



## **Regular Commission Meeting AGENDA**

Monday, July 20, 2026 @ 10:00AM

Kalamazoo Lake Sewer & Water Authority Offices

6449 Old Allegan Road, Saugatuck MI 49453

### **1) Call to Order**

### **2) Roll Call**

### **3) Approval of Agenda**

### **4) Public Comments**

*The Commission requests that speakers respect the three-minute time limit for individual comments and the five-minute time limit for an individual speaking on behalf of a group. This is not a question-and-answer session, it is an opportunity to voice your thoughts with the Authority Commission.*

### **5) Consent Agenda**

*Consent Agendas are considered routine by the Commission and will be enacted by one motion. There will be no separate discussion of these items. If discussion of an item is required, it will be removed from the consent agenda and considered separately.*

#### **a. Bills and Review of Invoices**

1. June Check Details
2. June Statement of Revenue and Expenses

#### **b. Approval of Minutes**

1. June 15, 2026 - DRAFT

#### **c. Reports**

1. Historical Use Report
2. Community Base Fee Report
3. Operations Report

### **6) Reports**

Individuals with disabilities requiring auxiliary aids or services can contact KLSWA for reasonable accommodations. If you require accommodations, please contact KLSWA as soon as practically possible prior to the meeting in writing or by calling as some accommodations may require 48-hours to provide.



- a. Authority Administrator's Report

## 7) Old Business

- a. Old Allegan Lift Station, Easement, Plant Connection – Next steps?
- b. Discussion on Authority/Water Advisory Committee status

## 8) New Business

- a. KLSWA Contract w/HydroCorp – request motion of support (AS)
- b. Finance and Account Management Policies
  - i. KLSWA Capitalization Policy – request motion to approve Resolution (AS)
  - ii. KLSWA Denied Access Policy – request motion to approve Resolution (AS)
  - iii. KLSWA Past Due Collections Policy - request motion to approve Resolution (AS)
  - iv. KLSWA Paperless Billing/Payment Credit – request motion to approve Resolution (AS)
  - v. Current KLSWA Banking Services – request motion to adopt Resolution to acknowledge Andrew Smith as the Finance Director of KLSWA, with the rights granted in said resolution.
- c. 2026 CWSRF Wastewater Treatment Plant (WWTP) Improvements
  - i. Amendment 1, including Exhibit C, to existing DBIA Agreement with F&V – request motion to approve and authorize Administrator to execute Amendment 1 to DBIA Agreement, to include *Proposed Revision to Amendment No.1*, with F&V (FV)
  - ii. Tentative Award of WWTP Improvement Contract – request motion to approve Resolution (FV)
  - iii. CWSRF Bendzinski Financial Analysis – Board to decide 20-year v 30-year term (AS)
  - iv. Resolution to Authorize Issuance of Junior Lien Sewer Revenue Bonds, Series 2026 – request motion to approve Resolution to Authorize Issuance of Junior Lien Sewer Revenue Bonds (MM)
  - v. Approval of CWSRF Agreements – request motion to approve Resolution to Approve CWSRF Agreements (MM)

