credit pledge made by the Township in the Contract pursuant to the authorization contained in Act 185. As additional and secondary security the full faith and credit of the County are hereby pledged for the prompt payment of the principal of and interest on the Bonds as the same shall become due. The County covenants and agrees with the successive holders of the Bonds that so long as any of the Bonds remain outstanding and unpaid as to either principal or interest, the County will punctually perform all of the obligations and duties imposed on the County or undertaken by the County, pursuant to this bond resolution or the Contract and the County shall collect, segregate and apply the payments to be made by the Township pursuant to the Contract in the manner required by this bond resolution and the Contract. If the Township fails to make payments to the County which are sufficient to pay the principal of and interest on the Bonds as the same shall become due, then an amount sufficient to pay the deficiency shall be advanced from the general fund of the County. The County's ability to levy ad valorem taxes to make such advances shall be subject to constitutional and statutory limitations on the taxing power of the County.

10. **DEBT SERVICE FUND.** There shall be established and maintained on the books of the County a fund to be designated "RIVES TOWNSHIP SECTION SERIES 2008 BOND DEBT SERVICE FUND" (the "Debt Service Fund"). There shall be deposited into the Debt Service Fund

accrued interest, if any, from the date of the Bonds to the date of delivery thereof; capitalized interest on the Bonds, if any; premium, if any, received at the time of delivery of the Bonds; and all payments as received from the Township pursuant to the Contract which are hereby pledged to the payment of the principal of and interest on the Bonds and expenses incidental thereto. As part of the Debt Service Fund, there shall be established and maintained such subaccounts as are deemed necessary and appropriate for the proper administration of the Debt Service Fund and compliance with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”) and the Treasury regulations promulgated thereunder. The principal of, premium, if any, and interest on the Bonds when due shall be paid directly out of the Debt Service Fund or its subaccounts.

11. **CONSTRUCTION FUND AND REFUNDING FUND.** There shall be established and maintained on the books of the County two separate accounts designated “RIVES TOWNSHIP SECTION SERIES 2008 BOND CONSTRUCTION FUND” (the “Construction Fund”) and “RIVES TOWNSHIP SECTION SERIES 2008 NOTE REFUNDING FUND” (the “Refunding Fund”). After deducting accrued interest from the date of the Bonds to the date of delivery thereof; capitalized interest on the Bonds, if any; and premium, if any, which sums shall be deposited in the Debt Service Fund, a portion of the proceeds of the Bonds equal to the mandatory redemption price of the Notes, e.g., the principal amount of the Notes plus accrued interest on the Notes to the mandatory redemption date, shall be deposited into the Refunding Fund and the balance of the proceeds of the Bonds shall be deposited into the Construction Fund, together with a sufficient amount of available funds on hand of the Township, which after taking into account projected investment earnings and the Government grants in the amount of \$1,715,000, is adequate to pay all remaining costs of the Project. Proceeds of the Bonds allocated to the cost of the Project shall be advanced to the County in installments in accordance with the terms of the Government’s loan

commitment to the County. The monies on deposit in the Refunding Fund from time to time shall be held in a special trust account and subaccounts of the same names maintained at a qualified bank or trust company designated by the County Treasurer, invested in the manner required by law and shall be used solely to refund the Notes on a current refunding basis by paying the mandatory redemption price of the Notes. The County Treasurer, upon the recommendation of bond counsel, is hereby authorized to execute and deliver on behalf of the County an escrow deposit agreement with said depository for the purpose of implementing the requirements of this Paragraph 11 applicable to the Refunding Fund. Such agreement shall be in form and substance acceptable to the County Treasurer and bond counsel. Following the mandatory redemption in full of the Notes, any unexpended balance in the Refunding Fund shall be transferred to the Construction Fund. The monies on deposit in the Construction Fund from time to time shall be used solely to pay expenses of the Project. Any unexpended balance in the Construction Fund shall be used for such purposes as required by law, including without limitation, transfer to the Debt Service Fund; provided that in the event the Government is a registered owner of the Bonds, the use of any unexpended proceeds of the Bonds in the Construction Fund must be authorized in writing by the Government. After completion of the Project and disposition of remaining Bond proceeds, if any, pursuant to the provisions of this paragraph, the Construction Fund shall be closed.

12. **DUTIES OF COUNTY TREASURER.** The County Treasurer shall keep full and complete records of all deposits to and withdrawals from the Debt Service Fund, the Refunding Fund and the Construction Fund and of all investments of monies in such accounts and other transactions relating thereto. The County Treasurer is authorized to invest the monies in said accounts in any one or more lawful investments authorized by law for counties, consistent both with the Government's loan commitment to the County and the County investment policy. So long as the Government is a registered owner of Bonds, the County Treasurer and all other persons responsible for the handling

of the monies on deposit from time to time in the Debt Service Fund, the Refunding Fund and the Construction Fund shall execute a fidelity bond in the amount required by the Government with a surety company approved by the Government, which names the County and the Government as co-obligees and the amount thereof shall not be reduced without the prior written consent of the Government.

13. **NEGOTIATED SALE OF BONDS.** The Board of Public Works is hereby authorized to sell the Bonds on a negotiated sale basis at par to the Government, pursuant to Section 309(1) of Act 34 on the terms set forth in this resolution, in accordance with applicable state law and to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Bonds in accordance with the provisions of this resolution. Pursuant to Section 309(1) of Act 34, the County elects to sell the Bonds by negotiated sale instead of by competitive sale in order to evidence the favorable loan terms offered by the Government, e.g. a 40-year term at a fixed interest rate of 4.125% per annum, and unlimited right to optionally redeem the principal of the Bonds without premium on any interest payment date commencing November 1, 2008, and to avoid the additional cost of a public sale, which are not reasonably expected to be available to the County by means of a conventional open market public sale.

14. **EXECUTION AND DELIVERY OF BONDS.** The Bonds shall be executed in the name of the County by the manual or facsimile signatures of the Chairman of the Board of Commissioners, or in his absence, the Vice Chairman of the Board of Commissioners, and the County Clerk, or in her absence, the Chief Deputy Clerk, and authenticated by the manual signature of an authorized representative or signer for the Bond Registrar, and the seal of the County (or a facsimile thereof) shall be impressed or imprinted on the Bonds. After the Bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered by or on behalf of the County Treasurer to the purchaser upon receipt of the purchase price. It is understood that the

Government may take delivery of and/or pay for the Bonds in one or more installments. Additional bonds bearing the manual or facsimile signatures of the Chairman of the Board of Commissioners, or in his absence, the Vice Chairman of the Board of Commissioners, and the County Clerk, or in her absence, the Chief Deputy Clerk, and upon which the seal of the County (or a facsimile thereof) is impressed or imprinted may be delivered to the Bond Registrar for authentication and delivery in connection with the exchange or transfer of Bonds. The Bond Registrar shall indicate on each bond the date of its authentication. The proceeds of the Bonds shall be deposited into the Debt Service Fund, the Refunding Fund and the Construction Fund, as provided in Paragraphs 10 and 11, above. The officers, agents and employees of the County and the Board of Public Works are authorized and directed to execute and deliver such certificates, affidavits or other documents or instruments as may be required by the purchaser of the Bonds or bond counsel and to take all other actions necessary and convenient to facilitate the execution and delivery of the Bonds, including without limitation any necessary applications for municipal bond ratings or insurance. The County shall furnish the Bonds ready for execution without expense to the purchaser. The County shall also furnish, without expense to the purchaser at the time of delivery of the Bonds, the approving opinion of Mika Meyers Beckett & Jones PLC, Attorneys, Grand Rapids, Michigan, as bond counsel, approving the legality of the Bonds. The Bonds will be delivered at the expense of the County in such City as agreed upon with the purchaser thereof.

15. **TAX COVENANT; QUALIFIED TAX EXEMPT OBLIGATIONS.** The County 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 taxation (as opposed to alternative minimum or other indirect taxation). The County hereby designates the Bonds as “qualified tax exempt obligations” for purposes of deduction of interest expense by financial institutions under the provisions of Section 265(b)(3) of the Code, it being reasonably anticipated that the aggregate

amount of tax exempt obligations which will be issued by the County and all subordinate entities to the County shall not exceed \$10,000,000 during calendar year 2008. The Board of Public Works and other appropriate County officials are authorized to do all things and to require the Township 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 and that the Bonds, and the Contract will be and remain binding and valid obligations of the Township and the County.

16. **COVENANT TO COMPLY WITH TERMS AND CONDITIONS OF RURAL DEVELOPMENT LOAN OFFER FOR THE PROJECT.** The County hereby covenants to comply with all terms and conditions of the Rural Development loan offer for the Project, including those terms and conditions applicable prior to the issuance of the Bonds, those terms and conditions which will continue to apply so long as the Bonds are outstanding, and all terms and conditions of the Loan Resolution (Public Bodies), Form RD 1942-47 adopted by the County Board of Commissioners on even date herewith.

17. **GRADUATION OF BONDS.** If at any time that the Government is a registered owner of Bonds it shall appear to the Government that the County is able to refund, upon call for redemption or with consent of the Government, the then outstanding Bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and period of time, the County will, upon request of the Government, apply for and accept such loan, in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

18. **REFUNDING.** The County reserves the right to refund the Bonds, in whole or in part, prior to maturity, subject to the requirements of the Code, Act 185 and Act 34.

19. **DEFEASANCE; NO DEFEASANCE WHILE GOVERNMENT IS HOLDER OF BONDS.** 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 have been deposited in trust, this Bond Resolution shall be defeased and the owners of the Bonds shall have no further rights under this Bond 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. Notwithstanding the foregoing, so long as the Government is the registered owner of the Bonds, the Bonds shall not be subject to defeasance.

20. **MICHIGAN DEPARTMENT OF TREASURY APPROVAL.** The County, acting with the assistance of Bond Counsel for the Project, shall obtain approval from the Michigan Department of Treasury for the issuance of the Bonds either by filing a municipal finance qualifying statement or submitting a prior approval application in accordance with Act 34 and the County Administrator is hereby authorized and directed to file any required documents. In addition, and if required, the County Administrator is hereby authorized and directed to file with the Michigan Department of Treasury an Application for Exemption from the requirements of Section 611(1) of Act 34 since a portion of the proceeds of the Bonds will be used to refund the Notes, which are a short-term security issued under Section 413 of Act 34. Any prior actions taken by the County Administrator consistent with this paragraph are hereby ratified and confirmed.

21. **RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the County and the registered owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the equal benefit,

protection and security of the registered owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Resolution.

22. **CONFLICTS.** All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Commissioners: _____

NAYS: Commissioners: _____

ABSTAIN: Commissioners: _____

RESOLUTION DECLARED ADOPTED.

Amanda L. Riska
County Clerk

STATE OF MICHIGAN)
) ss.
COUNTY OF JACKSON)

I, Amanda L. Riska, the duly qualified and acting Clerk of the County of Jackson, Michigan, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the County Board of Commissioners at a regular meeting thereof held on the ____ day of _____, 2008, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature this ____ day of _____, 2008.

Amanda L. Riska
County Clerk

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EXHIBIT A

FORM OF BOND

EXHIBIT A

REGISTERED

UNITED STATES OF AMERICA

REGISTERED

STATE OF MICHIGAN

COUNTY OF JACKSON

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY

(RIVES TOWNSHIP SECTION) BONDS

(GENERAL OBLIGATION LIMITED TAX)

SERIES 2008

No. R-1

REGISTERED OWNER: United States of America.

PRINCIPAL AMOUNT: \$1,075,000

INTEREST RATE: Four and one-eight percent (4.125%) per annum

DATE OF ORIGINAL ISSUE AND REGISTRATION: The date each installment portion of the Principal Amount was delivered to the Registered Owner as set forth on the Certificate of Authentication and Registration.

KNOW ALL MEN BY THESE PRESENTS, that the County of Jackson, State of Michigan (the "County"), acknowledges itself indebted and for value received hereby promises to pay the Principal Amount shown above to the Registered Owner specified above in installments in the amounts and on the dates as set forth in Schedule 1, attached hereto and made a part hereof, with interest thereon from the Date of Original Issue and Registration specified above until paid at the Interest Rate per annum specified above, payable on November 1, 2008, and semi-annually on each May 1 and November 1 thereafter from the May 1 or November 1 next preceding, unless interest on this bond has not been paid in full or duly provided for, in which case from the date to which interest has been paid in full, or if no interest has been paid on this bond, from the Date of Original Issue and Registration specified above, until payment of the Principal Amount has been made or duly provided for. The final installment of principal of this bond is payable at the principal office of the Jackson County Treasurer, Jackson, Michigan (the "Bond Registrar"), or such other location as the County may hereinafter designate by notice mailed to the registered owner not less than 60 days prior to any interest payment date. Payment of principal (except for the final installment) and interest shall be paid to the registered owner hereof by the Bond Registrar by first class mail. The date of record shall be each April 15 and October 15 with respect to the payments due on each May 1 and November 1, respectively. Principal and interest are payable in lawful money of the United States of America.

This bond is one of a series of bonds of like date and tenor except as to date of maturity and rate of interest aggregating the principal sum of \$_____ (the "Bonds") issued by the County under and pursuant to and in full conformity with the Constitution and statutes of Michigan (especially Act 185 of the Public Acts of 1957, as amended) and a bond authorizing resolution adopted by the Board of Commissioners of the County (the "Bond Authorizing Resolution") for the purpose of refunding in full the County's outstanding Jackson County Wastewater Disposal Facility (Rives Township Section) Bond Anticipation Notes (General Obligation Limited Tax), Series 2007, dated as of November 15, 2007 and defraying part of the cost of acquiring and constructing the Jackson County Wastewater Disposal Facility (Rives Township Section). The bonds of this series are issued in anticipation of payments to be made by the Township of Rives (the "Township") in the aggregate principal amount of _____ Dollars (\$_____) pursuant to a contract between the Township and the County (the "Contract"). The full faith and credit of the Township has been pledged to the prompt payment of the foregoing amount and the interest thereon as the same become due. As additional security, the full faith and credit of the County are hereby pledged for the prompt payment of the principal of and interest on the bonds of this series. Taxes levied by the Township and the County to pay the principal of and interest on the bonds of this series are subject to constitutional, charter and statutory tax limitations.

The Bonds maturing in the years 2009 through 2047, inclusive, shall be subject to redemption prior to maturity, at the option of the County, in whole or in part in increments of \$1,000 in such order of maturity as the County may determine and within any maturity by lot on any interest payment date on or after November 1, 2008, at par and accrued interest to the date fixed for redemption, without a premium.

Notice of the call of any Bonds for redemption shall be given by first-class mail by the Bond Registrar, no less than thirty (30) days prior to the date fixed for redemption, to the registered owners of record at the registered addresses shown on the registration books kept by the Bond Registrar. Bonds shall be called for redemption in multiples of \$1,000 and Bonds of denominations of greater than \$1,000 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by \$1,000 and such Bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that upon surrender of the bond to be redeemed a new Bond or Bonds in aggregate principal amount equal to the unredeemed portion of the bond surrendered shall be issued to the registered owner thereof. No further interest payment on the Bonds or portions of the Bonds called for redemption shall accrue after the date fixed for redemption, whether or not the Bond is presented for redemption, provided funds are on hand with the Bond Registrar to redeem the same.

This bond and all other bonds issued in accordance with the Contract shall be of equal standing with each other.

This bond is transferable, as provided in the Bond Authorizing Resolution, on the bond registration books of the Bond Registrar upon surrender of this bond together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Bond Registrar. Upon such transfer, one or more fully registered bonds with denominations of \$1,000 or such larger denomination in the same aggregate principal amount and the same maturity and interest rate, will be issued to the designated transferee or transferees. The Bond Registrar shall

not be required to transfer or exchange bonds or portions of bonds which have been selected for redemption.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of the Bonds have been done, exist and have happened in due time and form as required by law, and that the total indebtedness of the County, including the series of bonds of which this bond is one, does not exceed any constitutional or statutory limitations.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Authorizing Resolution until the Certification of Registration and Authentication hereon shall have been manually signed by the Bond Registrar.

IN WITNESS WHEREOF, the County of Jackson, Michigan, by its Board of Commissioners, has caused this bond to be executed in its name by the [manual or facsimile] signatures of the Chairperson of the Board of Commissioners and the County Clerk and its County seal (or a facsimile thereof) to be impressed or imprinted hereon.

