

SOUTH HAVEN AREA WATER-SEWER AUTHORITY
(Van Buren and Allegan Counties, Michigan)

RESOLUTION NO. 04

**RESOLUTION TO AUTHORIZE ISSUANCE OF
SEWER SYSTEM REVENUE BONDS**

Minutes of a regular meeting of the Board of Directors of the South Haven Area Water-Sewer Authority, Van Buren and Allegan Counties, Michigan, held on July 25, 2023, at 9:00 p.m., local time.

PRESENT: Ron Wise, Bill Hunter, Bill Roberts, Ross Stein
Brian Sheehy, Alan Overhiser

ABSENT: All Dubuisson

The following Resolution was offered by Member Ross Stein and supported by Member Bill Hunter :

WHEREAS, pursuant to Act 94, Public Acts of Michigan, 1933, as amended (the "Act"), the South Haven Area Water-Sewer Authority (the "Authority") has determined to make improvements to the Authority's Sewer System; and

WHEREAS, the improvements will enable the Authority to provide more efficient and better quality public services to the users of the Sewer System; and

WHEREAS, the improvements shall be financed in part by the issuance of revenue bonds or other evidences of indebtedness in accordance with the Act; and

WHEREAS, the Act permits the Authority to authorize, within limitations that shall be contained in the authorizing resolution, an officer to sell, deliver, and receive payment for obligations, and to approve interest rates or methods for fixing interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, optional or mandatory redemption rights, place of delivery and payment, and other matters and procedures necessary to complete an authorized transaction.

NOW, THEREFORE, BE IT RESOLVED as follows:

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

(a) "Act" means Act 94, Public Acts of Michigan, 1933, as amended.

(b) “Additional First Lien Bonds” means any additional First Lien bonds issued in the future.

(c) “Additional Junior Lien Bonds” means any additional Junior Lien Bonds issued in the future.

(d) “Adjusted Net Revenues” means for any operating year the Net Revenues to which may be made the following adjustments:

(i) Revenues may be augmented by the amount of any rate increase adopted prior to the issuance of additional Bonds or to be placed into effect before the time principal or interest on the additional Bonds becomes payable from Revenues as applied to quantities of service furnished during the operating year or portion thereof that the increased rates were not in effect.

(ii) Revenues may be augmented by amounts that may be derived from rates and charges to be paid by new customers of the System.

(e) “Authority” means the South Haven Area Water-Sewer Authority, Van Buren and Allegan Counties, Michigan.

(f) “Authorized Officer” means the Chairperson, Secretary, Treasurer and Assistant Secretary of the Authority or any one of them acting alone or any number of them acting together.

(g) “Board” means the Board of Directors of the Authority, the legislative and governing body thereof.

(h) “Bondholder” or “Bondholders” means the holder or holders of the Bonds.

(i) “Bond Reserve Account” means a subaccount established within the Redemption Account pursuant to Section 15(b)(ii)(B).

(j) “Bonds” means the Series 2023 Bonds and any Additional Junior Lien Bonds and any Additional First Lien Bonds authorized pursuant to this Resolution or any resolution supplemental to this resolution.

(k) “Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

(l) “Construction Fund” shall mean the 2023 Sewer System Junior Lien Revenue Bonds Construction Fund created pursuant to Section 15(a).

(m) “Contract Documents” means the Purchase Contract between the Authority and the MFA, the Supplemental Agreement by and among the Authority, the MFA, and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, and the Issuer’s Certificate for the Series 2023 Bonds and such other closing documents required by the MFA for the issuance of the Series 2023 Bonds.

(n) “First Lien Bonds” shall mean any bonds or other obligations that may be issued or incurred by the Authority in the future payable from the Revenues of the System secured by a lien that is a first lien on the Net Revenues of the System, senior in standing and priority of lien with respect to the Net Revenues to the claim of the Junior Lien Bonds.

(o) “First Lien Redemption Account” means the First Lien Bond and Interest Redemption Account created as a subaccount of the Redemption Account pursuant to Section 15(b)(ii)(A).

(p) “G. O. Fund” means the General Obligation Debt Fund created pursuant to Section 15(b)(iii).

(q) “Improvements” means the design, purchase, acquisition, installation, and construction of improvements to the Authority’s Sewer System, including but not limited to improvements to the Authority’s wastewater treatment plant and facilities, including but not limited to upgrades to the existing biological treatment system, secondary clarifiers, disinfection system, removal and replacement of process piping and equipment, modifications to existing treatment basins, upgrades to electrical and control systems, site improvements; as well as all work, and equipment necessary and incidental to these improvements and such other wastewater treatment plant improvements and improvements to other Sewer System facilities the Authority shall determine to make.