## 9) Commissioner Comments

## 10) Adjourn

## KLSWA 3

07/02/2026 CHECK REGISTER FOR KALAMAZOO LAKE SEWER & WATER AUTHORITY  
CHECK DATE FROM 06/01/2026 - 06/30/2026

| Check Date                  | Check   | Vendor Name                    | Description                    | Amount    |
|-----------------------------|---------|--------------------------------|--------------------------------|-----------|
| Bank SEWCK GENERAL CHECKING |         |                                |                                |           |
| 06/04/2026                  | 1147(E) | BRUCE'S BLACKTOP               | ASPHALT PATCHING               | 6,925.00  |
| 06/05/2026                  | 1142(E) | PAYCHEX                        | PAYROLL PD 6-5-26              | 33,586.35 |
| 06/08/2026                  | 1135(E) | F&V CONSTRUCTION               | PROFESSIONAL SERVICES RENDERED | 35,500.00 |
| 06/08/2026                  | 1136(E) | METLIFE - GROUP BENEFITS       | GRP ADD & LFE INS              | 1,093.03  |
| 06/08/2026                  | 1137(E) | MICHIGAN GAS UTILITIES 178 PA  | GAS UTILITY                    | 44.74     |
| 06/08/2026                  | 1138(E) | MICHIGAN GAS UTILITIES - IRP   | IRP NAT GAS                    | 66.86     |
| 06/08/2026                  | 1139(E) | MICHIGAN GAS UTILITIES 851 HOL | MICHIGAN GAS 851 HOLLAND ST    | 49.61     |
| 06/08/2026                  | 1140(E) | PRIORITY HEALTH                | GROUP HEALTH INSURANCE         | 15,990.10 |
| 06/08/2026                  | 1141(E) | VISION SERVICE PLAN            | GRP VISION INS                 | 475.87    |
| 06/18/2026                  | 1143(E) | CONSUMERS ENERGY               | ELECTRIC BILLS                 | 21,899.89 |
| 06/18/2026                  | 1144(E) | EGLTECH, INC                   | IT SERVICE                     | 2,290.80  |
| 06/18/2026                  | 1145(E) | EXTEND YOUR REACH              | POSAGE MAILING                 | 282.66    |
| 06/18/2026                  | 1146(E) | MENARDS                        | SUPPLIES                       | 912.53    |
| 06/18/2026                  | 34075   | ALS ENVIRONMENTAL              | SAMPLES                        | 267.80    |
| 06/18/2026                  | 34076   | ALS ENVIRONMENTAL              | SAMPLES                        | 158.90    |
| 06/18/2026                  | 34077   | ALS ENVIRONMENTAL              | SAMPLES                        | 163.15    |
| 06/18/2026                  | 34078   | ALS ENVIRONMENTAL              | SAMPLES                        | 158.90    |
| 06/18/2026                  | 34079   | ALS ENVIRONMENTAL              | SAMPLES                        | 113.32    |
| 06/18/2026                  | 34080   | AQUA-FINE                      | LAB H2O                        | 47.70     |
| 06/18/2026                  | 34081   | CITY VILLAGE OF DOUGLAS        | VAN DER KOLK PLUMBING          | 2,662.50  |
| 06/18/2026                  | 34082   | COMMUNICATIONS UNLIMITED LLC   | AFTER HOURS PHONE              | 246.47    |
| 06/18/2026                  | 34083   | ETNA SUPPLY                    | SUPPLIES                       | 1,393.00  |
| 06/18/2026                  | 34084   | F&V OPERATIONS                 | PROFESSIONAL SERVICES          | 6,425.00  |
| 06/18/2026                  | 34085   | FLEIS & VANDENBRINK            | GENERAL CONSULTATION           | 2,544.50  |
| 06/18/2026                  | 34086   | FLEIS & VANDENBRINK            | GENERAL CONSULTATION           | 2,186.25  |