COUNTY OF JACKSON

(SEAL)

By: _____
Amanda L. Riska
County Clerk

By: _____
James Shotwell, Jr.
Chairperson
Board of Commissioners

CERTIFICATION OF REGISTRATION AND AUTHENTICATION

NOTHING TO BE WRITTEN HEREON EXCEPT
BY THE BOND REGISTRAR

Date of Registration	Name of Registered Owner	Principal Installment Delivered	Signature of Bond Registrar
	United States of America		

SCHEDULE I

Principal Installment Due on May 1	Amount of Principal Installment
2009	\$15,000
2010	15,000
2011	15,000
2012	15,000
2013	15,000
2014	15,000
2015	20,000
2016	20,000
2017	20,000
2018	20,000
2019	20,000
2020	20,000
2021	25,000
2022	25,000
2023	25,000
2024	25,000
2025	25,000
2026	25,000
2027	25,000
2028	30,000
2029	30,000
2030	30,000
2031	30,000
2032	30,000
2033	30,000
2034	30,000
2035	30,000
2036	35,000
2037	35,000
2038	35,000
2039	35,000
2040	35,000
2041	35,000
2042	40,000
2043	40,000
2044	40,000
2045	40,000
2046	40,000
2047	40,000

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BOARD OF PUBLIC WORKS

COUNTY OF JACKSON

STATE OF MICHIGAN

RESOLUTION TO APPROVE AND RECOMMEND RESOLUTION TO
AUTHORIZE ISSUANCE OF BONDS FOR JACKSON COUNTY WASTEWATER
DISPOSAL FACILITY (RIVES TOWNSHIP SECTION) AND LOAN RESOLUTION
(PUBLIC BODIES) – RUS BULLETIN 1780-27

Minutes of a rescheduled regular meeting of the Jackson County Board of Public Works,
Michigan, held in the Jackson County Tower Building in Jackson, Michigan on Thursday, the 31st
day of July, 2008, at 8:00 a.m. Local Time.

PRESENT: Members: Clifford E. Herl, Philip Duckham, James E. Shotwell, Jr.,
Public Member Kenneth Elenbaas, Geoff Snyder, Chairman

ABSENT: Members: NONE

The following preamble and resolution were offered by Member HERL and supported by
Member SHOTWELL :

WHEREAS, a proposed Resolution to Authorize Issuance of Bonds for Jackson County
Wastewater Disposal Facility (Rives Township Section) (the “Bond Resolution”) has been submitted
to this Board of Public Works in the form set forth in Attachment 1; and

WHEREAS, a proposed Loan Resolution (Public Bodies) – RUS Bulletin 1780-27 (the
“Loan Resolution”) has been submitted to this Board of Public Works in the form set forth in
Attachment 2.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC WORKS AS
FOLLOWS:

1. The Bond Resolution, together with the form of Bond attached to the Bond
Resolution as Exhibit A, are each hereby approved in substance and concept, and the Chair is

authorized to submit said Bond Resolution to the Board of Commissioners with the recommendation of the Board of Public Works, evidenced by a certified copy of this resolution, that the same be adopted.

2. The Loan Resolution is hereby approved in substance and concept, and the Chair is authorized to submit said Loan Resolution to the Board of Commissioners with the recommendation of the Board of Public Works that the same be adopted.

3. All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Members: Clifford E. Herl, Philip Duckham, James E. Shotwell, Jr.,
Public Member Kenneth Elenbaas, Geoff Snyder, Chairman

NAYS: Members: NONE

ABSTAIN: Members: NONE

RESOLUTION DECLARED ADOPTED.

Geoffrey W. Snyder, Chair
Jackson County Board of Public Works

08-08.28

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Commissioners

OF Jackson County

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Sewer

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Jackson County
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

ONE MILLION SEVENTY-FIVE THOUSAND AND XX / 100 DOLLARS (\$1,075,000.00)

pursuant to the provisions of Public Act No. 185 of the Public Acts of 1957 ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association;

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 1,715,000

under the terms offered by the Government; that Chairman

and Clerk of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas _____ Nays _____ Absent _____

IN WITNESS WHEREOF, the Board of Commissioners of the

Jackson County has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this _____ day of _____,

Jackson County

(SEAL)

By James Shotwell, Jr.

Attest:

Title Chairman, Board of Commissioners

Amanda L. Riska

Title Clerk

Memo

Date: June 27, 2008

To: Randy Treacher, County Administrator
James S. Shotwell, Jr., Chairman, County Commission
Gail Mahoney, Chairperson, County Agencies Committee

From: Amy Torres and Debbie Kelly, BRA Staff

RE: Resolution Approving a Brownfield Plan for 2917 Wildwood Avenue (former Plastigage site) in Blackman Charter Township and scheduling Public Hearing regarding the same.

The purpose of the proposed Brownfield Plan will allow Even Stevens Investments, LLC, to be reimbursed for the cost of eligible activities, including demolition and asbestos abatement activities.

The property is currently owned by Even Stevens Investments, LLC, which intends to demolish the existing building (or portions of it) and prepare the property for future development. No specific redevelopment plan has been proposed as of yet for this site. However, adoption of the Plans at this time allows certain costs that will be incurred by Even Stevens Investments, LLC to remain eligible for reimbursement in the future. Specifically, this Plan will allow for the reimbursement of asbestos abatement activities and demolition from future tax increment revenues.

The BRA approved the Brownfield Plan to allow the tax capture at their June 5, 2008 meeting, and is recommending County Commission approval by Resolution at their July 22, 2008 meeting after the 7:15 p.m. Public Hearing at the same meeting, which also needs to be scheduled. BRA Staff will present the Brownfield Plan to the Blackman Charter Township on July 7, 2008 at 7:00 p.m.

A copy of the Resolution, the Brownfield Plan, and the Public Hearing Notice is attached for your review.

cc: Amy Torres
David Stegink, Envirollogic Technologies, Inc.

JACKSON COUNTY, MICHIGAN

**RESOLUTION (08-08.29) APPROVING A BROWNFIELD PLAN
BY THE COUNTY OF JACKSON
PURSUANT TO AND IN ACCORDANCE WITH
THE PROVISIONS OF ACT 381 OF THE PUBLIC ACTS
OF THE STATE OF MICHIGAN OF 1996, AS AMENDED**

At a regular meeting of the Board of Commissioners of Jackson County, Michigan, held in the County Tower Building located at 120 W. Michigan Ave., Jackson, Michigan, on the 19th day of August at 7:00 p.m.

PRESENT:

ABSENT:

MOTION BY:

SUPPORTED BY:

WHEREAS, the Jackson County Board of Commissioners, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the "Act"), have formally resolved to participate in the Brownfield Redevelopment Authority (BRA) of Jackson County (the "Authority") and have designated that all related activities shall proceed through the BRA; and

WHEREAS, the Authority, pursuant to and in accordance with Section 13 of the Act, has reviewed, adopted and recommended for approval by the Jackson County Board of Commissioners, the Brownfield plan (the "Plan") attached hereto, to be carried out within Blackman Charter Township, relating to the potential redevelopment project proposed by Even Stevens Investments, LLC., on the former Plastigage site located at 2917 Wildwood Avenue in Blackman Charter Township, (the "Site"), as more particularly described and shown in Figures 1 & 2 and Attachment "A" contained within the attached Plan; and

WHEREAS, the Jackson County Board of Commissioners have reviewed the Plan, and have been provided a reasonable opportunity to express their views and recommendations regarding the Plan and in accordance with Sections 13(13) of the Act; and

WHEREAS, the Jackson County Board of Commissioners have made the following determinations and findings:

- A. The Plan constitutes a public purpose under the Act;
- B. The Plan meets all of the requirements for a Brownfield plan set forth in Section 13 of the Act;
- C. The proposed method of financing the costs of the eligible activities, as described in the Plan, is feasible and will not require the Authority to arrange the financing;

- D. The costs of the eligible activities proposed in the Plan are reasonable and necessary to carry out the purposes of the Act;
- E. School taxes will be captured in accordance with Plan; and

WHEREAS, as a result of its review of the Plan, the Jackson County Board of Commissioners concur with approval of the Plan.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. **Plan Approved.** Pursuant to the authority vested in the Jackson County Board of Commissioners, by the Act, the Plan is hereby approved in the form attached to this Resolution.
2. **Severability.** Should any section, clause or phrase of this Resolution be declared by the courts to be invalid, the same shall not affect the validity of this Resolution as a whole nor any part thereof other than the part so declared to be invalid.
3. **Repeals.** All resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

AYES:

NAYES:

ABSTAINED:

RESOLUTION DECLARED ADOPTED.

STATE OF MICHIGAN)
COUNTY OF JACKSON) ss:

I, the undersigned, the fully qualified Clerk of Jackson County, State of Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the County Board of Commissioners of Jackson County at a regular meeting held on the 19th day of August, 2008, the original of which resolution is on file in my office.

IN WITNESS WHEREOF, I have hereunto set my official signature this ____ day of _____, 2008.

Amanda L. Riska, Jackson County Clerk

**ENVIROLOGIC
TECHNOLOGIES, INC.**

**JACKSON COUNTY, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY**

BROWNFIELD PLAN

**FORMER PLASTIGAGE SITE
2917 WILDWOOD AVENUE
JACKSON, MICHIGAN**

MAY 30, 2008

Prepared for:

**Jackson County Brownfield Redevelopment Authority
One Jackson Square
Suite 1100
Jackson, Michigan 49201**

Prepared with the assistance of:

**ENVIROLOGIC TECHNOLOGIES, INC.
2960 Interstate Parkway
Kalamazoo, Michigan 49048
(269) 342-1100**

Recommended for Approval by the Brownfield Redevelopment Authority on:
Approved by the Jackson County Commission on:

ENVIROLOGIC TECHNOLOGIES, INC.

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ENVIROLOGIC TECHNOLOGIES, INC.

BROWNFIELD PLAN FORMER PLASTIGAGE SITE 2917 WILDWOOD AVENUE JACKSON, MICHIGAN

I. GENERAL DEFINITIONS AS USED IN THIS PLAN

1996 PA 381 Sec. 2

(a) "Additional response activities" means response activities identified as part of a Brownfield plan that are in addition to baseline environmental assessment activities and due care activities for an eligible property.

(b) "Authority" means a Brownfield redevelopment authority created under this act.

(c) "Baseline environmental assessment" means that term as defined in section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(d) "Baseline environmental assessment activities" means those response activities identified as part of a Brownfield plan that are necessary to complete a baseline environmental assessment for an eligible property in the Brownfield plan.

(e) "Blighted" means property that meets any of the following criteria as determined by the governing body:

(i) Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire or other related code or ordinance.

(ii) Is an attractive nuisance to children because of physical condition, use or occupancy.

(iii) Is a fire hazard or is otherwise dangerous to the safety of persons or property.

(iv) Has had the utilities, plumbing, heating or sewerage permanently disconnected, destroyed, removed or rendered ineffective so that the property is unfit for its intended use.

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(v) Is tax reverted property owned by a qualified local governmental unit, by a county or by this state. The sale, lease or transfer of tax reverted property by a qualified local governmental unit, county or this state after the property's inclusion in a Brownfield plan shall not result in the loss to the property of the status as blighted property for purposes of this act.

(vi) Is property owned or under the control of a land bank fast track authority under the land bank fast track act, whether or not located within a qualified local governmental unit. Property included within a Brownfield plan prior to the date it meets the requirements of this subdivision to be eligible property shall be considered to become eligible property as of the date the property is determined to have been or becomes qualified as, or is combined with, other eligible property. The sale, lease or transfer of the property by a land bank fast track authority after the property's inclusion in a Brownfield plan shall not result in the loss to the property of the status as blighted property for purposes of this act.

(vii) Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.

(f) "Board" means the governing body of an authority.

(g) "Brownfield plan" means a plan that meets the requirements of section 13 and is adopted under section 14.

(h) "Captured taxable value" means the amount in one year by which the current taxable value of an eligible property subject to a Brownfield plan, including the taxable value or assessed value, as appropriate, of the property for which specific taxes are paid in lieu of property taxes, exceeds the initial taxable value of that eligible property. The state tax commission shall prescribe the method for calculating captured taxable value.

(i) "Chief executive officer" means the mayor of a city, the village manager of a village, the township supervisor of a township, or the county executive of a county or, if the county does not have an elected county executive, the chairperson of the county board of commissioners.

(j) "Department" means the department of environmental quality.

ENVIRONMENTAL TECHNOLOGIES, INC.

(k) "Due care activities" means those response activities identified as part of a Brownfield plan that are necessary to allow the owner or operator of an eligible property in the plan to comply with the requirements of section 20107a of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20107a.

(l) "Economic opportunity zone" means one or more parcels of property that meet all of the following:

(i) That together are 40 or more acres in size.

(ii) That contain a manufacturing facility that consists of 500,000 or more square feet.

(iii) That are located in a municipality that has a population of 30,000 or less and that is contiguous to a qualified local governmental unit.

(m) "Eligible activities" or "eligible activity" means one or more of the following:

(i) Baseline environmental assessment activities.

(ii) Due care activities.

(iii) Additional response activities.

(iv) For eligible activities on eligible property that was used or is currently used for commercial, industrial or residential purposes that is in a qualified local governmental unit, that is owned or under the control of a land bank fast track authority, or that is located in an economic opportunity zone, and is a facility, functionally obsolete, or blighted, and except for purposes of former section 38d of the single business tax act, 1975 PA 228, the following additional activities:

(A) Infrastructure improvements that directly benefit eligible property.

(B) Demolition of structures that is not response activity under section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(C) Lead or asbestos abatement.

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(D) Site preparation that is not response activity under section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(E) Assistance to a land bank fast track authority in clearing or quieting title to, or selling or otherwise conveying, property owned or under the control of a land bank fast track authority or the acquisition of property by the land bank fast track authority if the acquisition of the property is for economic development purposes.

(v) Relocation of public buildings or operations for economic development purposes.

(vi) For eligible activities on eligible property that is a qualified facility that is not located in a qualified local governmental unit and that is a facility, functionally obsolete, or blighted, the following additional activities:

(A) Infrastructure improvements that directly benefit eligible property.

(B) Demolition of structures that is not response activity under section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(C) Lead or asbestos abatement.

(D) Site preparation that is not response activity under section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(vii) For eligible activities on eligible property that is not located in a qualified local governmental unit and that is a facility, functionally obsolete, or blighted, the following additional activities:

(A) Demolition of structures that is not response activity under section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(B) Lead or asbestos abatement.

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(viii) Reasonable costs of developing and preparing Brownfield plans and work plans.

(ix) For property that is not located in a qualified local governmental unit and that is a facility, functionally obsolete, or blighted, that is a former mill that has not been used for industrial purposes for the immediately preceding two years, that is located along a river that is a federal superfund site listed under the comprehensive environmental response, compensation, and liability act of 1980, 42 USC 9601 to 9675, and that is located in a city with a population of less than 10,000 persons, the following additional activities:

(A) Infrastructure improvements that directly benefit the property.

(B) Demolition of structures that is not response activity under section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(C) Lead or asbestos abatement.

(D) Site preparation that is not response activity under section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(x) For eligible activities on eligible property that is located north of the 45th parallel, that is a facility, functionally obsolete, or blighted, and the owner or operator of which makes new capital investment of \$250,000,000.00 or more in this state, the following additional activities:

(A) Demolition of structures that is not response activity under section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(B) Lead or asbestos abatement.

(xi) Reasonable costs of environmental insurance.

(n) Except as otherwise provided in this subdivision, "eligible property" means property for which eligible activities are identified under a Brownfield plan that was used or is

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currently used for commercial, industrial, public or residential purposes, including personal property located on the property, to the extent included in the Brownfield plan, and that is one or more of the following:

(i) Is in a qualified local governmental unit and is a facility, functionally obsolete, or blighted and includes parcels that are adjacent or contiguous to that property if the development of the adjacent and contiguous parcels is estimated to increase the captured taxable value of that property.

(ii) Is not in a qualified local governmental unit and is a facility, and includes parcels that are adjacent or contiguous to that property if the development of the adjacent and contiguous parcels is estimated to increase the captured taxable value of that property.

(iii) Is tax reverted property owned or under the control of a land bank fast track authority.

(iv) Is not in a qualified local governmental unit, is a qualified facility, and is a facility, functionally obsolete, or blighted, if the eligible activities on the property are limited to the eligible activities identified in subdivision (m)(vi).

(v) Is not in a qualified local governmental unit and is a facility, functionally obsolete, or blighted, if the eligible activities on the property are limited to the eligible activities identified in subdivision (m)(vii).

(vi) Is not in a qualified local governmental unit and is a facility, functionally obsolete, or blighted, if the eligible activities on the property are limited to the eligible activities identified in subdivision (m)(ix).

(vii) Is located north of the 45th parallel, is a facility, functionally obsolete, or blighted, and the owner or operator makes new capital investment of \$250,000,000.00 or more in this state. Eligible property does not include qualified agricultural property exempt under section 7ee of the general property tax act, 1893 PA 206, MCL 211.7ee, from the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211.

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(o) "Environmental insurance" means liability insurance for environmental contamination and cleanup that is not otherwise required by state or federal law.

(p) "Facility" means that term as defined in section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.

(q) "Fiscal year" means the fiscal year of the authority.

(r) "Functionally obsolete" means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.

(s) "Governing body" means the elected body having legislative powers of a municipality creating an authority under this act.

(t) "Infrastructure improvements" means a street, road, sidewalk, parking facility, pedestrian mall, alley, bridge, sewer, sewage treatment plant, property designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, waterway, waterline, water storage facility, rail line, utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement, owned or used by a public agency or functionally connected to similar or supporting property owned or used by a public agency, or designed and dedicated to use by, for the benefit of, or for the protection of the health, welfare, or safety of the public generally, whether or not used by a single business entity, provided that any road, street, or bridge shall be continuously open to public access and that other property shall be located in public easements or rights-of-way and sized to accommodate reasonably foreseeable development of eligible property in adjoining areas.