(r) “Junior Lien Bonds” shall mean any bonds or other obligations that may be issued or incurred by the Authority payable from the Revenues of the System secured by a lien on the Net Revenues of the System that is subordinate to a first lien on the Net Revenues of the System created for the benefit of any First Lien Bonds and shall include the Series 2023 Bonds and the Series 2016 Bonds to the extent the Authority is required to pay the debt service on the Series 2016 Bonds pursuant to the South Haven Area Water-Sewer Authority Contract or otherwise.

(s) “Junior Lien Redemption Account” shall mean the Junior Lien Bond and Interest Redemption Account created as a subaccount of the Redemption Account pursuant to Section 15(b)(ii)(C).

(t) “MFA” means the Michigan Finance Authority created by Executive Order 2010-2, which, among other things, transferred to the Michigan Finance Authority the powers, duties, and functions of the Michigan Municipal Bond Authority created and established pursuant to Act 227, Public Acts of Michigan, 1985, as amended.

(u) “Net Revenues” shall have the same meaning as defined in Section 3 of the Act.

(v) “Operation and Maintenance Fund” means the Operation and Maintenance Fund created pursuant to Section 15(b)(i).

(w) “Paying Agent” shall mean the paying agent as provided in Section 8.

(x) “Receiving Fund” shall mean the Sewer System Receiving Fund created pursuant to Section 15(b).

(y) “Redemption Account” shall mean the Bond and Interest Redemption Account created pursuant to Section 15(b)(ii).

(z) “Resolution” means this Resolution and all amendments hereto.

(aa) “Revenues” shall have the same meaning as defined in Section 3 of the Act and shall include all earnings on investment of funds of the System and all other revenues derived from or pledged to operation of the System.

(bb) Series 2016 Bonds means the City of South Haven Sanitary Sewer System Junior Lien Revenue Bonds, Series 2016 to the extent that the Authority is required to pay the debt service on such bonds pursuant to the South Haven Area Water-Sewer Authority Contract or otherwise.

(cc) “Series 2023 Bonds” means the Authority’s the Sewer System Junior Lien Revenue Bonds, Series 2023 issued pursuant to this resolution.

(dd) “System” means the Authority’s complete Sewer System, including all collection and treatment facilities for sewer and all appurtenances thereto now owned by the Authority and those acquired pursuant to this Resolution and all extensions and improvements thereto hereafter made.

2. NECESSITY, PUBLIC PURPOSE. It is hereby determined to be necessary for the public health, safety, and welfare of the Authority's residents to acquire and construct the Improvements to the System in accordance with the maps, plans, and specifications therefor prepared by the Authority's engineers, which are hereby approved.

3. ESTIMATED COST; PERIOD OF USEFULNESS. The cost of the Improvements has been estimated by the engineers not to exceed \$5,825,000, including the payment of legal, engineering, financial, and other expenses, which estimate of cost is approved and confirmed, and the period of usefulness of the Improvements is estimated to be greater than forty (40) years.

4. ISSUANCE OF BONDS. To pay a portion of the cost of designing, acquiring, and constructing the Improvements and to pay the legal and financial expenses and all other expenses incidental to the issuance of the Series 2023 Bonds, the Authority shall issue its revenue bonds pursuant to the provisions of the Act. The Series 2023 Bonds shall be issued in the aggregate principal sum of not to exceed \$5,825,000, as finally determined by the Authorized Officer at the time of sale, or such lesser amount thereof as shall have been advanced to the Authority pursuant to the Contract Documents.

During the time funds are being drawn down by the Authority under the Series 2023 Bonds, the MFA will periodically provide the Authority 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 MFA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Authority 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 Series 2023 Bonds.

5. SERIES 2023 BOND TERMS. The Series 2023 Bonds shall be issued as one fully registered manuscript bond, shall be sold and delivered to the MFA in any denomination. The Series 2023 Bonds shall be dated the date of delivery to the MFA, or such other date approved by the Authorized Officer, and shall be payable on the dates and in the amounts determined by the Authorized Officer at the time of sale provided the final maturity shall be no later than forty (40) years after the date of issuance. The Series 2023 Bonds shall bear interest at a rate as provided in the Contract Documents, payable semiannually on the dates determined by the Authorized Officer

at the time of sale. Within the limitations provided above, the final amount of any maturity and the terms of the Series 2023 Bonds shall be as provided in the Contract Documents and will be finally determined by the Authorized Officer.