| 06/18/2026                  | 34087   | HAVILAND                       | BLEACH                         | 1,343.10  |
| 06/18/2026                  | 34088   | HOLLAND BPW                    | BACTI SAMPLES                  | 480.00    |
| 06/18/2026                  | 34089   | HOLLAND P.T.                   | HYDRAULIC HOSES                | 283.76    |
| 06/18/2026                  | 34090   | MED-1 HOLLAND                  | OCCUPATIONAL MEDICAL           | 160.00    |
| 06/18/2026                  | 34091   | MENARDS                        | SUPPLIES                       | 978.14    |
| 06/18/2026                  | 34092   | MICHIGAN MUNICIPAL LEAGUE-WC   | MML WORK COMP                  | 1,191.00  |
| 06/18/2026                  | 34093   | MIKA MEYERS PLC                | PROFESSIONAL SERVICES          | 2,638.50  |
| 06/18/2026                  | 34094   | MIKA MEYERS PLC                | PROFESSIONAL SERVICES          | 134.00    |
| 06/18/2026                  | 34095   | OVERISEL LUMBER                | SUPPLIES                       | 201.95    |
| 06/18/2026                  | 34096   | OVERISEL LUMBER                | SUPPLIES                       | 41.71     |
| 06/18/2026                  | 34097   | TOTAL ENERGY SYSTEMS INC       | REPAIR/MAINTENANCE             | 1,394.72  |
| 06/18/2026                  | 34098   | UPS                            | POSTAGE                        | 49.00     |
| 06/18/2026                  | 34099   | USA BLUE BOOK                  | SUPPLIES                       | 783.00    |
| 06/18/2026                  | 34100   | USA BLUE BOOK                  | SUPPLIES                       | 151.54    |
| 06/18/2026                  | 34101   | USA BLUE BOOK                  | SUPPLIES                       | 678.90    |
| 06/18/2026                  | 34102   | VAN DER KOLK PLUMBING          | REPLACE DAMAGE WATER SERVICE   | 5,325.00  |
| 06/18/2026                  | 34103   | VESTIS                         | RUGS AND UNIFORMS              | 490.21    |
| 06/18/2026                  | 34104   | VESTIS                         | RUGS AND UNIFORMS              | 859.02    |
| 06/18/2026                  | 34105   | XYLEM DEWATERING SOLUTIONS INC | EQUIPMENT RENTAL               | 4,561.15  |
| 06/19/2026                  | 1155(E) | PAYCHEX                        | PAYROLL PD 6--26               | 32,568.73 |
| 06/26/2026                  | 1148(E) | COMCAST BUSINESS               | JUNE 2026 INTERNET SERVICES    | 536.34    |
| 06/26/2026                  | 1149(E) | EXTEND YOUR REACH              | JUNE BILL POSTCARDS            | 280.22    |
| 06/26/2026                  | 1150(E) | MENARDS                        | SHOP SUPPLIES                  | 517.47    |
| 06/26/2026                  | 1151(E) | MERS                           | MERS CONTRIBUTION JUNE 2026    | 9,460.96  |
| 06/26/2026                  | 1152(E) | REPUBLIC SERVICES #240         | GARBAGE SERVICE                | 521.50    |
| 06/26/2026                  | 1153(E) | SEMCO ENERGY                   | NATURAL GAS                    | 52.79     |
|                             |         |                                | NATURAL GAS                    | 74.09     |
|                             |         |                                | NATURAL GAS                    | 47.53     |
|                             |         |                                |                                | <hr/>     |
|                             |         |                                |                                | 174.41    |