(u) "Initial taxable value" means the taxable value of an eligible property identified in and subject to a Brownfield plan at the time the resolution adding that eligible property in the Brownfield plan is adopted, as shown either by the most recent assessment roll for which equalization has been completed at the time the resolution is adopted or, if provided by the Brownfield plan, by the next assessment roll for which equalization will be completed following the date the resolution adding that eligible property in the Brownfield plan is

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adopted. Property exempt from taxation at the time the initial taxable value is determined shall be included with the initial taxable value of zero. Property for which a specific tax is paid in lieu of property tax shall not be considered exempt from taxation. The state tax commission shall prescribe the method for calculating the initial taxable value of property for which a specific tax was paid in lieu of property tax.

(v) "Land bank fast track authority" means an authority created under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774.

(w) "Local taxes" means all taxes levied other than taxes levied for school operating purposes.

(x) "Municipality" means all of the following:

(i) A city.

(ii) A village.

(iii) A township in those areas of the township that are outside of a village.

(iv) A township in those areas of the township that are in a village upon the concurrence by resolution of the village in which the zone would be located.

(v) A county.

(y) "Owned or under the control of" means that a land bank fast track authority has one or more of the following:

(i) An ownership interest in the property.

(ii) A tax lien on the property.

(iii) A tax deed to the property.

(iv) A contract with this state or a political subdivision of this state to enforce a lien on the property.

(v) A right to collect delinquent taxes, penalties or interest on the property.

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- (vi) The ability to exercise its authority over the property.
- (z) "Qualified facility" means a landfill facility area of 140 or more contiguous acres that is located in a city and that contains a landfill, a material recycling facility and an asphalt plant that are no longer in operation.
- (aa) "Qualified local governmental unit" means that term as defined in the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797.
- (bb) "Qualified taxpayer" means that term as defined in former sections 38d and 38g of the single business tax act, 1975 PA 228, or section 437 of the Michigan business tax act, 2007 PA 36, MCL 208.1437.
- (cc) "Response activity" means that term as defined in section 20101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101.
- (dd) "Specific taxes" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572; the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668; the enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123; 1953 PA 189, MCL 211.181 to 211.182; the technology park development act, 1984 PA 385, MCL 207.701 to 207.718; the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797; the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to 207.786; the commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856; or that portion of the tax levied under the tax reverted clean title act, 2003 PA 260, MCL 211.1021 to 211.1026, that is not required to be distributed to a land bank fast track authority.
- (ee) "Tax increment revenues" means the amount of ad valorem property taxes and specific taxes attributable to the application of the levy of all taxing jurisdictions upon the captured taxable value of each parcel of eligible property subject to a Brownfield plan and personal property located on that property. Tax increment revenues exclude ad valorem property taxes specifically levied for the payment of principal of and interest on either obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit, and specific taxes attributable to those ad valorem property taxes. Tax increment revenues attributable to eligible property also exclude the amount of ad valorem property taxes or specific taxes captured by a downtown development authority, tax increment finance authority, or local development finance

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authority if those taxes were captured by these other authorities on the date that eligible property became subject to a Brownfield plan under this act.

(ff) "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(gg) "Taxes levied for school operating purposes" means all of the following:

(i) The taxes levied by a local school district for operating purposes.

(ii) The taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

(iii) That portion of specific taxes attributable to taxes described under subparagraphs (i) and (ii).

(hh) "Work plan" means a plan that describes each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity.

(ii) "Zone" means, for an authority established before June 6, 2000, a Brownfield redevelopment zone designated under this act.

II. ELIGIBLE PROPERTIES

**FORMER PLASTIGAGE SITE
2917 WILDWOOD AVENUE
JACKSON, MICHIGAN**

Introduction

The former Plastigage Site is an irregular-shaped property consisting of three parcels of land occupying approximately 14.16 acres. The tax identification numbers for the three parcels included under this BEA are 000-08-32-401-008-01, 000-08-32-401-009-01, and 000-08-32-401-010-01. The property is currently owned by Even Stevens Investments, LLC, who intends to demolish the existing building (or portions of it) and prepare the property for future development. No specific redevelopment plan has been proposed as of yet for this site. However, adoption of the Plan at this time allows certain costs that will be incurred by Even Stevens Investments, LLC to remain eligible for reimbursement in the future. Specifically, this Plan will allow for the reimbursement of asbestos abatement activities and demolition from future tax increment revenues.

The property is a former industrial site that was used for the manufacture of grinding wheels, brake components, and plastics. The subject property appears to have been first developed for industrial purposes in approximately 1930 when Macklin Industries utilized the site for the production of grinding wheels. Macklin Industries occupied the site from between at least 1930 to 1968. From 1969 to 1978, the subject property was owned and occupied by Bendix Corporation – Abrasives Division who used the subject property for the manufacture of brake pads.

By 1980, the Plastigage Corporation was utilizing the subject property. Plastigage manufactured fiberglass pultrusions for draperies and blinds and underground utilities as well as plastic injection molding for custom plastic fabrications, gas pipeline weathercaps, and electric substations. Plastigage sold the subject property to Lintra Properties, LLC in September 2006. Lintra Properties, LLC had the intention of using the site for retail. The property operated between December 2, 2006 through December 18, 2006 under the name Bargain Warehouse, and sold closeout food and general merchandise. The site was closed due to improper zoning for retail sales and lack of the proper licensing. Lintra Properties, LLC sold the subject property to Even Stevens Investments, LLC in January 2007. Even Stevens Investments, LLC completed and filed

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a Baseline Environmental Assessment on February 26, 2007 and is not a liable party for any environmental contamination at the property.

Basis of Eligibility

The analytical results from an environmental assessment completed in 2006-7 indicate that tetrachloroethene, arsenic, bis(2-ethylhexyl)phthalate, and polynuclear aromatic hydrocarbons (anthracene, benzo(a)pyrene, phenanthrene, and pyrene) are present above generic cleanup criteria in soil and/or groundwater. Arsenic was detected above Residential Drinking Water Protection criterion in two shallow soil samples. Arsenic was also present in a groundwater sample above the Residential Drinking Water Criterion. Tetrachloroethene was detected in groundwater above current Residential Cleanup criteria. No other VOCs were identified in groundwater above current Residential Cleanup criteria. Anthracene, phenanthrene, and pyrene were detected above Residential Drinking Water criteria, Groundwater Contact criteria, and Groundwater Volatilization to Indoor Air Inhalation criteria. Benzo(a)pyrene was detected above Groundwater Contact criteria. One or more of these contaminants exists on each of the parcels, making each parcel a “facility” and an eligible property.

Based on the results of the previous environmental assessment, each of the parcels at the property are considered an “eligible property” due to the presence of contaminants that make the site a “facility” as defined by Part 201 of NREPA.

The Plan

(a) A description of the costs of the plan intended to be paid for with tax increment revenues (Section 13(1)(a))

This Brownfield Plan was developed to preserve the eligibility of the costs to be incurred by Even Stevens Investments, LLC for asbestos abatement and demolition.

The Plan anticipates that a future developer will redevelop the site for an appropriate industrial or commercial use which will create a tax increment on the property. Without details of a specific level of investment for this anticipated redevelopment, this Plan assumes that the tax increment on the property will be captured for the full 30 years allowed by the Brownfield Redevelopment Financing Act (1996 PA 381). Costs eligible for reimbursement under this Plan include the removal of asbestos-containing materials

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(\$180,000) and demolition of the existing building (\$380,000). These costs will be borne by Even Stevens Investments, LLC and/or a future developer.

This Brownfield Plan anticipates the capture of school taxes. Thus, the cost for development of an Act 381 Work Plan including the fee to the appropriate agency is included in this Brownfield Plan. The cost incurred by the County Brownfield Redevelopment Authority for adoption of Brownfield Plan is also included.

Adoption of this Brownfield Plan may also allow the future purchaser/developer to pursue a Michigan Business Tax Brownfield Redevelopment Tax Credit for an appropriate future development on the site.

(b) A brief summary of the eligible activities that are proposed for each eligible property (Section 13(1)(b))

This plan is designed to secure reimbursement for eligible activities necessary to redevelop the site as a commercial or industrial space. These activities include asbestos abatement (\$180,000) building demolition (\$380,000), preparation of an Act 381 Work Plan (\$3,500 including the fee to MEGA) and costs incurred by the Authority in the adoption of this Plan (\$1,000).

(c) An estimate of the captured taxable value and tax increment revenues for each year of the plan from each parcel of eligible property. (Section 13(1)(c))

Future development of the site could result in commercial or industrial development that would be expected to be a \$2,000,000 to \$3,000,000 investment. Such an investment would be expected to create an additional \$1,600,000 in taxable value (Captured Taxable Value) for the three parcels in aggregate. The captured taxable value may be more or less depending upon construction costs, investment levels, and the value of personal property, which is included in this Plan. Refer to Tables 2 through 5.

(d) The method by which the costs of the plan will be financed, including a description of any advances made or anticipated to be made for the costs of the plan from the municipality. (Section 13(1)(d))

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Costs for the plan are being financed by the developer. The Authority will reimburse Even Stevens Investments, LLC or their assignee from the tax increment revenues for the eligible activities for which the developer has paid subject to the terms of the Brownfield Plan. Table 5 provides the estimated schedule for payback of developer costs and repayment to the County Brownfield Redevelopment Authority for their costs.

**(e) The maximum amount of note or bonded indebtedness to be incurred, if any.
(Section 13(1)(e))**

The Authority has no plans to incur indebtedness at this time, though such plans could be made in the future, if appropriate to support development of this site.

**(f) The duration of the Brownfield Plan, which shall not exceed the lesser of the
period authorized under subsections (4) and (5) or 30 years. (Section 13(1)(f))**

The Plan will remain in effect for as many years as is required to fully reimburse the developer for all eligible activities plus five full years to allow the County Brownfield Redevelopment Authority to capture tax increment revenues for the Local Site Remediation Revolving Fund, or thirty years, whichever is less. It is intended that tax increment capture will begin no later than 2013 with the assumption that the project will be complete and fully taxable at that time. The beginning date of the plan may shift depending on the completion date of the project. The tax tables included in this Plan assume that there will be sufficient tax revenues generated from future development to fully reimburse Even Stevens Investments, LLC by 2022. This timeline may need to be amended based on actual tax revenues generated in the future.

Table 1

Summary of Eligible Costs

Former Plastigage Site
2917 Wildwood Avenue
Jackson, Michigan

Eligible Activities	Estimated Cost
<u>BEA Activities</u>	
<u>Due Care Activities</u>	
<u>Additional Response Activities (Developer)</u>	
Act 381 Work Plan	\$ 3,500.00
Demolition of Buildings	\$ 380,000.00
Asbestos Abatement	\$ 180,000.00
TOTAL ELIGIBLE ACTIVITY COSTS	\$ 563,500.00
Financing Costs	\$ -
Administrative Costs of the County Authority (expenses related to adoption of Brownfield Plan)	\$ 1,000.00
TOTAL REIMBURSEMENT TO Developer	\$ 563,500.00
TOTAL REIMBURSEMENT TO County BRA	\$ 1,000.00
TOTAL REIMBURSEMENT TO LSRRF	\$ 352,995.82
TOTAL REIMBURSEMENT FROM CAPTURED TAX INCREMENT	\$ 917,495.82

Table 2

Estimate of Total Captured Incremental Taxes
(in Aggregate)

Former Plastigage Site
2917 Wildwood Avenue
Jackson, Michigan

Year	Annual Total Millage†	Initial Taxable Value (Real and Personal Property)	Tax Revenues from Initial Taxable Value	Estimated Future Taxable Value	Estimated Future Tax Revenues	Incremental Tax Revenues	Available for Capture
2013	42.9720	\$ 176,599.00	\$ 7,588.81	\$ 1,600,000.00	\$ 68,755.20	\$ 61,166.39	\$ 61,166.39
2014	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2015	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2016	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2017	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2018	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2019	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2020	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2021	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2022	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2023	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2024	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2025	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2026	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
2027	42.9720	\$ 176,599.00	7,588.81	\$ 1,600,000.00	68,755.20	61,166.39	\$ 61,166.39
TOTAL							\$ 917,495.82

† - Does not include debt millages, based on millages from 2007

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- (g) An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the eligible property is located. (Section 13(1)(g))**

Refer to Tables 3, 4 and 5.

- (h) A legal description of each parcel of eligible property to which the plan applies, a map showing the location and dimensions of each eligible property, a statement of the characteristics that qualify the property as eligible property and a statement of whether personal property is included as part of the eligible property. (Section 13(1)(h))**

The legal descriptions of the property and figures detailing the boundaries of the property are provided in Attachment A. It is presumed that future site development activities would include the consolidation of the three parcels into a single legal description with a single new tax identification number.

The known presence of contamination on site above residential cleanup criteria qualifies the site as a “facility,” as defined by Part 201 of NREPA (1994 PA 451) and thus, the site is an “eligible property.”

Personal property will be included as part of the eligible property.

- (i) Estimates of the number of persons residing on each eligible property to which the plan applies and the number of families and individuals to be displaced. (Section 13(1)(i))**

No residences exist on the property.

- (j) A plan for establishing priority for the relocation of persons displaced by implementation of the plan. (Section 13(1)(j))**

Not applicable.

- (k) Provision for the costs of relocating persons displaced by implementation of the plan. (Section 13(1)(k))**

Not applicable.

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(l) A strategy for compliance with 1972 PA 227, MCL 213.321 to 213.332. (Section 13(1)(l))

Not applicable.

(m) A description of proposed use of the local site remediation revolving fund. (Section 13(1)(m))

The Brownfield Redevelopment Authority's Local Site Remediation Revolving Fund (LSRRF) will not be used for this project. However, the County Brownfield Redevelopment Authority intends to capture five full years of the tax increment and place those funds in the LSRRF.

(n) Other material that the authority or governing body considers pertinent. (Section 13(1)(n))

Not applicable.

Table 3

Estimate of Annual Captured Incremental Taxes for Each Affected Taxing Jurisdiction

Former Plastigage Site
2917 Wildwood Avenue
Jackson, Michigan

Former Plastigage Site (Three parcels in aggregate)

SUMMER TAXES*											
Taxing Jurisdiction		School Oper**	JP Debt 99	JP Debt 04	Western Debt	Comm Coll	Jackson ISD	SET	County	JP Oper Pubrec	Total
Millage		18	0.75	1.5	7	1.1446	4.0482	6	5.1187	0.2	43.7615
Initial Taxable Value	\$ 176,599.00	\$ 3,178.78				\$ 202.14	\$ 714.91	\$ 1,059.59	\$ 903.96	\$ 35.32	\$ 6,094.70
Future Taxable Value	\$ 1,600,000.00	\$ 28,800.00				\$ 1,831.36	\$ 6,477.12	\$ 9,600.00	\$ 8,189.92	\$ 320.00	\$ 55,218.40
Captured Taxable Value	\$ 1,423,401.00	\$ 25,621.22				\$ 1,629.22	\$ 5,762.21	\$ 8,540.41	\$ 7,285.96	\$ 284.68	\$ 49,123.70

WINTER TAXES*									
Taxing Jurisdiction		Jail	Senior Svcs	Med Care	Library	Blackman	Blackman P/S	Jackson ISD	Total
Millage		0.4851	0.2473	0.1398	0.8593	0.8313	1.8496	4.0481	8.4605
Initial Taxable Value	\$ 176,599.00	\$ 85.67	\$ 43.67	\$ 24.69	\$ 151.75	\$ 146.81	\$ 326.64	\$ 714.89	\$ 1,494.12
Future Taxable Value	\$ 1,600,000.00	\$ 776.16	\$ 395.68	\$ 223.68	\$ 1,374.88	\$ 1,330.08	\$ 2,959.36	\$ 6,476.96	\$ 13,536.80
Captured Taxable Value	\$ 1,423,401.00	\$ 690.49	\$ 352.01	\$ 198.99	\$ 1,223.13	\$ 1,183.27	\$ 2,632.72	\$ 5,762.07	\$ 12,042.68

Does not include debt millages

*Based on millages from 2007 taxes

** Property is in two school districts (Jackson Public and Western)

Total Millages	52.2220
Total Non-Debt Millages	42.9720
Future Tax Liability	\$ 68,755.20
Total Annual Capturable Tax	\$ 61,166.39

Table 4

Captured Taxable Value and Tax Increment Revenue by Year and Aggregate for Each Taxing Jurisdiction

Former Plastigage Site
2917 Wildwood Avenue
Jackson, Michigan

Former Plastigage Site (Three parcels in aggregate)