6. PAYMENT OF BONDS; PLEDGE OF NET REVENUES. Principal of and interest on the Bonds shall be payable in lawful money of the United States of America to the person appearing on the Bond registration books as the registered owner thereof. Payment of principal on the Bonds shall be made at the principal office of the Paying Agent, upon surrender of the Bonds. Payment of interest on the Bonds shall be paid to the registered owner at the address as it appears on the registration books. The principal of and interest on the Bonds shall be payable from the Net Revenues derived from the operation of the System, including future improvements, enlargements and extensions thereof, after provision has been made for the payment of expenses of administration, operation, and maintenance thereof. The Net Revenues of the System, including future enlargements, improvements, and extensions thereto, are hereby pledged to the payment of the principal of and interest on the Bonds. To secure the payment of the principal of and interest on the Bonds, including the Series 2023 Bonds, there is hereby created a lien, which shall be a statutory lien pursuant to the Act, to and in favor of the Bondholders of the Bonds upon the Net Revenues of the System, including future enlargements, improvements, and extensions thereof. The statutory lien on the Net Revenues securing any First Lien Bonds shall be a first lien as provided in the Act and shall at all times and in all respects be and remain superior to the lien on the Net Revenues securing any Junior Lien Bonds, including the Series 2023 Bonds. The Net Revenues so pledged shall be and remain subject to such lien until the payment in full of the principal of and interest on the Bonds or until Bonds are defeased as provided in Section 23.

The Series 2023 Bonds, including both principal and interest thereon, shall not be a general obligation of the Authority and shall not constitute an indebtedness of the Authority for the purpose of any debt limitations imposed by any applicable constitutional, statutory, or charter provisions.

7. PRIOR REDEMPTION. The Series 2023 Bonds issued and sold to the MFA shall be subject to redemption prior to maturity by the Authority only with the prior written consent of the MFA and on such terms as may be required by the MFA.

8. PAYING AGENT AND REGISTRATION.

(a) Appointment of Paying Agent. From time to time the Authorized Officer shall designate and appoint a Paying Agent, which shall also act as transfer agent and bond registrar. The initial Paying Agent shall be the Authority Treasurer. The Authorized Officer shall also have the authority to remove the Paying Agent and appoint a successor Paying Agent. In the event of a change in the Paying Agent, notice shall be given in writing, by certified mail, to each Registered Owner not less than sixty (60) days prior to the next interest payment date. The Paying Agent shall keep the official books for the recordation of the Registered Owners of the Bonds.

(b) Registration of Bonds. Registration of the Bonds shall be recorded in the registration books of the Authority to be kept by a Paying Agent. Bonds may be transferred only by submitting the same, together with a satisfactory instrument of transfer signed by the Registered Owner or the Registered Owner's legal representative duly authorized in writing, to the Paying Agent, after which a new Bond or Bonds shall be issued by the Paying Agent to the transferee (new registered owner) in any denomination, in the same aggregate principal amount as the Bond submitted for transfer. No transfer of Bonds shall be valid unless and until recorded on the bond registration books in accordance with the foregoing. The person in whose name any Bond is registered may for all purposes, notwithstanding any notice to the contrary, be deemed and treated by the Authority and the Paying Agent as the absolute owner thereof, and any payment of principal and interest on any Bond to the Registered Owner thereof shall constitute a valid discharge of the Authority's liability upon such Bond to the extent of such payment. No Bond shall be transferred less than fifteen (15) days prior to an interest payment date nor after the Bond has been called for redemption.

(c) MFA's Depository. Notwithstanding any other provision of this Resolution, so long as the MFA is the owner of the Series 2023 Bonds, (a) the Series 2023 Bonds are payable as to principal, premium, if any, and interest in lawful money of the United States of America at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Authority by the MFA (the "MFA's Depository"); (b) the Authority agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on the Series 2023 Bonds in immediately available funds by 12:00 noon at least five (5) business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the MFA's Depository has not received the Authority's

deposit by 12:00 noon on the scheduled day, the Authority shall immediately pay to the MFA as invoiced by the MFA an amount to recover the MFA’s administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of the Series 2023 Bonds shall be given by the Authority and received by the MFA’s Depository at least forty (40) days prior to the date on which such redemption is to be made.

9. SALE OF BONDS. The Series 2023 Bonds shall be sold to the MFA. The Authority determines that a negotiated sale to the MFA is in the best interest of the Authority because the terms offered by the MFA are more favorable than those available from other sources of funding.

10. BOND FORM. The Series 2023 Bonds shall be in substantially the following form with such completions, changes, and additions as may be required by the MFA or as recommended by the Authority’s Bond Counsel and approved by the officers of the Authority signing the Series 2023 Bonds:

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
VAN BUREN AND ALLEGAN COUNTIES
SOUTH HAVEN AREA WATER-SEWER AUTHORITY
SEWER SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2023**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
[Insert Rate]	See Schedule I	[Insert Date]

Registered Owner: Michigan Finance Authority

Principal Amount: [Insert Principal Amount]

The South Haven Area Water-Sewer Authority, Van Buren and Allegan Counties, Michigan (the “Issuer”), acknowledges itself indebted and, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, out of the net revenues of the Sewer System of the Issuer (the “System”), including all appurtenances, additions, extensions, and improvements thereto after provision has been made for reasonable and necessary expenses of operation, maintenance, and administration of the System (the “Net Revenues”) the amounts and on the Dates of Maturity set forth on Schedule I hereto, together with interest thereon from the dates of receipt of such funds, or such later date to which interest has been paid, at the Interest Rate per annum specified above, payable on the first day of April and October of each year, beginning April 1, 2024, except as the provisions hereinafter set forth with respect to redemption of this Bond prior to maturity may become applicable hereto.