## KLSWA 4

|            |       |                                     |                                          |                  |
|------------|-------|-------------------------------------|------------------------------------------|------------------|
| 06/26/2026 | 34106 | ALS ENVIRONMENTAL                   | CHEMICALS                                | 163.15           |
|            |       |                                     | INORGANIC ANIONS                         | 158.90           |
|            |       |                                     | CHEMICALS                                | 406.95           |
|            |       |                                     |                                          | <u>729.00</u>    |
| 06/26/2026 | 34107 | AQUA-FINE                           | LAB H2O                                  | 21.30            |
| 06/26/2026 | 34108 | ASSOC. OF PUBLIC TREASURERS         | ANNUAL CONFERENCE - TREASURER            | 499.00           |
| 06/26/2026 | 34109 | BADGER METER INC                    | BEACON MOBILE HOSTING                    | 328.73           |
| 06/26/2026 | 34110 | BLUE WATER SOLUTIONS LLC            | BADGER ENCODERS                          | 7,508.38         |
| 06/26/2026 | 34111 | CRYSTAL FLASH                       | GAS FLEET FUEL                           | 858.15           |
|            |       |                                     | GAS FLEET FUEL                           | 828.23           |
|            |       |                                     | GAS FLEET FUEL                           | 1,545.73         |
|            |       |                                     |                                          | <u>3,232.11</u>  |
| 06/26/2026 | 34112 | CTT-MTU                             | EXCEL TRAINING FOR KATE                  | 25.00            |
| 06/26/2026 | 34113 | ETNA SUPPLY                         | COPPERHORN & METAL HAMMER                | 1,688.19         |
| 06/26/2026 | 34114 | FLEIS & VANDENBRINK                 | 2025 ANNUAL WASTEWATER FLOW REPORT       | 6,000.00         |
|            |       |                                     | GENERAL CONSULTATION                     | 3,942.50         |
|            |       |                                     | PART 213 MIRBCA CLOSURE FORMS FOR TANK R | 3,500.00         |
|            |       |                                     |                                          | <u>13,442.50</u> |
| 06/26/2026 | 34115 | HAVILAND                            | FERRIC CHLORIDE                          | 9,393.67         |
|            |       |                                     | BLEACH                                   | 1,373.10         |
|            |       |                                     | BLEACH                                   | (400.00)         |
|            |       |                                     |                                          | <u>10,366.77</u> |
| 06/26/2026 | 34116 | IHLE AUTO PARTS                     | MOBILE OIL 10W30                         | 15.88            |
|            |       |                                     | ENGINE AIR FILTER                        | 52.90            |
|            |       |                                     | ALL SEASON RAINX                         | 4.99             |
|            |       |                                     | BIT SET                                  | 32.99            |
|            |       |                                     | GEN SERV TOOL SET                        | 131.50           |
|            |       |                                     | OIL FILTER                               | 9.09             |
|            |       |                                     | BATTERY, WIPES                           | 185.05           |
|            |       |                                     | CORE DEPOSIT REFUND                      | (18.00)          |
|            |       |                                     |                                          | <u>414.40</u>    |
| 06/26/2026 | 34117 | MICHIGAN MUNICIPAL TREASURERS ASSOC | MEMBERSHIP                               | 99.00            |
| 06/26/2026 | 34118 | MICHIGAN RURAL WATER ASSOC          | 2026 ANNUAL DUES                         | 1,000.00         |
| 06/26/2026 | 34119 | PITNEY BOWES PURCHASE POWER         | POSTAGE METER PURCHASE POWER             | 226.96           |
| 06/26/2026 | 34120 | USA BLUE BOOK                       | TESTING SUPPLIES                         | 5,053.00         |
|            |       |                                     | EYEWASH SUPPLIES                         | 793.55           |
|            |       |                                     | W43 SPECIAL                              | 678.90           |
|            |       |                                     |                                          | <u>6,525.45</u>  |
| 06/26/2026 | 34121 | VESTIS                              | RUGS AND UNIFORMS                        | 490.21           |
|            |       |                                     | RUGS AND UNIFORMS                        | 490.21           |
|            |       |                                     | RUGS AND UNIFORMS                        | 554.76           |
|            |       |                                     | RUGS AND UNIFORMS                        | 445.65           |
|            |       |                                     |                                          | <u>1,980.83</u>  |
| 06/26/2026 | 34122 | VREDEVELD HAEFNER LLC               | SERVICES THROUGH 05/31/2026              | 2,524.23         |
| 06/26/2026 | 34123 | WATER SOLUTIONS UNLIMITED           | WSU 310 AND WSU 319                      | 3,253.00         |