Year	Captured Taxable Value*	School Oper**	JP Debt 99	JP Debt 04	Western Debt	Comm Coll	Jackson ISD	SET	County	JP Oper Pubrec	Jail	Senior Svcs	Med Care	Library	Blackman Twsp	Blackman P/S	Jackson ISD	Total
		18	0.75	1.5	7	1.1446	4.0482		5.1187	0.2	0.4851	0.2473	0.1398	0.8593	0.8313	1.8496	4.0481	52.222
2013	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2014	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2015	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2016	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2017	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2018	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2019	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2020	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2021	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2022	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2023	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2024	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2025	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2026	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
2027	\$ 1,423,401.00	25,621.22				1,629.22	5,762.21	8,540.41	7,285.96	284.68	690.49	352.01	198.99	1,223.13	1,183.27	2,632.72	5,762.07	61,166.39
TOTAL CAPTURED TAXES	\$ 384,318.27		\$ -	\$ -	\$ -	\$ 24,438.37	\$ 86,433.18	\$ 128,106.09	\$ 109,289.44	\$ 4,270.20	\$ 10,357.38	\$ 5,280.11	\$ 2,984.87	\$ 18,346.93	\$ 17,749.10	\$ 39,490.84	\$ 86,431.04	\$ 917,495.82

* Both parcels in aggregate

Table 5

Reimbursement Schedule
Former Plastigage Site
2917 Wildwood Avenue
Jackson, Michigan

Former Plastigage Site (Three parcels in aggregate)

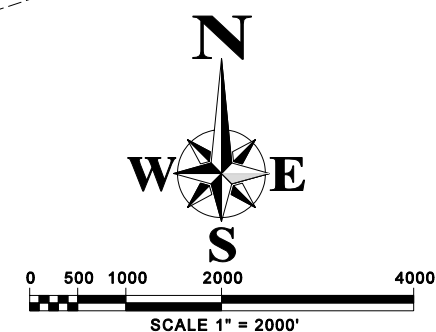
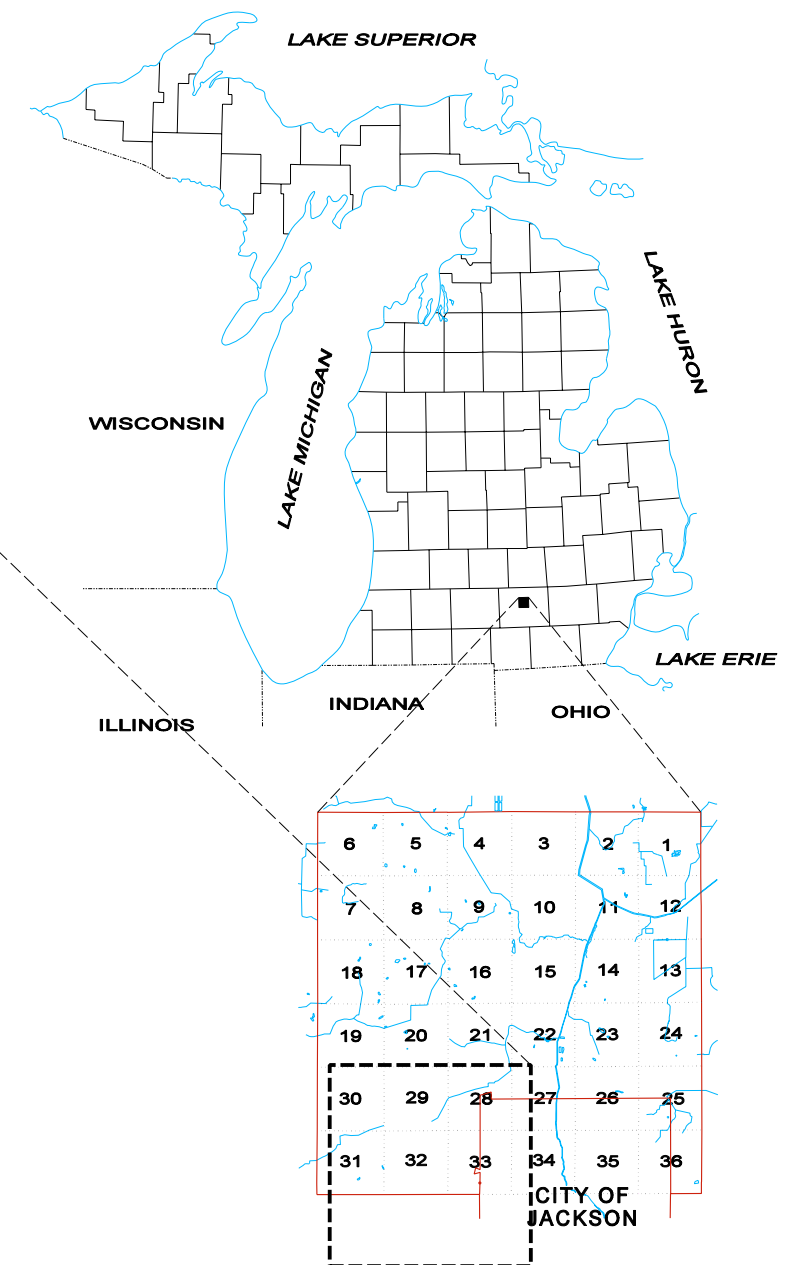
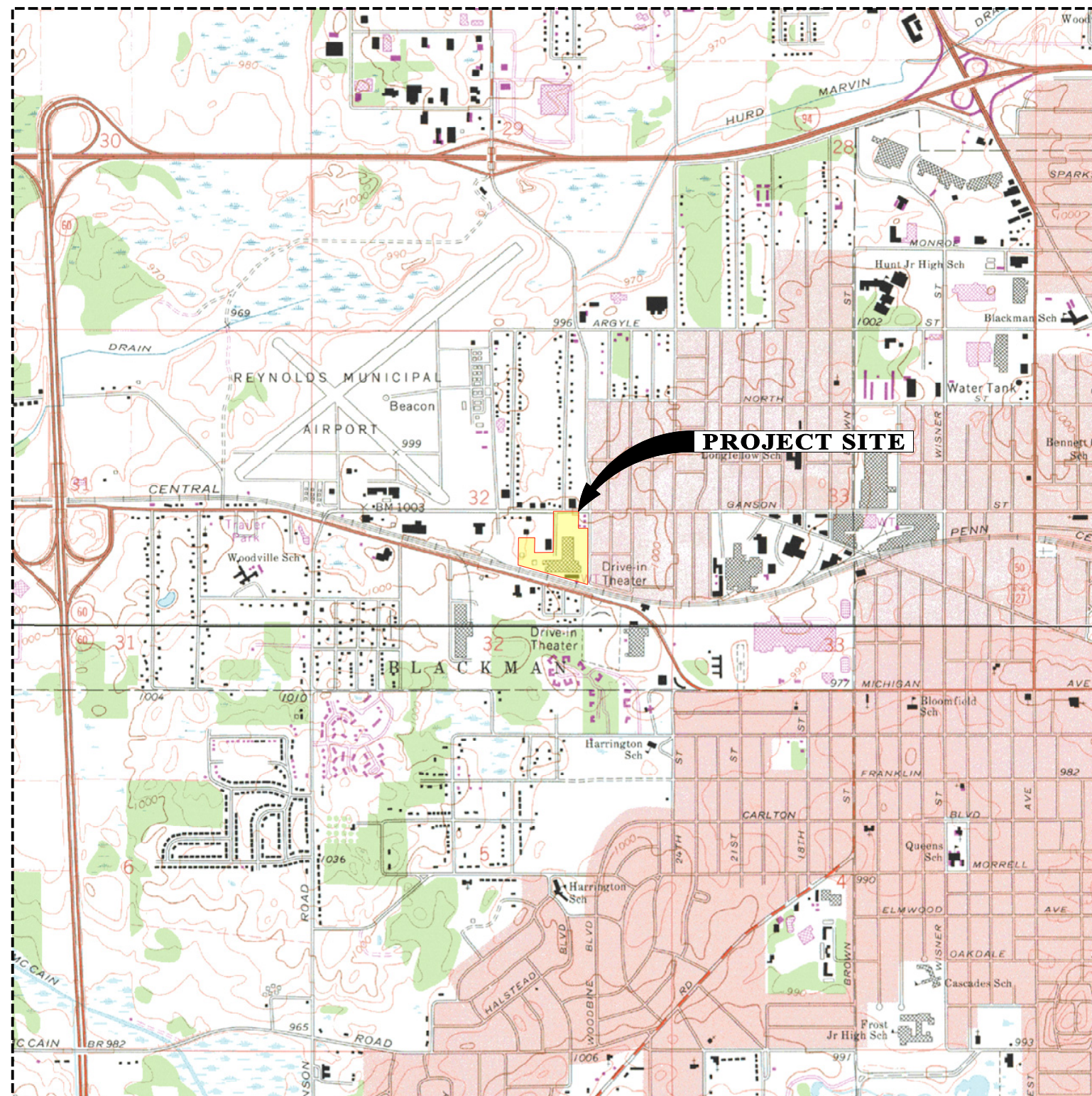
Year	Incremental Taxes Captured	Reimbursement to Even Stevens Investments		Reimbursement to County BRA	LSRRF Capture
		Annual	Aggregate		
2013	61,166.39	61,166.39	\$ 61,166.39		
2014	61,166.39	61,166.39	\$ 122,332.78		
2015	61,166.39	61,166.39	\$ 183,499.16		
2016	61,166.39	61,166.39	\$ 244,665.55		
2017	61,166.39	61,166.39	\$ 305,831.94		
2018	61,166.39	61,166.39	\$ 366,998.33		
2019	61,166.39	61,166.39	\$ 428,164.71		
2020	61,166.39	61,166.39	\$ 489,331.10		
2021	61,166.39	61,166.39	\$ 550,497.49		
2022	61,166.39	13,002.51	\$ 563,500.00	1,000.00	\$ 47,163.88
2023	61,166.39				\$ 61,166.39
2024	61,166.39				\$ 61,166.39
2025	61,166.39				\$ 61,166.39
2026	61,166.39				\$ 61,166.39
2027	61,166.39				\$ 61,166.39
Totals		563,500.00		1,000.00	352,995.82

**ENVIROLOGIC
TECHNOLOGIES, INC.**

ATTACHMENT A

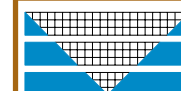
FIGURES

**Location Map: USGS Topographic Map
Site Plans**

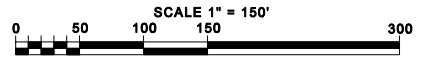


FORMER PLASTIGAGE SITE
2917 WILDWOOD AVENUE
JACKSON, MICHIGAN

LOCATION MAP



PROJECT NO.
070013
FIGURE NO:



NOTE: AERIAL PHOTOGRAPHY: AERIAL PHOTOGRAPH OBTAINED FROM JACKSON COUNTY GIS WEB SITE. DATE OF PHOTOGRAPHY NOT STATED.

NOTE: THIS IS NOT A PROPERTY BOUNDARY SURVEY, PROPERTY BOUNDARIES SHOWN ON THIS MAP ARE BASED ON AVAILABLE FURNISHED INFORMATION AND ARE APPROXIMATE ONLY AND SHOULD NOT BE USED TO ESTABLISH PROPERTY BOUNDARY LOCATION IN THE FIELD.

FORMER PLASTIGAGE SITE

2917 WILDWOOD AVENUE
JACKSON, MICHIGAN

 **ENVIROLOGIC
TECHNOLOGIES, INC.**
2960 INTERSTATE PARKWAY
KALAMAZOO, MICHIGAN 49048
PH: (269) 342-1100 FAX: (269) 342-4945

PROJECT NO.
070013
FIGURE No.



LEGEND

● GEOPROBE® SOIL BORING LOCATION



SCALE 1" = 150'
0 50 100 150 300

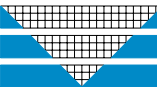
NOTE: AERIAL PHOTOGRAPHY: AERIAL PHOTOGRAPH OBTAINED FROM JACKSON COUNTY GIS WEB SITE. DATE OF PHOTOGRAPHY NOT STATED.

NOTE: THIS IS NOT A PROPERTY BOUNDARY SURVEY, PROPERTY BOUNDARIES SHOWN ON THIS MAP ARE BASED ON AVAILABLE FURNISHED INFORMATION AND ARE APPROXIMATE ONLY AND SHOULD NOT BE USED TO ESTABLISH PROPERTY BOUNDARY LOCATION IN THE FIELD.

FORMER PLASTIGAGE SITE

2917 WILDWOOD AVENUE
JACKSON, MICHIGAN

SITE PLAN



**ENVIROLOGIC
TECHNOLOGIES, INC.**

2960 INTERSTATE PARKWAY
KALAMAZOO, MICHIGAN 49048
PH: (269) 342-1100 FAX: (269) 342-4945

PROJECT NO.
070013
FIGURE No.

2

**ENVIROLOGIC
TECHNOLOGIES, INC.**

ATTACHMENT B

NOTICE OF PUBLIC HEARING

**ENVIROLOGIC
TECHNOLOGIES, INC.**

ATTACHMENT C

NOTICE TO TAXING JURISDICTIONS

**ENVIROLOGIC
TECHNOLOGIES, INC.**

ATTACHMENT D

RESOLUTION APPROVING A BROWNFIELD PLAN



Jackson County Health Department

1715 Lansing Avenue • Ste. 221 • Jackson, Michigan 49202

Phone (517) 788-4420

Fax (517) 788-4373

To: Human Services Committee
Board of Commissioners

From: Ted Westmeier
Director/Health Officer

Re: Comprehensive Planning, Budgeting and Contract (CPBC) Agreement

Date: July 30, 2008

Attached for your review and approval is the Comprehensive Planning, Budgeting and Contract (CPBC) Agreement. This agreement is between the Michigan Department of Community Health and the Jackson County Board of Commissioners on behalf of the Health Department for the delivery of public health services. The services delivered under this agreement include the Local Public Health Operations (LPHO) programs such as water supply, wastewater disposal, food service sanitation, hearing screening, vision screening, communicable disease surveillance and control, sexually transmitted disease control and immunizations. It also covers other categorical programs such as emergency preparedness, children's special health care, HIV/AIDS, tobacco reduction, and women, infants and children (WIC). Some of the categorical funding is to provide for additional services for LPHO programs.

The funding for most of the programs and services has remained the same as last year, with the exception of pandemic influenza funding under emergency preparedness, which was totally eliminated. However, the requirement to maintain pandemic influenza preparedness planning remains. In addition water supply and wastewater disposal were added under CPBC instead of the Michigan Department of Environmental Quality (MDEQ) contract. The allocation for vaccine distribution was eliminated due to a change to direct shipment of vaccines to providers. Total funding received by this agreement is \$1,534,579 which is a substantial amount of the Department's revenue.

Should you have any questions or concerns do not hesitate to contact me.

An Equal Opportunity Employer

Accounting
788-4487

Environmental Health Division
788-4433

Health Education
788-4655

Personal & Preventative
Health
788-4420

Contract #: _____

Agreement Between
Michigan Department of Community Health
hereinafter referred to as the "Department"
and
Jackson County Board of Commissioners
hereinafter referred to as the "Local Governing Entity"
on Behalf of Health Department
Jackson County Health Department
1715 Lansing Avenue, Suite 221
Jackson, Michigan 49202
Federal ID: 38-6004845

hereinafter referred to as the "Contractor"
for
The Delivery of Public Health Services under
the Comprehensive Planning, Budgeting and Contract (CPBC) Agreement

Part I

1. Purpose:

This agreement is entered into for the purpose of setting forth a joint and cooperative Contractor/Department relationship and basis for facilitating the delivery of public health services to the citizens of Michigan under their jurisdiction, as described in the attached Annual Budget, established Minimum Program Requirements, and all other applicable Federal, State and Local laws and regulations pertaining to the Contractor and the Department.

Public health services to be delivered under this agreement include Local Public Health Operations (LPHO) and Categorical Programs as specified in the attachments to this agreement.

- 2. Period of Agreement:** This Agreement shall commence on October 1, 2008 and continue through September 30, 2009. This agreement is full force and effect for the period specified. The Department has the option to assume no responsibility for costs incurred by the Contractor prior to the signing of this agreement.

3. Program Budget and Agreement Amount

A. Agreement Amount:

In accordance with Attachment IV - Funding/Reimbursement Matrix, the total State budget and amount committed for this period for the program elements covered by this agreement is \$1,534,579 .

B. Equipment Purchases and Title:

Any equipment purchases supported in whole or in part by the Department with categorical funding must be specified in an attachment to the Program Budget Summary. Equipment means tangible, non-expendable, personal property having useful life of more than one (1) year and an acquisition cost of \$5,000 or more per unit. Title to equipment having a unit acquisition cost of less than \$5,000 shall vest with the Contractor upon acquisition. The Department reserves the right to retain or transfer the title to all items of equipment having a unit acquisition cost of \$5,000 or more, to the extent that the Department's proportionate interest in such equipment supports such retention or transfer of title.

C. Budget Transfers and Adjustments:

1. Transfers between categories within any program element budget supported in whole or in part by state/federal categorical sources of funding shall be limited to increases in an expenditure budget category by \$10,000 or fifteen percent (15%) whichever is greater. This transfer authority does not authorize establishment of new budget categories, purchase of additional equipment items or new subcontracts with state/federal categorical funds without prior written approval of the Department.
2. Any transfers or adjustments involving State/Federal categorical funds, other than those covered by C.1, including any related adjustment to the total state amount of the budget, must be made in writing through a formal amendment executed by all parties to this agreement in accordance with Section VIII. A. of Part II.
3. The C.1 and C.2 provisions authorizing transfers or changes in local funds apply also to the Family Planning program, provided statewide local maintenance of effort is not diminished in total.