The Issuer promises to pay to the Michigan Finance Authority (the “MFA”) the principal amount of this Bond or so much thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the MFA and a Supplemental Agreement by and among the Issuer, the MFA, and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy.

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

Notwithstanding any other provision of this Bond, so long as the MFA is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the MFA (the “MFA’s Depository”); (b) the Issuer agrees that it will deposit with the MFA’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 MFA’s Depository has not received the Issuer’s deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the MFA as invoiced by the MFA an amount to recover the MFA’s administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the MFA’s Depository at least 40 days prior to the date on which such redemption is to be made.

This Bond, being one fully registered manuscript bond, is issued in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended and a resolution adopted by the Board of Directors of the Issuer on _____, 2023 (the “Resolution”), for the purpose of paying the cost of acquiring and constructing improvements to the System. This Bond is a self-liquidating Bond, and is not a general obligation of the Issuer within any constitutional, statutory, or charter limitation, but is payable, both as to principal and interest, solely from the Net Revenues of the System. The principal of and interest on this Bond are secured by a statutory lien on the Net Revenues.

The Issuer hereby covenants and agrees to fix, and maintain at all times while any of the Bonds shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the principal of and interest upon all such Bonds as and when the same become due and payable, to maintain a bond and interest redemption account, and to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Resolution. The statutory liens securing any First Lien Bonds (as defined in the Resolution) issued by the Issuer will be first liens that shall be and shall remain superior to the lien on the Net Revenues securing this Bond and any Additional Junior Lien Bonds (as defined in the Resolution), that may be issued

pursuant to the Resolution. The Bonds of this series shall have equal standing with any Additional Junior Lien Bonds that may be issued pursuant to the Resolution, and Additional First Lien Bonds of superior standing to the bonds of this series may be issued pursuant to the Resolution. For a complete statement of the revenues from which, and the conditions under which, this Bond is payable, a statement of the conditions under which additional bonds of equal or superior standing may hereafter be issued, and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Resolution.


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

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 MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA 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 MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA 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 MFA issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the MFA) of such deficiency as additional interest on this Bond.

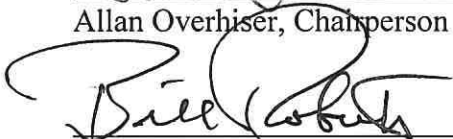
It is hereby certified and recited that all acts, conditions, and things required by law, precedent to and in the issuance of this Bond, exist and have been done and performed in regular and due time and form as required by law and that the total indebtedness of the Issuer including this Bond, does not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

[Signature page follows.]

IN WITNESS WHEREOF, the South Haven Area Water-Sewer Authority, Van Buren and Allegan Counties, Michigan, by its Board of Directors, has caused this Bond to be signed, by the manual or facsimile signatures of its Chairperson and its Secretary, all as of the Date of Original Issue specified above.



Allan Overhiser, Chairperson



Bill Roberts, Secretary

ASSIGNMENT

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

(please print or type social security number or taxpayer identification number and name and address of transferee)

the within bond and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signed: _____

In the presence of: _____

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his/her capacity to act must accompany the bond.

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

Signature Guaranteed: _____

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 MFA's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the MFA as invoiced by the MFA an amount to recover the Bond MFA's administrative costs and lost investment earnings attributable to that late payment.

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

[END OF BOND FORM]

11. EXECUTION OF BONDS. Any one or more of the Authorized Officers are hereby authorized and directed to sign the Series 2023 Bonds, either manually or by facsimile signature, on behalf of the Authority. Upon execution, the Series 2023 Bonds shall be delivered to the purchaser thereof.

12. RIGHTS OF BONDHOLDERS. The Bondholders representing in the aggregate not less than twenty percent (20%) of the entire amount of Bonds then outstanding may protect and enforce the statutory lien, either at law or in equity, by suit, action, mandamus, or other proceedings, and enforce and compel the performance of all duties of the officials of the Authority, including the fixing of sufficient rates, the collection of revenues, the proper segregation of revenues and the proper application thereof; provided, however, that such statutory lien shall not be construed to give any Registered Owner of any Bond authority to compel the sale of the System, the revenues of which are pledged thereto.

If there is any default in the payment of the principal of or interest on any of the Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Authority and under the direction of such court, and by and with the approval of such court, to fix and charge rates and collect revenues sufficient to provide for the payment of any Bonds or other obligations outstanding against the revenues of the System and for the payment of the expenses of operating and maintaining the System and to apply the income and revenues of the System in conformity with the Act and this Resolution.