SEWCK TOTALS:

|                            |                   |
|----------------------------|-------------------|
| Total of 69 Disbursements: | <u>255,154.11</u> |
|----------------------------|-------------------|

## KLSWA 5

**KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES-WATERS  
OF JUNE 30, 2026**

|                                             |                          | MTD            | YTD            | FY25 BUDGET     | AVAILABLE BALANCE | % budget used |
|---------------------------------------------|--------------------------|----------------|----------------|-----------------|-------------------|---------------|
| WATER                                       |                          | 06/01/26       | 03/01/26       | 03/01/26        | Actual vs.        |               |
|                                             |                          | 06/30/26       | 06/30/26       | 02/28/27        | Budget            |               |
| CONSOLIDATED REVENUES                       |                          |                |                |                 |                   |               |
| 613.000                                     | Commodity                | 85,733.28      | 186,090.24     | 735,095.92      | 549,005.68        | 25.32%        |
| 614.000                                     | Base                     | 87,111.43      | 455,824.06     | 1,104,828.00    | 649,003.94        | 41.26%        |
| 628.000                                     | Meter Install            | 4,504.32       | 9,524.32       | 11,000.00       | 1,475.68          | 86.58%        |
| 630.000                                     | On/Off Fee               | 530.00         | 6,760.01       | 11,000.00       | 4,239.99          | 61.45%        |
| 651.000                                     | Bank Fee                 | -              | -              | 156.00          | 156.00            | 0.00%         |
| 657.000                                     | Penalty                  | 1,695.26       | 5,550.68       | 19,000.00       | 13,449.32         | 29.21%        |
| 665.000                                     | Interest                 | (182.89)       | 12,225.48      | 60,000.00       | 47,774.52         | 20.38%        |
| 667.000                                     | Equip Rental             | -              | -              | 1,000.00        | 1,000.00          | 0.00%         |
| 670.000                                     | Misc. Income             | -              | 887.31         | 6,000.00        | 5,112.69          | 14.79%        |
| TOTAL CONSOLIDATED REVENUES                 |                          | \$ 179,391.40  | \$ 676,862.10  | \$ 1,948,079.92 | \$ 1,271,217.82   | 34.75%        |
| CONSOLIDATED EXPENDITURES                   |                          |                |                |                 |                   |               |
| 702.000                                     | Wages                    | 29,214.89      | 109,358.63     | 430,849.13      | 321,490.50        | 25.38%        |
| 702.400                                     | OC/OT                    | 7,827.12       | 30,254.26      | 51,358.04       | 21,103.78         | 58.91%        |
| 715.000                                     | Benefits                 | 17,363.92      | 69,263.01      | 160,152.79      | 90,889.78         | 43.25%        |
| 727.000                                     | Education/Training       | 262.00         | 927.00         | 4,080.00        | 3,153.00          | 22.72%        |
| 728.000                                     | Occupational Medical     | 144.00         | 144.00         | 800.00          | 656.00            | 18.00%        |
| 729.000                                     | Membership/Subscriptions | 49.50          | 49.50          | 4,000.00        | 3,950.50          | 1.24%         |
| 730.000                                     | Miss Dig                 | -              | 276.00         | 3,000.00        | 2,724.00          | 9.20%         |
| 731.000                                     | Office                   | 2,811.41       | 12,493.09      | 30,090.80       | 17,597.71         | 41.52%        |
| 731.100                                     | Bank Fee                 | (200.58)       | (623.77)       | 400.00          | 1,023.77          | -155.94%      |
| 731.200                                     | IT                       | 2,013.61       | 8,811.68       | 27,958.00       | 19,146.32         | 31.52%        |
| 732.000                                     | Safety Equip             | -              | 475.88         | 4,000.00        | 3,524.12          | 11.90%        |
| 733.000                                     | Lab Equip/Supply         | -              | -              | 9,600.00        | 9,600.00          | 0.00%         |
| 734.000                                     | Mailing                  | 165.56         | 679.97         | 1,200.00        | 520.03            | 56.66%        |
| 745.000                                     | Chemicals                | 12,620.90      | 28,520.26      | 33,217.80       | 4,697.54          | 85.86%        |
| 760.000                                     | Uniforms/Rugs            | -              | -              | 10,000.00       | 10,000.00         | 0.00%         |
| 761.000                                     | Meters                   | -              | -              | 50,000.00       | 50,000.00         | 0.00%         |
| 770.000                                     | Goods/Equip              | 11,881.20      | 40,300.99      | 28,000.00       | (12,300.99)       | 143.93%       |
| 801.000                                     | Audit/Accounting         | -              | 6,028.33       | 19,932.00       | 13,903.67         | 30.24%        |
| 802.000                                     | Authority                | 175.00         | 525.00         | 1,500.00        | 975.00            | 35.00%        |
| 803.000                                     | Legal                    | 2,246.80       | 30,034.90      | 48,000.00       | 17,965.10         | 62.57%        |
| 804.000                                     | Engineering              | -              | 686.10         | 61,000.00       | 60,313.90         | 1.12%         |
| 807.000                                     | Lab Services             | 480.00         | 1,920.00       | 16,000.00       | 14,080.00         | 12.00%        |
| 850.000                                     | Telecomm                 | -              | 3,990.57       | 12,500.00       | 8,509.43          | 31.92%        |
| 860.000                                     | Mileage                  | -              | -              | 300.00          | 300.00            | 0.00%         |
| 861.000                                     | Fuel                     | 1,661.77       | 6,260.53       | 14,000.00       | 7,739.47          | 44.72%        |
| 920.000                                     | Natural Gas              | 201.37         | 2,325.11       | 4,000.00        | 1,674.89          | 58.13%        |
| 921.000                                     | Electric                 | 10,949.95      | 38,710.70      | 140,000.00      | 101,289.30        | 27.65%        |
| 929.000                                     | Collection/Distribution  | 6,925.00       | 7,680.00       | 25,000.00       | 17,320.00         | 30.72%        |
| 930.000                                     | Equip Maintenance        | 69,052.77      | 119,919.40     | 80,000.00       | (39,919.40)       | 149.90%       |
| 931.000                                     | Building Maintenance     | -              | 1,945.82       | 10,000.00       | 8,054.18          | 19.46%        |
| 932.000                                     | Fleet Maintenance        | -              | -              | 6,000.00        | 6,000.00          | 0.00%         |
| 934.000                                     | Repair/Replace           | 61,689.59      | 215,191.59     | 190,500.00      | (24,691.59)       | 112.96%       |
| 959.000                                     | Regulatory Fees          | -              | -              | 2,840.00        | 2,840.00          | 0.00%         |
| 965.000                                     | Authority Insurance      | 714.60         | 25,519.78      | 20,430.96       | (5,088.82)        | 124.91%       |
| TOTAL CONSOLIDATED EXPENDITURES             |                          | \$ 238,250.38  | \$ 761,668.33  | \$ 1,500,709.52 | \$ 739,041.19     | 50.75%        |
| NET OF CONSOLIDATED REVENUES & EXPENDITURES |                          | \$ (58,858.98) | \$ (84,806.23) | \$ 447,370.40   | \$ 532,176.63     | n/a           |

Note: Unaudited Financial Statement. For internal use only.