Any statewide diminishing of total local effort for family planning and/or any related funding penalty experienced by the Department shall be recovered proportionately from each local Contractor that, during the course of the agreement period, chose to reduce or transfer local funds from the Family Planning program.

4. **Agreement Attachments:**

A. The following documents are attachments to this Agreement Part I and Part II - General Provisions, which are part of this agreement through reference:

1. Attachment I - Annual Budget
2. Attachment III - Program Specific Assurances and Requirements
3. Attachment IV - Funding/Reimbursement Matrix

B. The attachments are added into this Agreement as follows:

1. Original Agreement (Part I and Part II) - Attachment III, IV
2. First Amendment - Attachment I and IV (Revised)

5. **Statement of Work:** The Contractor agrees to undertake, perform and complete the services described in Attachment III - Program Specific Assurances and Requirements and the other applicable attachments to this agreement which are part of this agreement through reference.

6. **Method of Payments and Financial Reports:** The payment procedures shall be followed as described in Part II and Attachment I - Annual Budget and Attachment IV - Funding/Reimbursement Matrix, which are part of this agreement through reference.

7. **Performance/Progress Report Requirements:** The progress reporting methods, as applicable, shall be followed as described in IV - Funding/Reimbursement Matrix, which are part of this agreement through reference.

8. **General Provisions:** The Contractor agrees to comply with the General Provisions outlined in Part II, which are part of this agreement through reference.

9. **Administration of Agreement:**

The person acting for the Department in administering this Agreement (hereinafter referred to as the Contract Consultant) is:

Lucie Taylor, CPBC Consultant, 517-241-4834, TaylorLuc@michigan.gov

(Contract Consultant Name), Title	Phone	E-mail Address
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10. Special Conditions:

- A. This agreement is valid upon approval by the State Administrative Board as appropriate and approval and execution by the Department.
- B. The Department and Contractor, under the terms of this agreement shall, subject to availability of funding and other applicable conditions, provide resources and continuous services throughout the period of this agreement as shown in Attachment I - Annual Budget.

11. Special Certification:

The individual or officer signing this agreement certifies by his or her signature that he or she is authorized to sign this agreement on behalf of the responsible governing board, official or Contractor.

12. Signature Section:

For the JACKSON COUNTY HEALTH DEPARTMENT

Name and Title

Signature

Date

For the MICHIGAN DEPARTMENT OF COMMUNITY HEALTH

Susan Kangas, Deputy Director
Operations Administration

Date

Part II
General Provisions

I. Responsibilities - Contractor

The Contractor in accordance with the general purposes and objectives of this agreement will:

A. Publication Rights

1. Where activities supported by this agreement produce books, films, or other such copyrightable materials issued by the Contractor, the Contractor may copyright such but shall acknowledge that the Department reserves a royalty-free, non-exclusive and irrevocable license to reproduce, publish and use such materials and to authorize others to reproduce and use such materials. This cannot include service recipient information or personal identification data.
2. Any copyrighted materials or modifications bearing acknowledgment of the Department's name must be approved by the Department prior to reproduction and use of such materials.
3. The Contractor shall give recognition to the Department in any and all publication papers and presentations arising from the program and service contract herein; the Department will do likewise.

B. Fees

Make reasonable efforts to collect 1st and 3rd party fees, where applicable, and report these as outlined by the Department's fiscal procedures. Any underrecoveries of otherwise available fees resulting from failure to bill for eligible services will be excluded from reimbursable expenditures.

C. Program Operation

Provide the necessary administrative, professional, and technical staff for operation of the program.

D. Reporting

Utilize all report forms and reporting formats required by the Department at the effective date of this agreement, and provide the Department with timely review and commentary on any new report forms and reporting formats proposed for issuance thereafter.

E. Record Maintenance/Retention

Maintain adequate program and fiscal records and files, including source documentation to support program activities and all expenditures made under the terms of this agreement, as required.

Assure that all terms of the agreement will be appropriately adhered to; and, that records and detailed documentation for the project or program identified in this agreement will be maintained for a period of not less than three (3) years from the date of termination, the date of submission of the final expenditure report or until litigation or audit findings have been resolved.

F. Authorized Access

Permit upon reasonable notification and at reasonable times, access by authorized representatives of the Department, Federal Grantor Agency, Comptroller General of the United States and State Auditor General, or any of their duly authorized representatives, to records, files and documentation related to this agreement, to the extent authorized by applicable state or federal law, rule or regulation.

G. Audits

1. Single Audit

Provide, consistent with the regulations set forth in the Single Audit Act Amendments of 1996, P.L. 104-156, and Section .320 of the Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," a copy of the Contractor's annual Single Audit reporting package, including the Corrective Action Plan, and management letter (if one is issued) with a response to the Department.

The Contractor must assure that the Schedule of Expenditures of Federal Awards includes expenditures for all federally-funded grants.

2. Other Audits

The Department or federal agencies, may also conduct or arrange for "agreed upon procedures" or additional audits to meet their needs.

3. Due Date

The Single Audit reporting package, management letter (if one is issued) with a response and Corrective Action Plan shall be submitted to the Department within nine months after the end of the Contractor's fiscal year. The Single Audit reporting package, management letter, and Corrective Action Plan shall be filed with the Department even if there are no findings or disclosures reported in the audit pertaining to Department programs.

4. Penalty

If the Contractor does not submit the required Single Audit reporting package, management letter (if one is issued) with a response, and Corrective Action Plan within nine months after the end of the Contractor's fiscal year and an extension has not been approved by the cognizant or oversight agency for audit, the Department may withhold from the current funding an amount equal to five percent of the audit year's grant funding (not to exceed \$200,000) until the required filing is received by the Department. The Department may

retain the amount withheld if the Contractor is more than 120 days delinquent in meeting the filing requirements and an extension has not been approved by the cognizant or oversight agency for audit. The Department may terminate the current grant if the Contractor is more than 180 days delinquent in meeting the filing requirements and an extension has not been approved by the cognizant or oversight agency for audit.

5. Where to Send

A copy of the Single Audit reporting package, management letter (if one is issued) with a response, and Corrective Action Plan must be forwarded to:

Michigan Department of Community Health
Office of Audit
Quality Assurance and Review Section
P.O. Box 30479*
Lansing, Michigan 48909-7979

***For Express Delivery**

Capital Commons Center
400 S. Pine Street
Lansing, Michigan 48933

Alternatives to paper filing may be viewed at
www.michigan.gov/mdch by selecting Inside Community Health -
MDCH Audit.

H. Subrecipient/Vendor Monitoring

The Contractor must ensure that each of its **subrecipients** comply with the Single Audit Act requirements. The Contractor must issue management decisions on audit findings of their subrecipients as required by OMB Circular A-133.

The Contractor must also develop a subrecipient monitoring plan that addresses "during the award monitoring" of **subrecipients** to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts, and that performance goals are achieved. The subrecipient monitoring plan should include a risk-based assessment to determine the level of oversight, and monitoring activities such as reviewing financial and performance reports, performing site visits, and maintaining regular contact with subrecipients.

The Contractor must establish requirements to ensure compliance by **for-profit subrecipients** as required by OMB Circular A-133, Section .210(e).

The Contractor must ensure that transactions with **vendors** comply with laws, regulations and provisions of contracts or grant agreements in compliance with OMB Circular A-133, Section .210 (f).

I. Notification of Modifications

Provide timely notification to the Department, in writing, of any action by the Contractor, its governing board or any other funding source which would require or result in significant modification in the provision of services, funding or compliance with operational procedures.

J. Software Compliance

The Contractor must ensure that software compliance and compatibility with the Department's data systems for services provided under this agreement including but not limited to: stored data, databases, and interfaces for the production of work products and reports. All required data under this agreement shall be provided in an accurate and timely manner without interruption, failure or errors due to the inaccuracy of the Contractor's business operations for processing date/time data.

K. Human Subjects

The Contractor agrees that prior to the initiation of the research, the Contractor will submit institutional Review Board (IRB) application material for all research involving human subjects, which is conducted in programs sponsored by the Department or in programs which receive funding from or through the State of Michigan, to the Department's IRB for review and approval, or the IRB application and approval materials for acceptance of the review of another IRB. All such research must be approved by a federally assured IRB, but the Department's IRB can only accept the review and approval of another institution's IRB under a formally-approved interdepartmental agreement. The manner of the review will be agreed upon between the Department's IRB Chairperson and the Contractor's IRB Chairperson or Executive Officer(s).

L. Terms

To abide by the terms of this agreement including all attachments.

M. Minimum Program Requirements

To comply with Minimum Program Requirements promulgated in accordance with Section 2472.3 of 1978 PA 368 as amended, MCL 333.2472.3, MSA 14.15 (2472.3), for each applicable program element funded under this agreement.

N. Annual Budget and Plan Submission

To submit an Annual Budget and Plan request to the Department, in accordance with instructions established by the Department, to serve as the basis for completion of specific details for Attachments I and IV of this agreement via Contractor/Department negotiated amendment(s). Failure to submit a complete Annual Budget and Plan by the due date will result in the deferral of Department payments until these documents are submitted.

O. Maintenance of Effort

All agencies shall comply with maintenance of effort requirements for LPHO, as defined in the current Department appropriation act, and Family Planning in accordance with federal requirements, except as noted in Section 3.C.3 of Part I.

P. Accreditation

1. All Contractors shall comply with the local public health accreditation standards and follow the accreditation process and schedule established by the Department to achieve full accreditation status. Contractors that fail to meet all accreditation requirements and/or implement corrective plans of action within the prescribed time period will receive the status of "Not Accredited." Contractors designated as "Not Accredited" may have their Department allocations reduced for costs incurred in the assurance of service delivery.

Contractors that disagree with on-site review findings or their accreditation status may request an inquiry through written request to the Department. The request must identify the disagreement and resolution sought. The inquiry participants will be comprised of Contractor staff, Department staff, the Accreditation Commission Chair, and the Accreditation Coordinator as needed. Participants will clarify facts, verify information and seek resolution.

2. Consent Agreements/Administrative Compliance Orders/Administrative Hearings for "Not Accredited" Contractors:
 - a. Contractors designated as "Not Accredited", will receive a Consent Agreement Package from the Department. Contractors and their local governing entities shall be given 75 days to review the package, meet with the Department, and sign/return the Consent Agreement.
 - b. Fulfillment of the terms and conditions of the Consent Agreement will not affect accreditation status, but impacts the Contractors' ability to fulfill its contractual obligations under the Comprehensive Planning, Budgeting and Contracting Agreement. Contractors designated as "Not Accredited", will retain this designation until the subsequent accreditation cycle.
 - c. Contractor failure to fulfill the terms and conditions of the Consent Agreement within the prescribed time period will result in the issuance of an Administrative Compliance Order by the Department.
 - d. Within 60 working days after receipt of an Administrative Compliance Order and proposed compliance period, a local governing entity may petition the Department for an administrative hearing. If the local governing entity does not petition the Department for a hearing within 60 days after receipt of an Administrative Compliance Order, the order and

proposed compliance date shall be final. After a hearing, the Department may reaffirm, modify, or revoke the order or modify the time permitted for compliance.

- e. If the local governing entity fails to correct a deficiency for which a final order has been issued within the period permitted for compliance, the Department may petition the appropriate circuit court for a writ of mandamus to compel correction.

Q. Medicaid Outreach Activities Reimbursement

The Contractor agrees to report allowable costs and request reimbursement for the Medicaid Outreach activities it provides in accordance with 2 CFR, Part 225 (OMB Circular A-87) and the requirements in Medicaid Bulletin number: MSA 05-29.

The Contractor agrees to submit a Cost Allocation Plan Certification to the Department to bill for the Medicaid Outreach Activities. The Cost Allocation Plan Certification is valid until a change is made to the cost allocation plan or the Department determines it is invalid.

The Contractor will submit quarterly FSRs for the Medicaid Outreach activities and an annual FSR for the Children with Special Health Care Services Medicaid Outreach activities in accordance with the instructions contained in Attachment I.

In accordance with the Medicaid Bulletin, MSA 05-29, the Contractor agrees to target their Medicaid outreach effort toward Department established priorities. For FY 08/09, the Department priorities are: lead testing, outreach and enrollment for the Family Planning waiver, and outreach for pregnant women, mothers and infants for the Maternal and Infant Health Program. The Contractor will submit a report using the MDCH Local Health Department Medicaid Outreach form describing their outreach activities targeting the priorities 30 days after the end of a fiscal year quarter to the Division of Family and Community Health, Michigan Department of Community Health, P.O. Box 30195, Lansing, MI 48909.

II. Responsibilities - Department

The Department in accordance with the general purposes and objectives of this agreement will:

A. Payment

Provide payment in accordance with the terms and conditions of this agreement based upon appropriate reports, records, and documentation maintained by the Contractor.

B. Report Forms

Provide any report forms and reporting formats required by the Department at the effective date of this agreement, and to provide the Contractor with any new report forms and reporting formats proposed for issuance thereafter at least ninety (90) days prior to required usage to afford the Contractor an opportunity for review and commentary.

C. Terms

Abide by the terms of this agreement including all attachments.

D. Notification of Modifications

To notify the Contractor in writing of modifications to Federal or State laws, rules and regulations affecting this agreement.

E. Identification of Laws

To identify for the Contractor relevant laws, rules, regulations, policies, procedures, guidelines and State and Federal manuals, and provide the Contractor with copies of these documents to the extent they are not otherwise available to the Contractor.

F. Modification of Funding

To notify the Contractor in writing within thirty (30) calendar days of becoming aware of the need for any modifications in agreement funding commitments made necessary by action of the Federal Government, the Governor, the Legislature or the Department of Management and Budget on behalf of the Governor or the Legislature. Implementation of the modifications will be determined jointly by the Contractor and the Department.

G. Monitor Compliance

To monitor compliance with all applicable provisions contained in federal grant awards and their attendant rules, regulations and requirements pertaining to program elements covered by this agreement.

H. Reimbursement

To reimburse local agencies for costs based upon timely, accurately completed Financial Status Reports in accordance with Section IV.

I. Technical Assistance

To make technical assistance available to the Contractor for the implementation of this agreement.

J. Health Insurance Portability and Accountability Act

The Department assures that it will be in compliance with the Health Insurance Portability and Accountability Act.

K. Accreditation

The Department agrees to adhere to the accreditation requirements including the process for "Not Accredited" Contractors. The process includes developing and monitoring consent agreements, issuing and monitoring administrative compliance orders, participating in administrative hearings and petitioning appropriate circuit courts.

L. Medicaid Outreach Activities Reimbursement

The Department agrees to reimburse the Contractor for all allowable Medicaid Outreach activities that meet the standards of the Medicaid Bulletin: MSA 05-29 including the cost allocation plan certification and that are billed in accordance with the requirements in Attachment I.

In accordance with the Medicaid Bulletin, MSA 05-29, the Department will identify each fiscal year the Medicaid Outreach priorities and establish a reporting requirement for the Contractor.

III. Assurances

The following assurances are hereby given to the Department:

A. Compliance with Applicable Laws

The Contractor will comply with applicable federal and state laws, guidelines, rules and regulations in carrying out the terms of this agreement. The Contractor will also comply with all applicable general administrative requirements such as OMB Circulars covering cost principles, grant/agreement principles, and audits in carrying out the terms of this agreement.

B. Anti-Lobbying Act

The Contractor will comply with the Anti-Lobbying Act, 31 USC 1352 as revised by the Lobbying Disclosure Act of 1995, 2 USC 1601 et seq, and Section 503 of the Departments of Labor, Health and Human Services and Education, and Related Agencies Appropriations Act (Public Law 104-208). Further, the Contractor shall require that the language of this assurance be included in the award documents of all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

C. Non-Discrimination

1. The Contractor agrees not to discriminate against any employee or applicant for employment or service delivery and access, with respect to their hire, tenure, terms, conditions or privileges of employment, programs and services provided or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position or to receive services. The Contractor further agrees that every subcontract entered into for the performance of any contract or purchase order resulting herefrom will contain a provision requiring non-discrimination in employment, service delivery and access, as herein specified binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 PA 453, as amended, MCL 37.2201 et seq, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, as

amended, MCL 37.1101 et seq, and any breach thereof may be regarded as a material breach of the contract or purchase order.

2. Additionally, assurance is given to the Department that efforts will be made to identify and encourage the participation of minority owned and women owned businesses, and businesses owned by persons with disabilities in contract solicitations. The Contractor shall incorporate language in all contracts awarded: (1) prohibiting discrimination against minority owned and women owned businesses and businesses owned by persons with disabilities in subcontracting; and (2) making discrimination a material breach of contract.