The owners or Bondholders, from time to time, of the Bonds, shall have all the rights and remedies given by law, and particularly by the Act, for the collection and enforcement of the Bonds and the security therefor.

13. MANAGEMENT OF SYSTEM. Except as provided in this Resolution, the construction, alteration, repair, and management of the System shall be under the supervision and

control of the Board. The Authority may employ such persons in such capacities as it deems advisable to carry on the efficient management and operation of the System. The Board may make such rules, orders, and regulations as it deems advisable and necessary to assure the efficient management and operation of the System.

14. SUPERVISED ACCOUNTS. The Treasurer of the Authority shall be custodian of all funds belonging to and/or associated with the System and such funds shall be deposited in such banks, savings and loan associations, or credit unions, each of which has unimpaired capital and surplus of at least \$2,000,000, or which are each a member of the Federal Deposit Insurance Corporation the Federal Savings and Loan insurance Corporation, or the National Credit Union Share Insurance Fund or successor agencies.

15. FUNDS AND ACCOUNTS. The Treasurer is hereby directed to create and maintain the following funds, which shall be designated as follows, into which the Bond proceeds and the revenues and income from the System shall be deposited, which funds and accounts shall be established and maintained, except as otherwise provided, so long as any of the Bonds hereby authorized remain unpaid.

(a) Construction Fund. The proceeds of the Series 2023 Bonds shall be deposited in the Construction Fund. Such moneys shall be used solely for the purpose for which the Series 2023 Bonds were issued. Any unexpected balance in the Construction Fund remaining after completion of the Improvements may be used for such purposes as allowed by law. After completion of the Improvements and disposition of remaining Series 2023 Bond proceeds, if any, pursuant to the provisions of this Section, the Construction Fund shall be closed.

(b) Receiving Fund. The gross income and revenue of the System shall be set aside into the Receiving Fund. The moneys so deposited are pledged for the purpose of the following funds and accounts and shall be expended and used only in the manner and order as follows:

(i) Operation and Maintenance Fund. The Authority shall create and maintain the Operation and Maintenance Fund. Prior to the beginning of each fiscal year, the Board shall prepare an annual budget of the System for the ensuing fiscal year. Out of the revenues in the Receiving Fund, there shall be set aside, quarterly and deposited into the Operation and Maintenance Fund a sum sufficient to pay the reasonable and necessary current expenses of

administering, operating and maintaining the System for the ensuing three months, including, but not limited to any amounts required to be paid to constituent municipalities of the Authority for System related purposes.

(ii) Redemption Account. The Authority shall create and maintain the Redemption Account.

(A) First Lien Redemption Account. The First Lien Redemption Account shall be established as a subaccount within the Redemption Account to be used solely for the purpose of paying the principal of and interest on First Lien Bonds. After the transfers required above, there shall first be transferred quarterly from the Receiving Fund, and deposited in the First Lien Redemption Account, for payment of principal of and interest on the First Lien Bonds, a sum equal to at least one-half (1/2) of the amount of interest due on First Lien Bonds on the next ensuing interest payment dates plus not less than one-fourth (1/4) of the principal maturing on First Lien Bonds on the next ensuing principal payment dates in each year. The moneys in the First Lien Redemption Account shall be accounted for separately.

(B) Bond Reserve Account. The Bond Reserve Account shall also be established as a subaccount of the Redemption Account. Upon the issuance of any First Lien Bonds, the Authority shall deposit into the Bond Reserve Account such amounts determined by the Authority in the resolution authorizing such First Lien Bonds, to be used as provided in the resolution authorizing their issuance. No deposit to the Bond Reserve Account shall be required for the Series 2023 Bonds.

(C) Junior Lien Redemption Account. The Junior Lien Redemption Account shall also be established as a subaccount within the Redemption Account to be used solely for the purpose of paying the principal of and interest on the Junior Lien Bonds. After the transfers required above, there shall be transferred quarterly from the Receiving Fund, and deposited in the Junior Lien Redemption Account for payment of principal of and interest on the Junior Lien Bonds, a sum equal to at least one-half (1/2) of the amount of interest on Junior Lien Bonds due on the next ensuing interest payment dates plus not less than one-fourth (1/4) of the principal maturing on Junior Lien Bonds on the next ensuing principal payment dates in each year. The monies in the Junior Lien Redemption Account shall be accounted for separately.

(D) Additional Deposits. If for any reason there is a failure to make a required deposit to any of the subaccounts of the Redemption Account or for any reason there is a

deficiency in any of the subaccounts, then an amount equal to the deficiency shall be set aside and deposited in the subaccount from the Net Revenues in the next succeeding period, which amount shall be in addition to the regular deposit required during such succeeding period.