7/2/2026

KLSWA 6

KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES-SEWERS  
OF JUNE 30, 2026

|                                             |                             | MTD       |            | YTD        |            | FY25 BUDGET  |              | AVAILABLE BALANCE |              | % budget used |  |
|---------------------------------------------|-----------------------------|-----------|------------|------------|------------|--------------|--------------|-------------------|--------------|---------------|--|
| SEWER                                       |                             | 06/01/26  |            | 03/01/26   |            | 03/01/26     |              | Actual vs.        |              |               |  |
|                                             |                             | 06/30/26  |            | 06/30/26   |            | 02/28/27     |              | Budget            |              |               |  |
| CONSOLIDATED REVENUES                       |                             |           |            |            |            |              |              |                   |              |               |  |
| 613.000                                     | Commodity                   | 62,821.40 |            | 174,202.24 |            | 562,009.89   |              | 387,807.65        |              | 31.00%        |  |
| 614.000                                     | Base                        | 81,440.61 |            | 432,540.24 |            | 1,107,720.00 |              | 675,179.76        |              | 39.05%        |  |
| 651.000                                     | Bank Fee                    | -         |            | -          |            | 140.00       |              | 140.00            |              | 0.00%         |  |
| 657.000                                     | Penalty                     | 1,028.14  |            | 3,264.38   |            | 15,000.00    |              | 11,735.62         |              | 21.76%        |  |
| 658.120                                     | Debt Service - Lift Service | -         |            | -          |            | -            |              | -                 |              | n/a           |  |
| 658.120                                     | Debt Service - Treatment    | -         |            | -          |            | -            |              | -                 |              | n/a           |  |
| 665.000                                     | Interest                    | 503.40    |            | 18,204.50  |            | 80,000.00    |              | 61,795.50         |              | 22.76%        |  |
| 667.000                                     | Equip Rental                | -         |            | -          |            | -            |              | -                 |              | n/a           |  |
| 670.000                                     | Misc. Income                | -         |            | -          |            | 4,500.00     |              | 4,500.00          |              | 0.00%         |  |
| TOTAL CONSOLIDATED REVENUES                 |                             | \$        | 145,793.55 | \$         | 628,211.36 | \$           | 1,769,369.89 | \$                | 1,141,158.53 | 35.50%        |  |
| CONSOLIDATED EXPENDITURES                   |                             |           |            |            |            |              |              |                   |              |               |  |
| 702.000                                     | Wages                       | 19,476.59 |            | 72,905.71  |            | 646,273.70   |              | 573,367.99        |              | 11.28%        |  |
| 702.400                                     | OC/OT                       | 5,218.08  |            | 20,169.52  |            | 77,037.06    |              | 56,867.54         |              | 26.18%        |  |
| 715.000                                     | Benefits                    | 11,576.04 |            | 46,775.46  |            | 240,229.19   |              | 193,453.73        |              | 19.47%        |  |
| 727.000                                     | Education/Training          | 262.00    |            | 927.00     |            | 6,120.00     |              | 5,193.00          |              | 15.15%        |  |
| 728.000                                     | Occupational Medical        | 96.00     |            | 96.00      |            | 2,000.00     |              | 1,904.00          |              | 4.80%         |  |
| 729.000                                     | Membership/Subscriptions    | 49.50     |            | 49.50      |            | 2,000.00     |              | 1,950.50          |              | 2.48%         |  |
| 730.000                                     | Miss Dig                    | -         |            | -          |            | 4,500.00     |              | 4,500.00          |              | 0.00%         |  |
| 731.000                                     | Office                      | 2,884.36  |            | 11,933.81  |            | 45,136.20    |              | 33,202.39         |              | 26.44%        |  |
| 731.100                                     | Bank Fee                    | 414.88    |            | 1,357.70   |            | 600.00       |              | (757.70)          |              | 226.28%       |  |
| 731.200                                     | IT                          | 1,342.41  |            | 5,874.46   |            | 41,937.00    |              | 36,062.54         |              | 14.01%        |  |