D. Debarment and Suspension

Assurance is hereby given to the Department that the Contractor will comply with Federal Regulation 2 CFR part 180 and certifies to the best of its knowledge and belief that the Contractor's local health department or an official of the Contractor's local health department and the Contractor's subcontractors:

1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or Contractor;
2. Have not within a three-year period preceding this agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
3. Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state or local) with commission of any of the offenses enumerated in section 2, and;
4. Have not within a three-year period preceding this agreement had one or more public transactions (federal, state or local) terminated for cause or default.

E. Federal Requirement: Pro-Children Act

1. Assurance is hereby given to the Department that the Contractor will comply with Public Law 103-227, also known as the Pro-Children Act of 1994, 20 USC 6081 et seq, which requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted by and used routinely or regularly for the provision of health, day care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan or loan guarantee. The law also applies to children's services that are provided in indoor

facilities that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women, Infants, and Children (WIC) coupons are redeemed. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity. The Contractor also assures that this language will be included in any subawards which contain provisions for children's services.

2. The Contractor also assures, in addition to compliance with Public Law 103-227, any service or activity funded in whole or in part through this agreement will be delivered in a smoke-free facility or environment. Smoking shall not be permitted anywhere in the facility, or those parts of the facility under the control of the Contractor. If activities or services are delivered in facilities or areas that are not under the control of the Contractor (e.g., a mall, restaurant or private work site), the activities or services shall be smoke-free.

F. Hatch Political Activity Act and Intergovernmental Personnel Act

The Contractor will comply with the Hatch Political Activity Act 5, USC 1501-1508 and the Intergovernmental Personnel Act of 1970, as amended by Title VI of the Civil Service Reform Act, Public Law 95-454, Section 42 USC 4728. Federal funds cannot be used for partisan political purposes of any kind by any person or organization involved in the administration of federally-assisted programs.

G. Home Health Services

If the Contractor provides Home Health Services (as defined in Medicare Part B), the following requirements apply:

1. The Contractor shall not use State LPHO or categorical grant funds provided under this agreement to unfairly compete for home health services available from private providers of the same type of services in the Contractor's service area.
2. For purposes of this agreement, the term "unfair competition" shall be defined as offering of home health services at fees substantially less than those generally charged by private providers of the same type of services in the Contractor's area, except as allowed under Medicare customary charge regulations involving sliding fee scale discounts for low-income clients based upon their ability to pay.
3. If the Department finds that the Contractor is not in compliance with its assurance not to use state LPHO and categorical grant funds to unfairly compete, the Department shall follow the procedure required for failure by local health departments to adequately provide required

services set forth in Sections 2497 and 2498 of 1978 PA 368 as amended (Public Health Code), MCL 333.2497 and 2498, MSA 14.15 (2497) and (2498).

H. Subcontracts

Assure for any subcontracted service, activity or product:

1. That a written subcontract is executed by all affected parties prior to the initiation of any new subcontract activity. Exceptions to this policy may be granted by the Department upon written request.
2. That any executed subcontract shall require the subcontractor to comply with all applicable terms and conditions of this agreement. In the event of a conflict between this agreement and the provisions of the subcontract, the provisions of this agreement shall prevail. A conflict between this agreement and a subcontract, however, shall not be deemed to exist where the subcontract:
 - a. Contains additional non-conflicting provisions not set forth in this agreement; or
 - b. Restates provisions of this agreement to afford the Contractor the same or substantially the same rights and privileges as the Department; or
 - c. Requires the subcontractor to perform duties and/or services in less time than that afforded the Contractor in this agreement.
3. That the subcontract does not affect the Contractor's accountability to the Department for the subcontracted activity.
4. That any billing or request for reimbursement for subcontract costs is supported by a valid subcontract and adequate source documentation on costs and services.
5. That the Contractor will submit a copy of the executed subcontract if requested by the Department.
6. That subcontracts in support of programs or elements utilizing funds provided by the Department, the State of Michigan or the federal government in excess of \$10,000 shall contain provisions or conditions that will:
 - a. Allow the Contractor or Department to seek administrative, contractual or legal remedies in instances in which the Contractor violates or breaches contract terms, and provide for such remedial action as may be appropriate.
 - b. Provide for termination by the Contractor, including the manner by which termination will be effected and the basis for settlement.
7. That all subcontracts in support of programs or elements utilizing funds provided by the Department, the State of Michigan or the federal government of amounts in excess of \$100,000 shall contain a

provision that requires compliance with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970 (42 USC 1857(h)), Section 508 of the Clean Water Act (33 USC 1368), Executive Order 11738 and Environmental Protection Agency regulations (40 CFR Part 15).

8. That all subcontracts and subgrants in support of programs or elements utilizing funds provided by the Department, the State of Michigan or the federal government in excess of \$2,000 for construction or repair, awarded by the Contractor shall include a provision:
 - a. For compliance with the Copeland "Anti-Kickback" Act (18 USC 874) as supplemented in Department of Labor regulations (29 CFR, Part 3).
 - b. For compliance with the Davis-Bacon Act (40 USC 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR, Part 5) (if required by Federal Program Legislation).
 - c. For compliance with Section 103 and 107 of the Contract Work Hours and Safety Standards Act (40 USC 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5). This provision also applies to all other contracts in excess of \$2,500 that involve the employment of mechanics or laborers.

I. Procurement

Assure that all purchase transactions, whether negotiated or advertised, shall be conducted openly and competitively in accordance with the principles and requirements of OMB Circular A-102 as revised, implemented through applicable portions of the associated "Common Rule" as promulgated by responsible federal Contractor(s), or 2 CFR, Part 215 (OMB Circular A-110) as amended, as applicable and that records sufficient to document the significant history of all purchases are maintained for a minimum of three years after the end of the agreement period.

J. Health Insurance Portability and Accountability Act

To the extent that this act is pertinent to the services that the Contractor provides to the Department under this agreement, the Contractor assures that it is in compliance with the Health Insurance Portability and Accountability Act (HIPAA) requirements including the following:

1. The Contractor must not share any protected health data and information provided by the Department that falls within HIPAA requirements except to a subcontractor as appropriate under this agreement.

2. The Contractor must require the subcontractor not to share any protected health data and information from the Department that falls under HIPAA requirements in the terms and conditions of the subcontract.
3. The Contractor must only use the protected health data and information for the purposes of this agreement.
4. The Contractor must have written policies and procedures addressing the use of protected health data and information that falls under the HIPAA requirements. The policies and procedures must meet all applicable federal and state requirements including the HIPAA regulations. These policies and procedures must include restricting access to the protected health data and information by the Contractor's employees.
5. The Contractor must have a policy and procedure to report to the Department unauthorized use or disclosure of protected health data and information that falls under the HIPAA requirements of which the Contractor becomes aware.
6. Failure to comply with any of these contractual requirements may result in the termination of this agreement in accordance with Part II, Section V. Termination.
7. In accordance with HIPAA requirements, the Contractor is liable for any claim, loss or damage relating to unauthorized use or disclosure of protected health data and information received by the Contractor from the Department or any other source.

IV. Payment and Reporting Procedures

A. Operating Advance

Under the pre-payment reimbursement method, no additional operating advances will be issued.

B. Comprehensive Planning and Budgeting Contract (CPBC) Prepayments

The Department will make monthly prepayments equal to 1/12th of the agreement amount for each non-fee-for-service program contained in Attachment IV of this agreement. One single payment covering all non-fee-for-service programs will be made within the first week of each month. The Department will send to the Contractor a worksheet itemizing the individual program amounts included in the monthly prepayment within five working days of processing the monthly prepayment.

Prepayments for the months of October thru January will be based upon the initial agreement amounts in Attachment IV. Subsequent monthly prepayments may be adjusted based upon agreement amendments and/or Contractor adjustment requests per Department approval.

C. Prepayment Adjustments

If the sum of the prepayments do not equal at least 90% of the Contractor's expenditures for a quarter of the contract period, the Contractor may submit documentation for an adjustment to the monthly prepayment amount via the following process:

1. Submit a written request for the adjustment to the Department's Accounting Division, Expenditure Operations Section.
2. The adjustment request must be itemized by program and must list the amount received from the Department, the expenditure amount reported per the quarterly Financial Status Report (FSR), and the difference. The amount received from the Department and the expenditures must be for the same reporting quarterly FSR period.
3. The Department will review the requests and if an adjustment is approved, it will be included in the next scheduled monthly prepayment.
4. Adjustment requests will not be accepted prior to submission of the FSR for the quarter ending December 31. No adjustments will be made prior to the February monthly prepayment.
5. The ability of the Department to approve adjustments may be limited by the quarterly allotments of spending authority in the Department's appropriation account mandated by the Office of the State Budget Director. The quarterly allotment limits the amount of each account (program) that the Department may expend during each fiscal quarter.

D. Financial Status Report Submission

A Financial Status Report (FSR) DCH-0412 must be submitted for all programs listed on Attachment IV. All FSR's must be prepared in accordance with the Department's FSR instructions and submitted not later than thirty (30) days after the close of the fiscal quarters. The reports are due 1/30/XX, 4/30/XX, and 7/30/XX. All FSR's must be submitted to:

Michigan Department of Community Health,
Bureau of Finance, Accounting Division
P.O. Box 30720,
Lansing, Michigan 48909-8220

A copy of each quarterly FSR and final FSR must also be submitted electronically to PublicHealthFSR@michigan.gov.

FSR's must report total actual program expenditures regardless of the source of funds. The Department will reimburse the Contractor for expenditures in accordance with the terms and conditions of this agreement. Failure to comply with the reporting due dates will result in the deferral of the Contractor's monthly prepayment.

E. Reimbursement Method

The Contractor will be reimbursed in accordance with the reimbursement methods for applicable program elements described as follows:

1. Performance Reimbursement - A reimbursement method by which local health departments are reimbursed based upon the understanding that a certain level of performance (measured by outputs) must be met in order to receive full reimbursement of costs (net of program income and other earmarked sources) up to the contracted amount of State funds. Any local funds used to support program elements operated under such provisions of this agreement may be transferred by the Contractor within, among, to or from the affected elements without Department approval, subject to applicable provisions of Sections 3.B. and 3.C.3 of Part I and Section XIV of Part II. If local health department performance falls short of the expectation by a factor greater than the allowed minimum performance percentage, the State maximum allocation will be reduced equivalent to actual performance in relation to the minimum performance.
2. Staffing Grant Reimbursement - A reimbursement method by which local health departments are reimbursed based upon the understanding that State dollars will be paid up to total costs in relation to the State's share of the total costs and up to the total State allocation as agreed to in the approved budget. This reimbursement approach is not directly dependent upon whether a specified level of performance is met by the local health department. Department funding under this reimbursement method is allocable as a source before any local funding requirement unless a specific local match condition exists.
3. Fixed Unit Rate Reimbursement - A reimbursement method by which local health departments are reimbursed a specific amount for each output actually delivered and reported.
4. LPHO - A reimbursement method by which local health departments are reimbursed a share of reasonable and allowable costs incurred for required services, as noted in the current Appropriations Act.

F. Reimbursement Mechanism

All Contractors must sign up through the on-line vendor registration process to receive all State of Michigan payments as Electronic Funds Transfers (EFT)/Direct Deposits. Vendor registration information is available through the Department of Management and Budget's web site:

<http://www.cpexpress.state.mi.us/>

G. Unobligated Funds

Any unobligated balance of funds held by the Contractor at the end of the agreement period will be returned to the Department or treated in accordance with instructions provided by the Department.

H. Fiscal Year-End Reporting

A Preliminary Close Out Report is based on annual guidelines and due date using the format provided by the Department. The Contractor must provide, by program, an estimate of total expenditures for the entire agreement period (October 1 through September 30). This report must represent the Contractor's best estimate of total program expenditures for the agreement period. The information on the report will be used to record the Department's year-end accounts payables and receivables by program for this Agreement. The report assists the Department in reserving sufficient funding to reimburse the final expenditures that will be reported on the Final FSR without materially overstating or understating the year-end obligations for this agreement. The Department compares the total estimated expenditures from this report to the total amount reimbursed to the Contractor in the monthly prepayments and quarterly fee-for-service payments to establish accounts payable and accounts receivable entries at fiscal year-end. The Department recognizes that based upon payment adjustments and timing of agreement amendments, the Contractor may owe the Department funding for overpayment of a program and may be due funds from the Department for underpayment of a program at fiscal year-end.

Within 90 days after the agreement fiscal year-end, the Contractor must liquidate any unpaid year-end commitments and obligations. Any obligation remaining unliquidated after 90 days from the end of the agreement period shall revert to the Department for disposition in accordance with applicable state and/or federal requirements, except as specifically authorized in writing by the Department.

I. Final Total Contractor FSR

The final total Contractor FSR is due December 15, after the agreement period end date. WIC financial data reporting and final FSR must be received by November 30. Upon receipt of the final FSR, the Department will determine by program, if funds are owed to the Contractor or if the Contractor owes funds to the Department. If funds are owed to the Contractor, payment will be processed. However, if the Contractor underestimated their year-end obligations in the preliminary close out report as compared to the final FSR and the total reimbursement requested does not exceed the agreement amount that is due to the Contractor, the Department will make every effort to process full reimbursement to the Contractor per the Final FSR. Final payment may be delayed pending final disposition of the Department's year-end obligations.

If funds are owed to the Department, it will generally not be necessary for Contractor to send in a payment. Instead the Department will make the necessary entries to offset other payments and as a result the Contractor will receive a net monthly prepayment. When this does occur, clarifying documentation will be provided to the Contractor by the Department's Accounting Division.

J. Penalties for Reporting Noncompliance

For failure to submit the final total Contractor FSR report by December 31, after the agreement period end date, the Contractor may be penalized with a one-time reduction in their current LPHO allocation for noncompliance with the fiscal year-end reporting deadlines. Any penalty funds will be reallocated to other CPBC Contractors (local health departments). Reductions will be one-time only and will not carryforward to the next fiscal year as an ongoing reduction to a Contractor's LPHO allocation. Penalties will be assessed based upon the postmark date of the mailing envelope:

LPHO Penalties for Noncompliance with Reporting Requirements:

1. 1% - 1 day to 30 days late;
2. 2% - 31 days to 60 days late;
3. 3% - over 60 days late with a maximum of 3% reduction in the Contractor's LPHO allocation.

V. Agreement Termination

The Department may cancel this agreement without further liability or penalty to the Department for any of the following reasons:

- A. This agreement may be terminated by either party by giving thirty (30) days written notice to the other party stating the reasons for termination and the effective date.
- B. This agreement may also be terminated on thirty (30) days prior written notice upon the failure of either party to carry out the terms and conditions of this agreement, provided the alleged defaulting party is given notice of the alleged breach and fails to cure the default within the thirty (30) day period.
- C. This agreement may be terminated immediately if the Contractor's local health department, or an official of the Contractor's local health department, is convicted of any activity referenced in Part II, Section III.D, of this agreement during the term of this agreement or any extension thereof.

VI. Final Reporting upon Termination

Should this agreement be terminated by either party, within thirty (30) days after the termination, the Contractor shall provide the Department with all financial performance, and other reports required as a condition of the agreement. The Department will make payments to the Contractor for allowable reimbursable costs not covered by previous payments, other state or federal programs. The Contractor shall immediately refund to the Department funds not authorized for use and any payments advanced to the Contractor in excess of allowable reimbursable expenditures. Any dispute arising as a result of this agreement shall be resolved in the State of Michigan.

VII. Severability

If any provision of this agreement or any provision of any document attached to or incorporated by reference is waived or held to be invalid, such waiver or invalidity shall not affect other provisions of this agreement.

VIII. Amendments

Any changes to this agreement will be valid only if made in writing and accepted by all parties to this agreement.

- A.** This agreement, including attachments, may be amended by mutual written consent of the Contractor and the Department. When submitting a proposed agreement/budget amendment, the Contractor must submit copies of the revised sheets and a summary description of the changes.
- B.** In the event that circumstances occur that are not reasonably foreseeable, or are beyond the Contractor's or Department's control, which reduce or otherwise interfere with the Contractor's or Department's ability to provide or maintain specified services or operational procedures, immediate written notification must be provided to the other party and an amendment to this agreement negotiated.
- C.** Amendments to this agreement shall be made as follows:

- 1.** Any change proposed by the Contractor which would affect the State funding of any element funded in whole or in part by funds provided by the Department, subject to Part I, Section 3.C, of the agreement, must be submitted in writing to the Department immediately upon determining the need for such change. The proposed change may be implemented upon receipt of written notification from the Department.

Within thirty (30) days after receipt of the proposed change, the Department shall advise the Contractor in writing of its determination. Subsequently the Department will initiate any necessary formal amendment to the agreement for execution by all parties to the agreement.

Any changes proposed by the Department must be agreed to in writing by the Contractor and upon such written agreement, the Department shall initiate any necessary formal amendment as above.

- 2.** Other amendments of a routine nature including applicable changes in budget categories, modified indirect rates, and similar conditions which do not modify the agreement scope, amount of funding to be provided by the Department or, the total amount of the budget may be submitted by the Contractor at any time prior to June 2nd. The Department will provide a written response within thirty (30) calendar days.

All amendments must be submitted to the Department by June 2nd to assure the amendment can be executed prior to the end of the agreement period.