No further payments need be made into a subaccount of the Redemption Account after the amount accumulated and held in the subaccount, or in the case of First Lien Bonds together with amounts held in the Bond Reserve Account, is sufficient to pay when due the entire amount of principal and interest that will be payable at the time of maturity or at an earlier redemption date of all the Bonds then remaining outstanding that are payable from the subaccount, or for Bonds that have been defeased as provided in Section 23.

(iii) General Obligation Debt Fund. The G. O. Fund is hereby established. After meeting the requirement of the foregoing funds, there may be transferred quarterly from remaining revenues in the Receiving Fund, or from other available monies, and deposited in the G. O. Fund, such sums as the Board in its sole discretion determines to be desirable to pay debt service on presently existing or future general obligation bond issues of the Authority or general obligation contractual obligations of the Authority incurred or to be incurred for System purposes or other bonds or obligations the Authority is required to pay pursuant to the South Haven Area Water-Sewer Authority Contract or otherwise. This section shall not be construed to create a lien on the Net Revenues in favor of any obligations the debt service on which may be paid from the G. O. Fund from time to time.

(iv) Improvement and Repair Fund. The Authority hereby establishes the Improvement and Repair Fund, into which there shall be placed, after meeting the requirements of the subsections set forth above, such sums as the Board shall determine to be used by the Authority for the purpose of acquiring and constructing improvements, additions, and extensions to the System and for making repairs and replacements to the System.

(v) Surplus Moneys. All moneys remaining in the Receiving Fund at the end of any operating year after satisfying the above requirements may be transferred to the Redemption Account and its subaccounts and used as authorized in this Resolution or, at the option of the Authority, transferred to the G. O. Fund or the Improvement and Repair Fund and used for the purposes for which said funds were established. Provided, however, that if there should be a deficit in the Operation and Maintenance Fund, and any subaccount of the Redemption Account, a bond reserve account or the G. O. Fund on account of defaults in setting aside therein the amounts

required in this Resolution, or a future resolution, then the Authority shall transfer the moneys remaining in the Receiving Fund at the end of any operating year to such funds in the priority and order named, to the extent of such deficits. Available surplus moneys may be used to retire any outstanding obligations of the Authority incurred for construction, expansion or addition to the System, including additional bonds, the issuance of which is authorized by this Resolution, or if no other disposition has been provided for, such moneys may be used for such other purposes of the System as the Board may deem to be for the best interest of the Authority.

(vi) Priority of Accounts. In the event the monies in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or any subaccounts of the Redemption Account, any monies or securities in other funds of the System, except the Construction Fund, shall be credited or transferred, first, to the Operation and Maintenance Fund, second to the First Lien Redemption Account, third to the Junior Lien Redemption Account, and fourth to a bond reserve account, to the extent of any deficit therein.

16. INVESTMENT OF FUNDS. Moneys in the funds and accounts established herein may be invested by the Authority in bonds, notes, bills, and certificates of, or guaranteed by, the United States of America, or in interest bearing time deposits or other investments as shall be determined by the Authority, subject to the provisions of Act 20, Public Acts of Michigan, 1943, as amended, or any statute subsequently adopted regulating investments by the Authority, and subject to the limitations imposed by arbitrage regulations and Section 148 of the Code. Profit realized or interest income earned on investment of funds in the various funds and accounts shall be deposited in or credited as received to the Receiving Fund.

17. DEPOSITORY AND FUNDS ON HAND. Monies in the several funds and accounts maintained pursuant to this Resolution, except monies in the Construction Fund and Redemption Account, which must be kept in a separate account, may be kept in one or more accounts at financial institutions designated by resolution of the Authority, and if kept in one account, the monies shall be allocated on the books and records of the Authority in the manner and at the times provided in this Resolution.

18. RATES AND CHARGES. Rates shall be fixed and revised from time to time by the Board so as to produce amounts that are sufficient to pay the expenses of administration and the costs of operation and maintenance of the System, to provide an amount of revenues adequate for the payment of principal of and interest on the Bonds, reserve, replacement, and improvement

requirements, if any, and to otherwise comply with all requirements and covenants provided herein; and such that are reasonably expected to yield annual Net Revenues of the System, in the current fiscal year equal to at least 100% of principal maturing and interest payable in the current fiscal year on the then outstanding Junior Lien Bonds and equal to such percentage of the annual principal and interest thereafter maturing in the fiscal year on the then outstanding First Lien Bonds, if any, as is established by the resolution authorizing the issuance of the First Lien Bonds; and promptly upon any material change in the circumstances which were not contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each fiscal year, review the rates and charges for its services and promptly revise such rates and charges as necessary to comply with the foregoing requirement, in which case the Authority will be in compliance with the requirements of this Section. The rates and charges for all services and facilities rendered by the System shall be reasonable and just, taking into consideration the costs and value of the System, the cost of maintaining, repairing, and operating the System, and the amounts necessary for the retirement of all Bonds and interest accruing on all Bonds, and there shall be charged such rates and charges as shall be adequate to meet the requirement of this and the preceding sections.

19. NO FREE SERVICE. No free service shall be furnished by the System to the Authority or to any individual, firm or corporation, public or private, or to any agency or instrumentality.

20. REVENUE BOND COVENANTS. The Authority covenants and agrees, so long as any of the Bonds hereby authorized remain unpaid, as follows:

(a) It will punctually perform all duties with reference to the System and comply with applicable State laws and regulations and continually operate and maintain the System in good condition.

(b) It will not sell, lease, mortgage or in any manner dispose of the System, or any substantial part of it, until all Bonds payable from the revenues of the System shall have been paid in full, defeased, or provision has been made or agreement entered into for the payment of such Bonds. The Authority is explicitly authorized to enter into arrangements with its constituent municipalities if such arrangements require the authority to provide funds to make payments sufficient to pay the debt service on any of the bonds affected by the arrangement.

(c) It will cause an annual review of rates and charges to be made and based thereon will adjust such rates and charges to provide the amounts required by this Resolution.

(d) It will maintain complete books and records relating to the operation of the System and its financial affairs, will cause such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and will furnish a Bondholder a copy of such report upon written request.

(e) It will maintain and carry insurance on all physical properties of the System, for the benefit of the Bondholders, 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 solely to the replacement and restoration of the property damaged or destroyed, and to the extent not so used, shall be used for the purpose of calling Bonds.

21. ADDITIONAL BONDS. Additional Bonds of equal standing with the Series 2023 Bonds may be issued in an amount of not to exceed 10% of the Bonds authorized herein, as may be necessary to complete construction of the Improvements. Additional First Lien Bonds of equal standing and priority with any outstanding First Lien Bonds and superior to Junior Lien Bonds may be issued for repair, replacement, improvement, or extension of the System and to refund all or a portion of Bonds and paying the costs of issuing the Additional First Lien Bonds, but only if the average actual or Adjusted Net Revenues of the System for any consecutive twelve month period out of the 24 months preceding the adoption of the resolution authorizing the issuance of such Bonds shall be equal to at least one hundred percent (100%) of the average annual principal and interest thereafter maturing in any operating year on the then outstanding First Lien Bonds, Junior Lien Bonds and the Additional First Lien Bonds then being issued. In addition, Additional First Lien Bonds of equal standing and priority with any outstanding First Lien Bonds may be issued to refund all or a portion of outstanding Bonds if the refunding would provide a net present value debt service savings to the Authority. If the Additional First Lien Bonds are to be issued in whole or in part for refunding outstanding Bonds, the annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each operating year the annual principal and interest requirements of any Bonds to be refunded from the proceeds of the Additional First Lien Bonds.

Additional Junior Lien Bonds of equal standing and priority with any outstanding

Junior Lien Bonds may be issued for repair, replacement, improvement, or extension of the System and to refund all or a portion of Bonds and paying the costs of issuing the Additional Junior Lien Bonds, but only if the average actual or Adjusted Net Revenues of the System for any consecutive twelve month period out of the 24 months preceding the adoption of the resolution authorizing the issuance of such Bonds shall be equal to at least one hundred percent (100%) of the average annual principal and interest thereafter maturing in any operating year on the then outstanding First Lien Bonds, Junior Lien Bonds, and the Additional Junior Lien Bonds then being issued. In addition, Additional Junior Lien Bonds of equal standing and priority with any outstanding Junior Lien Bonds may be issued to refund all or a portion of outstanding Bonds if the refunding would provide a net present value debt service savings to the Authority. If the Additional Junior Lien Bonds are to be issued in whole or in part for refunding outstanding Bonds, the annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each operating year the annual principal and interest requirements of any Bonds to be refunded from the proceeds of the Additional Junior Lien Bonds.

In addition, at any time that the MFA is the holder of all of the Bonds outstanding, Additional First Lien Bonds and Junior Lien Bonds may be issued if the MFA consents to the issuance by accepting delivery of such bonds.

In addition, Additional First Lien Bonds and Additional Junior Lien Bonds may be issued without meeting any of the conditions and tests set forth above to pay: (i) the cost of acquisition and construction of any repairs, replacements, improvements, major renewals, or corrections of any damage or loss to the System necessary, in the opinion of the Authority engineer, to keep the System in good operating condition or to prevent a loss of Revenues therefrom to the extent that the cost thereof cannot reasonably be paid from the Repair Replacement and Improvement Fund or from insurance proceeds, or (ii) the cost of decommissioning, disposal, or termination of any part of the System.

Determination by the Board as to existence of conditions permitting the issuance of Additional Bonds shall be conclusive, provided this shall not eliminate any requirement for any other approval required herein.