IX. Liability

- A.** All liability to third parties, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities, such as direct service delivery, to be carried out by the Contractor in the performance of this agreement shall be the responsibility of the Contractor, and not the responsibility of the

Department, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act on the part of the Contractor, any subcontractor, anyone directly or indirectly employed by the Contractor, provided that nothing herein shall be construed as a waiver of any governmental immunity that has been provided to the Contractor or its employees by statute or court decisions.

- B. All liability to third parties, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities, such as the provision of policy and procedural direction, to be carried out by the Department in the performance of this agreement shall be the responsibility of the Department, and not the responsibility of the Contractor, if the liability, loss, or damage is caused by, or arises out of, the action or failure to act on the part of any Department employee or agent, provided that nothing herein shall be construed as a waiver of any governmental immunity by the State, its agencies (the Department) or employees as provided by statute or court decisions.
- C. In the event that liability to third parties, loss, or damage arises as a result of activities conducted jointly by the Contractor and the Department in fulfillment of their responsibilities under this agreement, such liability, loss, or damage shall be borne by the Contractor and the Department in relation to each party's responsibilities under these joint activities, provided that nothing herein shall be construed as a waiver of any governmental immunity by the Contractor, the State, its agencies (the Department) or their employees, respectively, as provided by statute or court decisions.

X. Conflict of Interest

The Contractor and the Department are subject to the provisions of 1968 PA 317, as amended, MCL 15.321 et seq, MSA 4.1700(51) et seq, and 1973 PA 196, as amended, MCL 15.341 et seq, MSA 4.1700(71) et seq.

XI. State of Michigan Agreement

This is a State of Michigan Agreement and is governed by the laws of Michigan. Any dispute arising as a result of this agreement shall be resolved in the State of Michigan.

XII. Confidentiality

Both the Department and the Contractor shall assure that medical services to and information contained in medical records of persons served under this agreement, or other such recorded information required to be held confidential by federal or state law, rule or regulation, in connection with the provision of services or other activity under this agreement shall be privileged communication, shall be held confidential, and shall not be divulged without the written consent of either the patient or a person responsible for the patient, except as may be otherwise required by applicable law or regulation. Such information may be disclosed in summary, statistical, or other form which does not directly or indirectly identify particular individuals.

XIII. Waiver

Any clause or condition of this agreement found to be an impediment to the intended and effective operation of this agreement may be waived in writing by the Department or the Contractor, upon presentation of written justification by the requesting party. Such waiver may be temporary or for the life of the agreement and may affect any or all program elements covered by this agreement.

XIV. Funding

- A.** State funding for this agreement shall be provided from the applicable and available Department appropriations for the current fiscal year. The Department provided funds shall be as stated in the approved Annual Budget - Attachment I, the Program Specific Assurances and Requirements - Attachment III, and as outlined in the Funding/Reimbursement Matrix - Attachment IV.
- B.** The funding provided through the Department for this agreement shall not exceed the amount shown for each federal and state categorical program element except as adjusted by amendment. The Contractor must advise the Department in writing by May 1 if the amount of Department funding may not be used in its entirety or appears to be insufficient for any program element. LPHO transfer requests between MDCH, MDA and MDEQ must also be requested in writing by May 1. All LPHO required services must be maintained throughout the entire period of the agreement.
- C.** The Department may periodically redistribute funds between agencies during the agreement period in order to ensure that funds are expended to meet the varying needs for services. Such redistributions will be based upon projections obtained in consultation with the Contractor. Any redistributions will be effected through the established amendment process.

JACKSON COUNTY HEALTH DEPARTMENT

For FY 08/09, special requirements are applicable for the remaining program elements and funding sources listed in the attached pages and checked below:

- ☐ Asthma Coalition
- ☒ Bioterrorism Emergency Preparedness
- ☐ Bioterrorism - Cities of Readiness Initiative (CRI)
- ☐ Bioterrorism Regional Epidemiology Support
- ☐ Building Healthy Communities
- ☐ Childhood Lead Poisoning Prevention
- ☒ Children's Special Health Care Services (CSHCS)
- ☐ Diabetes Outreach Network
- ☐ Diabetes Primary Prevention in WISEWOMAN
- ☐ Early Warning Infectious Disease Surveillance Travel
- ☐ Early Warning Infectious Disease Surveillance Workshop
- ☐ Expanded HIV Testing in High Prevalence Health Care Settings to Address Racial/Ethnic Disparities in Access to Testing Services
- ☐ Family and Community Health Technical Assistance
- ☐ Family Planning/BCCCP Joint Project
- ☐ Family Planning - Pregnancy Prevention
- ☐ Fetal Alcohol Syndrome Community Projects
- ☐ Generation With Promise
- ☐ Health Disparities Reduction and Minority Health
- ☐ HIV/AIDS CARE
- ☐ HIV/AIDS Maternal and Child Program
- ☒ HIV/AIDS Prevention
- ☐ HIV/AIDS Prevention Education
- ☐ HIV/AIDS Prevention Rapid Testing
- ☐ HIV/AIDS Provider Education
- ☐ HIV/STD Partner Counseling and Referral Services
- ☐ HOPWA (Housing Opportunities for Persons Living with HIV/AIDS)
- ☒ Immunization Action Plan (IAP)
- ☒ Immunization- Assessment Feedback Incentive Exchange (AFIX) Follow-up Site Visit
- ☐ Immunization - Field Service Representatives
- ☒ Immunization - Nurse Education Reimbursement
- ☒ Immunization - VFC/AFIX Basic Site Visit
- ☐ Infant Mortality Reduction Program: Interconception Care Project
- ☒ Informed Consent
- ☐ Laboratory Services
- ☐ Laboratory Services - Serologic Testing Algorithm for Determining Recent HIV Seroconversion and Variant and Atypical Resistant HIV Surveillance (STARHS and VARHS)

JACKSON COUNTY HEALTH DEPARTMENT

For FY 08/09, special requirements are applicable for the remaining program elements and funding sources listed in the attached pages and checked below:

- ☐ Lead Safe Home Program
- ☒ Local Maternal and Child Health (MCH)
- ☒ Local Public Health Operations (LPHO)
- ☒ Local Tobacco Reduction
- ☒ Michigan Care Improvement Registry (MCIR)
- ☐ Michigan Care Improvement Registry (MCIR) - Regional
- ☐ Michigan Colorectal Cancer Screening Program
- ☐ Nurse Family Partnership (NFP)
- ☐ Rape Prevention Education
- ☐ Safe Routes to School Program
- ☒ Sexually Transmitted Disease (STD) Control
- ☒ SIDS
- ☐ SMILE Michigan Dental Sealant Program
- ☐ TB Control (DOT)
- ☐ Varnish Michigan Special Project
- ☒ WIC Services
- ☐ WISEWOMAN Coordination

MDCH Funding Allocations/Reimbursement Mechanisms Matrix

Program Element/Funding Source (a)	MDCH Source	Federal State	Funding Amount	Reimbursement Method (b)	Performance Target Output Measurement	Total (c) Perform. Expect.	State (d) Funded Target Perform.	State Funded Minimum Performance Percent Number (e)*	Vendor Sub-recipient (f)
Bioterrorism Emergency Preparedness									
Bioterrorism thru 8/9/09	Reg. Alloc.	F	\$132,441	Staffing (6), (15)	N/A	N/A	N/A	N/A	Subrecipient
Bioterrorism 8/10/09 - 9/30/09	Reg. Alloc.	F	TBD	Staffing (6), (16)	N/A	N/A	N/A	N/A	Subrecipient
CSHCS Case Mgt/Care Coordination									
CSHCS Outreach & Advocacy	Calc. Amt.		Various	Fixed Unit Rate (1),(7)	N/A	N/A	N/A	N/A	Vendor
	Reg. Alloc.	F	\$36,899	Staffing (6)	N/A	N/A	N/A	N/A	Vendor
	Reg. Alloc.	S	\$15,601						
HIV/AIDS Prevention Categorical									
Immunizations	Reg. Alloc.	F	\$18,318	Staffing (6)	N/A	N/A	N/A	N/A	Subrecipient
Assessment Feedback Incentive Exchange (AFIX) Comprehensive Provider Site Visit Immunization Action Plan	Calc. Amt.	F	\$50/each	Fixed Unit Rate (2),(7)	N/A	N/A	N/A	N/A	Vendor
Nurse Education	Reg. Alloc.	F	\$71,001	Staffing (6)	N/A	N/A	N/A	N/A	Subrecipient
Vaccine Handling	Local MCH	F	\$0	Staffing (6)	N/A	N/A	N/A	N/A	Subrecipient
VFC (only) Provider Site Visits	Calc. Amt.	F	\$150/each	Fixed Unit Rate (2),(7)	N/A	N/A	N/A	N/A	Vendor
VFC/AFIX Basic Provider Site Visits	Reg. Alloc.	S	\$18,258	Staffing (6)	N/A	N/A	N/A	N/A	Vendor
VFC/AFIX Comprehensive Provider Site Visits	Calc. Amt.	F	\$150/each	Fixed Unit Rate (2),(7)	N/A	N/A	N/A	N/A	Vendor
	Calc. Amt.	F	\$200/each	Fixed Unit Rate (2),(7)	N/A	N/A	N/A	N/A	Vendor
	Calc. Amt.	F	\$250/each	Fixed Unit Rate (2),(7)	N/A	N/A	N/A	N/A	Vendor
FIMR - Fetal Infant Mortality Reduction									
Informed Consent	Local MCH	F	\$0	Staffing (6)	N/A	N/A	N/A	N/A	Subrecipient
Local MCH program to be determined based on plan approval	Calc. Amt.	S	\$50/each	Fixed Unit Rate (2),(7)	N/A	N/A	N/A	N/A	Vendor
	Local MCH	F	\$91,346	After Program approval, applicable Local MCH funding will be incorporated under the program elements selected in the plan, along with approved output performance measures, via amendment					Subrecipient
Local Public Health Operations									
MDA	Reg. Alloc.	S	\$123,392	Performance	% of Food Service Licensees receiving required inspections	N/A	75%	N/A	Vendor
MDCH	Reg. Alloc.	S	\$218,940	LPFO (3),(4)	N/A	N/A	N/A	N/A	Vendor
MDEQ Drinking Water	Reg. Alloc.	S	\$82,358	LPFO (3),(4)	N/A	N/A	N/A	N/A	Vendor
MDEQ On-Site Sewage	Reg. Alloc.	S	\$96,681	LPFO (3),(4)	N/A	N/A	N/A	N/A	Vendor
Local Tobacco Reduction									
Sexually Transmitted Disease (STD) Control	Reg. Alloc.	S	\$20,000	Staffing (6)	N/A	N/A	N/A	N/A	Subrecipient
	Reg. Alloc.	F	\$22,028	Performance	% of required visits to providers performed	N/A	N/A	N/A	Subrecipient
SIDS									
WIC	Calc. Amt.	F	\$85/each	Fixed Unit Rate (2),(11)	N/A	N/A	N/A	N/A	Vendor
Resident Services	Reg. Alloc.	F	\$587,316	Performance (8)	#Average Monthly Participation	N/A	N/A	97%	Subrecipient

TOTAL MDCH FUNDING

\$1,534,579

*SPECIFIC OUTPUT PERFORMANCE MEASURES WILL BE INCORPORATED VIA AMENDMENT

- (a) Refer to Plan and Budget Framework for element definitions.
- (b) Refer to master comprehensive agreement and program and budget instructions package for further explanation of applicability of these reimbursement
- (c) Negotiated starting from the average of the past two complete years' actual number where available.
- (d) Calculated by multiplying the "Total Performance Expectation" column by the ratio of the elements total State funding (DCH 0410, Line 24) to "Total
- (e) Calculated by multiplying the "State Funded Element Target Performance" column by the "Percent" column.
- (f) Refer to master comprehensive agreement and budget instructions package for further explanation regarding these designations.

(1) CSHCS Care Coordination

1. Case Management

- A. Maximum of six (6) services per year
- B. Reimbursement - \$201.58 per service provided face-to-face in the home setting.

2. CARE COORDINATION

A. LEVEL I PLAN OF CARE

1. Annual Plan of Care in the home or home-like setting that requires the Care Coordinator to travel to a non-LHD site \$150
2. Annual Plan of Care over the telephone \$100

B. LEVEL II CARE COORDINATION

1. Level II Care Coordination is reimbursed at \$30.00 per unit
2. A maximum of 10 units per beneficiary per eligibility year will be reimbursed.

(2) Reimbursement Chart for Fixed Rates

AIDS/HIV Prevention \$11.00 per blood draw for non-categorical health departments. Limited annually to \$2,000.
Non-Categorical

Assessment Feedback Incentive Exchange (AFIX) Comprehensive \$50 per site visit, not to exceed the maximum set for each individual contractor.

Fetal Alcohol Spectrum Disorders \$85 per visit up to six visits.

Immunization Nurse Education \$150 per session, upon completion and submission of Provider Contracts and Report Forms. Reimbursement can only be made for one in-service module session per physician clinic site per year.

Immunization VFC (only) Provider Site Visits \$150 per site visit, not to exceed the maximum set for each individual Contractor.

Immunization VFC/AFIX Basic Provider Site Visits \$200 per site visit, not to exceed the maximum set for each individual Contractor.

Immunization VFC/AFIX Comprehensive Provider Site Visits \$250 per site visit, not to exceed the maximum set for each individual Contractor.

Informed Consent \$50 per woman served, for each woman that expressly states that she is seeking a pregnancy test or confirmation of a pregnancy for the purpose of obtaining an abortion and is provided the services.

Laboratory Services - STD & AIDS \$2.00 for each specimen for diagnosis of gonorrhea and chlamydia infections using a nucleic acid amplification assay.

SIDS \$85 for each family support visit. A maximum of six (6) visits per infant death is reimbursable.

SMILE! Michigan \$10 per dental sealant placed, not to exceed the maximum set for each individual contractor.

Varnish! Michigan \$15 per fluoride varnish application, not to exceed the maximum set for each individual contractor.

(3) Allocation to be reflected in individual programs during budgeting process.

(4) Funding Source (not a single element).

(5) Subject to Statewide Maintenance of Effort requirement for Title X.

(6) State funding is first source (after fees and other earmarked sources).

(7) Fixed unit rate subject to actual costs.

(8) The performance reimbursement target will be the base target caseload established by MDCH.

(9) Subject to a match requirement (hard or in-kind) of \$1 for each \$3 of MDCH agreement funding for Wisewoman Coordination.

(10) Fixed unit rate limited to contract amount.

(11) Up to six (6) visits per family.

(12) Subject to a match requirement (hard or in-kind) of \$2.50 for each \$10 of MDCH agreement. Kalamazoo match requirement is \$1.00 for each \$10 of MDCH agreement.

(13) Non-categorically funded Health Departments will be reimbursed at \$11.00 per HIV test conducted up to a maximum of \$2,000 annually.

(14) The performance reimbursement target Title X base caseload established for the Family Planning - General services program element is exclusive of Plant First! enrollees. Quarterly FPAR data will be used to determine total Title X users and Plan First! enrollees.

(15) Bioterrorism funds are for ten months only and must be expended by August 9, 2009.

(16) Bioterrorism funds are for August 10, 2009 - September 30, 2009

(17) Project meets the Research and Development criteria as defined by OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

NOTE: Some footnotes may not apply to this agency.

Memorandum

To: Board of Commissioners

From: Gerard Cyrocki

Date: 8/14/2008

Subject: Management responses to 2007 audit “comments & recommendation”

Attached you will find a copy of the “comments and recommendations” section of the Management Letter with responses for the correction action to be taken. The management responses are italicized and can be found after each specific C&R.

We are currently developing a process for those C&R’s that have not already been addressed.

Please let me know if you should have any questions or require additional information.

Cc: Randy Treacher

Jackson County

Comments and Recommendations

For the Year Ended December 31, 2007

In planning and performing our audit of the financial statements of Jackson County as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the 's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 's internal control. Accordingly, we do not express an opinion on the effectiveness of the's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in County's Single Audit report.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Other Matters

Information Technology

Limiting access to key financial data through strong password and access policies is a key IT control. Jackson County does not have a strong set of password controls that limit access to company financial information. We recommend that management oversee increasing password and other controls to include, but not limited to, the following matters:

- We understand that computer passwords at the network and financial accounting software level are not changed on a regular basis. In order to reduce the risk of access to computer files by unauthorized personnel, we recommend that the County institute a policy that requires passwords to be changed on a regular basis. For the size and complexity of Jackson County, once every six months would be adequate. The County

Jackson County

Comments and Recommendations

For the Year Ended December 31, 2007

may also wish to investigate building into its software automatic expiration of passwords to ensure that they are changed periodically.

- Usernames and passwords are a key control for limiting access to an organizations network and financial reporting system. Passwords should be forced by the system to be at least eight characters with a combination of letters, numbers and special characters. Currently, Jackson County does not force either of these controls at the network or financial application level. We recommend that the network and accounting system be set to force complex passwords.