Any additional Bonds shall be subject to the various funds herein established, and all revenue from any such extension or replacement constructed by the proceeds of any additional

Bonds shall be paid into the Receiving Fund.

22. AUTHORIZED OFFICER: The Authorized Officer is hereby designated, for and on behalf of the Authority, to do all acts and to take all necessary steps required to effectuate the sale, issuance, and delivery of the Series 2023 Bonds to the MFA. The Authorized Officer is hereby authorized to execute and deliver the Contract Documents in substantially the form presented to the Authority, with such changes, additions, and completions as are approved by the Authorized Officer. The Authority hereby approves the Contract Documents in the form presented by the MFA with such changes as are approved by the Authorized Officer. Notwithstanding any other provision of this Resolution, the Authorized Officer is authorized within the limitations of this Resolution to determine the specific interest rate or rates to be borne by the bonds, not exceeding the maximum rate allowed by law, the principal amount, interest payment dates, dates of maturities, and amount of maturities, redemption rights, the title of the Series 2023 Bonds, date of issuance, and other terms and conditions relating to the Series 2023 Bonds and the sale thereof provided, however, the last annual principal installment shall not be later than provided in the Contract Documents. The Authorized Officer is further authorized to alter or adjust the covenants made pursuant to this Resolution, including without limitation the covenants provided in Sections 18, 20, and 21. The Authorized Officer's approval of the terms shall be evidenced by his or her signature on the document or agreement stating such terms. The Authorized Officer is hereby authorized for and on behalf of the Authority, without further Board approval, to do all acts and take all necessary steps required to effectuate the sale, issuance, and delivery of the Series 2023 Bonds. The Authorized Officer is authorized to execute any orders, receipts, agreements, pledge agreements, documents, or certificates necessary to complete the transaction, including, but not limited to, any issuers certificate, any certificates relating to federal or state securities laws, rules or regulations, and any applications to the Michigan Department of Treasury and to make any elections or designations under the Code.

23. 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 or mandatory redemption, the principal of, premium, if any, and interest on any of the Bonds, shall be deposited in trust, this Resolution shall be defeased with respect to such Bonds (the "Defeased

Bonds”), and the owners of the Defeased Bonds shall have no further rights under this Resolution except to receive payment of the principal of, premium, if any, and interest on the bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange bonds as provided herein. Defeased Bonds shall be treated as if they have been redeemed for all purposes under this Resolution.

24. FISCAL YEAR OF SYSTEM. The fiscal year for operating the System shall coincide with the fiscal year of the Authority.

25. TAX COVENANT. The Authority covenants to comply with all requirements of the Code necessary to assure that the interest on the bonds will be and will remain excludable from gross income for federal income tax purposes. The Authorized Officer and other appropriate officials of the Authority are authorized to do all things necessary (including the making of such covenants of the Authority as shall be appropriate) to assure that the interest on the Series 2023 Bonds will be and will remain excludable from gross income for federal income tax purposes.

26. APPOINTMENT OF BOND COUNSEL. The firm of Dickinson Wright PLLC is hereby approved as bond counsel to the Authority.

27. MUNICIPAL ADVISOR. MFCI, LLC is hereby employed as municipal advisor for the Bonds.

28. PUBLICATION AND RECORDATION. This Resolution shall be published once in full in a newspaper of general circulation in the Authority qualified under state law to publish legal notices, and the same shall be recorded in the records of the Authority and such recording authenticated by the signature of the Clerk.

29. RESOLUTION SUBJECT TO MICHIGAN LAW. The provisions of this Resolution are subject to the laws of the State of Michigan.

30. SECTION HEADINGS. The section headings in this Resolution are furnished for convenience of reference only and shall not be considered to be a part of this Resolution.

31. SEVERABILITY. If any section, paragraph, clause, or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the other provisions of this Resolution.

32. CONFLICT. All Resolutions or parts thereof, insofar as the same may be in conflict herewith, are hereby repealed to the extent of the conflict; provided, that the foregoing shall not operate to repeal any provision thereof, the repeal of which would impair the obligation on the Bonds.

33. EFFECTIVE DATE OF RESOLUTION. Pursuant to Section 6 of the Act, this Resolution shall be approved on the date of first reading and this Resolution shall be effective immediately upon its adoption.

YEAS: Ron Wise, Bill Hunter, Bill Roberts, Ross Stein
Brian Sheehy, Alan Overhiser

NAYS: None

RESOLUTION DECLARED ADOPTED.



Allan Overhiser, Chairperson




Bill Roberts, Secretary

CERTIFICATION

I, Bill Roberts, the duly qualified and acting Secretary of the South Haven Area Water-Sewer Authority, Van Buren and Allegan Counties, Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors at a regular meeting held on July 25, 2023, and that notice of said meeting was given pursuant to Act 267, Public Acts of Michigan, 1976, as amended.

Date: July 25, 2023



Bill Roberts, Secretary