We understand that there is no formal process in place for adding, changing or deleting users. In order to provide adequate security to computer system operations and valuable assets such as system hardware, software, and data, procedures should be developed to address changes in employee security rights. Typical procedures include the following:

- A form be developed that details the rights a new user will need with a spot for appropriate management sign-off.
- A form be developed that details a needed change in user rights with a spot for appropriate management sign-off.
- A process that ensures immediate deletion of terminated personnel passwords from the system.
- A process that ensures at least a yearly review of the granted security rights of each user.

Management Response- *currently the Ad Hoc committee on Board policy is looking into the concept of changing user passwords on a periodic basis. IT is currently developing a process for documenting the adding, changing and/or deleting users. Additionally, this process will include a review of granted security rights.*

Bank Reconciliations

Presently, there is no independent review of all completed cash bank reconciliations by a person independent of the person preparing the bank reconciliations. In order to enhance the internal controls in this key process, we recommend that a person independent of the preparer review the bank reconciliations and document the review, through signature and date, soon after the bank

Jackson County

Comments and Recommendations

For the Year Ended December 31, 2007

reconciliations are prepared.

In addition, various County departments use different bank reconciliation forms. We recommend that the County standardize its bank reconciliation forms used by all departments. This would enhance the bank reconciliation preparation and review processes.

Management Response- *The county has a number of departments that utilize bank accounts for various reasons including but not limited to, agency, facilitate night deposit, restitution, and bonds. Administrative Services will obtain copies of monthly reconciliations and review for propriety, much like the process for the Treasurer's pooled bank account reconciliation, which is prepared by Administrative Services and reviewed by Administrator/Controllers office on a monthly basis.*

Trust and Agency Account Balance

The County uses its agency funds to account for assets held on behalf of outside parties, including other governments. During our audit, we requested support for various accounts held as part of the County's agency fund. During our testing of these accounts, it was noted that not all of the Industrial Facilities Tax (IFT) payments were disbursed to local units during the year.

It is our recommendation that the County implement internal procedures to ensure that all applicable IFT's are paid out to the local units once collected.

Management Response- *Treasurer's office has implemented a procedure whereby all monthly departmental Trust & Agency accounts are reviewed for timeliness and correctness.*

Independent review and approval of journal entries

Currently, the County has no independent review and approval process for journal entries prepared by the various individuals. Because journal entries are a convenient mechanism through which fraudulent activity can be concealed, it is highly advisable that all journal entries be reviewed and approved by a person independent of preparing and posting the entry. Such review and approval needs to be documented (by initialing and dating the entry) and should ensure that appropriate source documents are present to support the purpose and dollar amount of the entry.

Management Response- *Journal entries prepared by other than Finance officer will be approved by Finance Officer. The journal entries prepared by Finance Officer will be approved by Administrator/Controller's office (Deputy Administrator/Controller).*

Jackson County

Comments and Recommendations

For the Year Ended December 31, 2007

Daily deposits and reconciliations

The treasurer's office does daily reconciliations of deposits. We recommend that the County require the signature of the preparer on the daily reconciliation form. We also recommend that all daily reconciliations be reviewed and approved by a person independent of preparing and posting the entry and that a copy of the daily deposit slip from the bank is attached to the reconciliation.

The County has adhered to this recommendation and implemented this procedure in 2008.

Management Response- *Treasurer's office has implemented this recommendation.*

Purchase order policy

The County's policy is to use purchase orders to facilitate approval of purchases in all departments. During testing it was noted that purchase orders were not always used when required by the County's purchasing policy. Essentially, these purchases were approved for payment after the invoices were received. We recommend that the County implement internal procedures to ensure that purchase orders are used and approved when required by the County's purchasing policy.

Management Response- *Currently the county has procedures that are inconsistent with the Purchasing policies. For example, Policy #2020 states in part that ..."purchases of budgeted services and equipment anticipated to be \$10,001-\$50,000 shall be secured through a formal purchase order approved by the Department head and Deputy County Administrator and shall require three(3) written quotations. Once the quotes have been analyzed, the recommended bid award will be submitted to the appropriate Standing Committee for consideration. The contract will be awarded to the lowest responsive and responsible bidder....."*

The problem with this policy is that a "formal purchase order" will encumber the account in the general ledger, so from a practical perspective a "formal purchase order" would have to be generated for each prospective bidder, which would distort the "encumbrance" balance. Also, creating and reversing all the posted purchase orders is an inefficient use of administrative resources.

The Ad Hoc committee on policy in conjunction with the management team needs to modify the existing purchasing policies so they create a strong internal control system and allow for efficient use of administrative resources.

Jackson County

Comments and Recommendations

For the Year Ended December 31, 2007

Parks depository account

During our internal control assessment of reconciling processes, it was noted that the Parks depository account is not reviewed and approval documented by the Finance Office. We recommend that this review be done in order to provide an independent verification that the account has been properly liquidated.

Management Response- *see response to “Bank Reconciliation” above.*

Health department accounts payable checks

Presently, accounts payable checks processed by the County central processing function are picked and mailed by the Health Department Administrative Assistant. This same employee also has the task of entering the account payable request transaction into the account payable system (batch). We recommend that another individual at the Health Department pick up and mail the accounts payable checks for a better separation of duties.

Management Response- *the health department has addressed this comment by instituting a procedure whereby an employee independent of the “batch preparation” will pick up checks for disbursement.*

Timeliness of Audit Report Issuance

All reports are dated June 27th for this years audit. As auditors of the Jackson Primary Government, we have to wait for the reports of the component units in order to assimilate into the final reports of the County audit. This year, two of the component unit reports were not finalized until the first and second weeks of June, which leaves a short amount of time to assimilate the audited amounts and related footnotes into the County CAFR, and for the reviews of County Officials, and for the submission of the County CAFR to the Michigan Department of Treasury by the due date of June 30th.

We recommend that the County ensure that all of its component units have their audit reports in hand by at least mid-May or before to allow for the necessary time to include that information into the County CAFR report, in order to provide for time for reviews and report submissions.

Jackson County

Comments and Recommendations

For the Year Ended December 31, 2007

Management Response- *The county has six (6) Discretely Presented Component Units that are presented in the audit report. See page 36 of the 2007 audit for a listing and a short description of these component units. Of the 6, Jackson County Road Commission and Jackson County Economic Development Corporation (EDC) utilizes an audit firm other than Rehmann Robson.*

A letter will be written to the managing boards of these component units with a copy of the Management letter, asking that their audit reports be completed in a more timely fashion and that the progress of their audits be reported to Administrator/Controller or his designee.

* * * * *

**COUNTY OF JACKSON
DEPARTMENT OF HUMAN RESOURCES**

120 West Michigan Avenue
Jackson, Michigan 49201

Telephone (517) 788-4340
FAX (517) 788-4404

To: Randy Treacher
From: Joni Johnson 
Re: Proposed BCBS Dependent Continuation Language Change

Date: August 1, 2008

As you recall, we had requested our attorney, Beth Latchana, to evaluate the eligibility provisions for BCBS coverage regarding 19 – 25 year old dependents. We had two concerns that we asked her to address:

- Non-college students could continue receiving group health plan coverage and
- The IRS definition of “dependent” has changed within the Internal Revenue Code, so some of our current language is no longer accurate.

The language provisions we currently follow state:

“To remain on your BCBSM group coverage (as a dependent on your contract) your dependent must meet all of the following requirements.

“He or she must be:

- Unmarried and between 19 and 25 years of age
- Dependent on you for more than half their support
- A member of your household (unless they reside elsewhere, as in the case of college students living away at school)
- Related to you by blood, marriage or legal adoption
- A full-time student for at least five months of the year or had a gross income of less than four times the IRS personal exemption amount.”

In order to address our two concerns, Beth has recommended the following language change:

“He or she must be:

- Unmarried and between 19 and 25 years of age
- Any child over the age of 23 cannot be claimed as a dependent of any other taxpayer
- Dependent on you for more than half their support

- Shares the same principal place of abode with you for more than half the calendar year, notwithstanding temporary absences from the household due to special circumstances, such as college students
- Related to you by blood, marriage or legal adoption
- A full-time student for at least five months of the year.”

Since our plan year renews on January 1st, I would propose making this change for all non-union employees and elected officials effective January 1, 2009. For our unions/associations, we will need to collectively bargain the language change as the applicable labor agreements expire.

JACKSON COUNTY CIRCUIT COURT



Youth Center Division

930 Fleming Avenue - Jackson Michigan 49202

Phone (517) 788-4460 - Fax (517) 788-4661

Diane M. Rappleye
Chief Judge of Probate

Chad C. Schmucker
Chief Circuit Court Judge

Susan E. Beebe
Family Court Judge

Teresa D. Hawkins
Director of Youth Center

RECEIVED
JUL 18 2008
JACKSON COUNTY
ADMINISTRATOR'S OFFICE

Randy Treacher
County Administrator
6th Floor Tower Building
120 West Michigan, Jackson 49201

Dear Randy,

This is to notify you and those concerned that, in compliance with the request from your office, the Youth Center has cut 1 full time equivalent from 2nd Shift. The specific slot would be the full time male position on the residential unit. This leaves 1.5 FTE's that need to be cut by 12/31/2009.

Should your office require any further information please feel free to contact Teresa Hawkins or myself.

Sincerely,

Patrick S. Grubba
Assistant Director
Jackson County Youth Center

Cc
File
Teresa Hawkins – Director of the Youth Center
Charles Adkins – Court Administrator

**RESOLUTIONS OF THE
BOARD OF COMMISSIONERS OF JACKSON COUNTY**

WHEREAS, the Jackson County Employees' Retirement System Bylaws (the "Bylaws") were amended by Amendment No. 2006-1 dated _____ (the "2006 Amendment"); and

WHEREAS, the 2006 Amendment eliminated all survivor benefits for certain designated members who were first hired, elected or appointed on or after January 1, 2006 (the "Designated New Hires"); and

WHEREAS, the Board did not intend to amend the Bylaws to eliminate survivor benefits for the Designated New Hires; and

WHEREAS, the 2006 Amendment inadvertently failed to include an intended increase in the service requirement for retirement at age 55 from 10 years to 25 years for the Designated New Hires,

NOW THEREFORE, BE IT RESOLVED that Amendment No. 2008-2 to the Bylaws, which rescinds the portions of the 2006 Amendment that eliminated survivor benefits for the Designated New Hires and which increases the service requirement for retirement at age 55 from 10 years to 25 years for the Designated New Hires, is adopted in the form presented to the meeting.

I certify that the above is a true and complete record of action taken by the Board of Commissioners of Jackson County on the _____ day of _____, 2008.

By: _____

Name: _____
Secretary, Board of Commissioners

INTEROFFICE MEMORANDUM

TO: RANDY TREACHER, JACKSON COUNTY ADMINISTRATOR
FROM: ANDY CRISENBERY, FRIEND OF THE COURT
SUBJECT: ABOLISHING A POSITION WITH ADDITION OF CASUAL FUNDS
DATE: 7/22/2008
CC: HON. CHAD SCHMUCKER, CHIEF JUDGE
CHARLES ADKINS, COURT ADMINISTRATOR

This memorandum is written to request that the subject named above be placed on the agenda of the appropriate Jackson County Board of Commissioners subcommittee(s), during the August 2008 round of meetings, and with the hope that my request will be passed, and then submitted to the full Board for final approval.

I am asking you, and the Board of Commissioners, to support and approve the abolishment of one full time Bench Warrant Officer position within the Friend of the Court Office. The wage and fringe benefit costs for this position is \$69,343 annually. Because \$45,766 of these costs is covered under the Cooperative Reimbursement Program (CRP) contract, the net savings for this change is \$23,577.

In losing this position, we will require assistance with transportation of arrested clients who have warrants issued for a court order violation, especially those of the opposite sex of the officer, who are arrested in non-contiguous and far-away counties. In addition, we will require Court coverage for arraignments and other warrant related duties, during Warrant Unit staffing shortages. In order to meet our needs, I am also requesting an additional amount of casual funding in next year's budget. We are asking for \$25,000 in casual funding which, after CRP reimbursement from the State contract, results in an actual county cost of only \$8,500.

The immediate net savings to the county is \$15,077. The long-term savings are much greater, since this change will ultimately reduce countywide health care and retirement spending. In addition, it will satisfy the goal set by County Administration, which requires the Friend of the Court to eliminate one position.

Respectfully submitted,

Andy Crisenbery

Friend of the Court

County of Jackson
Budget Adjustments-2008

FUND	DEPT	ACCT	SUB	ACCOUNT DESCRIPTION	CURRENT BUDGET	INCREASE	DECREASE	AMENDED BUDGET
292	667	704	000	Wages	\$314,751.00	\$47,821.00		\$362,572.00
292	667	704	040	Longevity Wages	\$5,554.00	\$1,052.00		\$6,606.00
292	666	922	000	Heating	\$28,840.00	\$23,000.00		\$51,840.00
				Total Youth Center Expense Adjustments		\$71,873.00		\$421,018.00
292	981	699	000	Transfer In Fund Balance	\$744,280.00	\$35,937.00	\$0.00	\$780,217.00
292	664	401	021	State Reimbursement	\$1,703,934.00	\$35,936.00	\$0.00	\$1,739,870.00
				Total Revenue Adjustments		\$71,873.00		\$2,520,087.00

DESCRIPTION OF ADJUSTMENT

WAGES: Adjust budget to correct an error in wage calculation from budget process.

HEATING:

Adjust budget to correct unanticipated increase in heating costs.

To garner a 50% reimbursement from the Child Care Fund corrections need to be done prior to August 25 for submission by September 1

DEPT HEAD/date Teresa Hawkins 8/7/2008

COMMITTEE/date _____

BUDGET DIR/date _____

ADMINISTRATOR/date _____

County Affairs
Motions

August 19, 2008

1. Motion: Appoint one public member to the Agricultural Preservation Board, term to 6-30-2011
2. Motion: Appoint one public member to the LifeWays Board, term to 3-31-2011
3. Motion: Approve the Road Commission's request that the County prepare an ordinance in support of their Policy No. 08-01.

Commissioner Board Appointments – August 2008

<u>BOARD</u>	<u>NEW TERM EXPIRES</u>	<u>CURRENT MEMBER</u>	<u>APPLICANTS</u>	<u>COMMITTEE RECOMMENDED APPOINTMENTS</u>
<u>Agricultural Preservation Board</u>				
1) One public member	6/30/2011	Greg Sanford	Robert Sutherby	Robert Sutherby
<u>LifeWays</u>				
1) One public member	3/31/2011	Frank Weathers (resigned)	Tony Lewis Monica Moser Tina Gross	Monica Moser

BOARD OF JACKSON COUNTY ROAD COMMISSIONERS

Jackson County, Michigan

RESOLUTION 08-15

RESOLUTION REQUESTING THE JACKSON COUNTY BOARD OF COMMISSIONERS ADOPT THE JACKSON COUNTY ROAD COMMISSION'S POLICY NO 08-01 ROADS TERMINATING AT NAVIGABLE WATERS AS A COUNTY ORDINANCE THAT SPECIFIES A PENALTY FOR VIOLATION OF THE ORDINANCE AND AFOREMENTIONED POLICY

NOW, THEREFORE, upon motion of Commissioner Rand, supported by Commissioner Hurd,

WHEREAS, the Jackson County Road Commission effective June 12, 2008 adopted it's Policy No 08-01 as to roads terminating at navigable waters in Jackson County, and

WHEREAS, the aforementioned policy was adopted in accordance with recent Michigan Appellate Court Rulings; and

WHEREAS, enforcement of the policy by the Jackson County Road Commission is impeded due to lack of enforcement authority, lack of State of Michigan Statutes specifying a penalty for violation, limited financial resources, and road maintenance priorities;

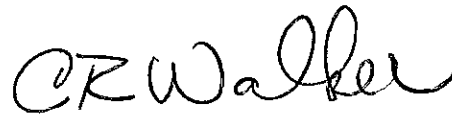
AND WHEREAS, the ability of Public Safety Agencies to effectively perform their duties is impaired, the safety and well-being of persons and property in Jackson County are endangered and neighborhood disputes will continue to fester lacking a fair and efficient enforcement of the policy.

BE IT RESOLVED, that the Board of Jackson County Road Commission requests the Jackson County board of Commissioners to adopt an ordinance, with penalty, to prohibit the construction of docks at public roads ending at navigable waters unless authorized by the Jackson County Road Commission, to prohibit the overnight storage of boats, rafts and watercraft at such public docks and prohibit the mooring of watercraft overnight on bottom lands directly off shore from the public access and/or public docks within the boundaries of Jackson County; and

BE IT FURTHER RESOLVED, that a certified copy of this resolution be placed with the minutes of this meeting and the office of the secretary be instructed to deliver a copy to the Jackson County Board of Commissioners.

I hereby certify the foregoing is a true and correct copy of a resolution unanimously adopted by the Board of Jackson County Road Commissioners at a regular meeting held July 23, 2008.

Prepared by: Charles R. Walker
Jackson County Road Commission
2400 N. Elm Road
P.O. Box 1125
Jackson, MI 49204-1125



Charles R. Walker,
Director of Finance / Clerk