| 732.000                                     | Safety Equip                | -         |            | 300.57     |            | 6,000.00     |              | 5,699.43          |              | 5.01%         |  |
| 733.000                                     | Lab Equip/Supply            | 95.40     |            | 208.20     |            | 14,400.00    |              | 14,191.80         |              | 1.45%         |  |
| 734.000                                     | Mailing                     | 110.40    |            | 453.35     |            | 1,800.00     |              | 1,346.65          |              | 25.19%        |  |
| 745.000                                     | Chemicals                   | 2,341.97  |            | 5,049.31   |            | 116,782.20   |              | 111,732.89        |              | 4.32%         |  |
| 760.000                                     | Uniforms/Rugs               | 2,884.41  |            | 8,266.29   |            | 15,000.00    |              | 6,733.71          |              | 55.11%        |  |
| 770.000                                     | Goods/Equip                 | 4,318.67  |            | 11,191.45  |            | 42,000.00    |              | 30,808.55         |              | 26.65%        |  |
| 801.000                                     | Audit/Accounting            | -         |            | 4,018.88   |            | 29,898.00    |              | 25,879.12         |              | 13.44%        |  |
| 802.000                                     | Authority                   | 175.00    |            | 525.00     |            | 2,250.00     |              | 1,725.00          |              | 23.33%        |  |
| 803.000                                     | Legal                       | 1,497.20  |            | 20,022.60  |            | 72,000.00    |              | 51,977.40         |              | 27.81%        |  |
| 804.000                                     | Engineering                 | 18,173.25 |            | 73,441.25  |            | 63,250.00    |              | (10,191.25)       |              | 116.11%       |  |
| 807.000                                     | Lab Services                | 2,763.97  |            | 7,172.77   |            | 24,000.00    |              | 16,827.23         |              | 29.89%        |  |
| 850.000                                     | Telecomm                    | -         |            | 2,660.36   |            | 8,000.00     |              | 5,339.64          |              | 33.25%        |  |
| 860.000                                     | Mileage                     | -         |            | -          |            | 200.00       |              | 200.00            |              | 0.00%         |  |
| 861.000                                     | Fuel                        | 712.19    |            | 2,834.19   |            | 21,000.00    |              | 18,165.81         |              | 13.50%        |  |
| 920.000                                     | Natural Gas                 | 134.25    |            | 1,550.08   |            | 3,000.00     |              | 1,449.92          |              | 51.67%        |  |
| 921.000                                     | Electric                    | 10,949.94 |            | 38,710.68  |            | 210,000.00   |              | 171,289.32        |              | 18.43%        |  |
| 929.000                                     | Collection/Distribution     | 4,302.97  |            | 5,394.67   |            | 85,000.00    |              | 79,605.33         |              | 6.35%         |  |
| 930.000                                     | Equip Maintenance           | 5,232.53  |            | 27,193.29  |            | 120,000.00   |              | 92,806.71         |              | 22.66%        |  |
| 931.000                                     | Building Maintenance        | -         |            | 1,613.87   |            | 12,000.00    |              | 10,386.13         |              | 13.45%        |  |
| 932.000                                     | Fleet Maintenance           | -         |            | -          |            | 9,000.00     |              | 9,000.00          |              | 0.00%         |  |
| 934.000                                     | Repair/Replace              | 33,455.79 |            | 141,358.79 |            | 134,026.00   |              | (7,332.79)        |              | 105.47%       |  |
| 959.000                                     | Regulatory Fees             | -         |            | -          |            | 4,260.00     |              | 4,260.00          |              | 0.00%         |  |
| 965.000                                     | Authority Insurance         | 476.40    |            | 27,130.22  |            | 30,646.44    |              | 3,516.22          |              | 88.53%        |  |
| TOTAL CONSOLIDATED EXPENDITURES             |                             | \$        | 128,944.20 | \$         | 539,184.98 | \$           | 2,090,345.79 | \$                | 1,551,160.81 | 25.79%        |  |
| NET OF CONSOLIDATED REVENUES & EXPENDITURES |                             | \$        | 16,849.35  | \$         | 89,026.38  | \$           | (320,975.90) | \$                | (410,002.28) | n/a           |  |

Note: Unaudited Financial Statement. For internal use only.  
7/2/2026

## KLSWA 7

**KALAMAZOO LAKE SEWER AND WATER AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENSES**  
**AS OF JUNE 30, 2026**

|                                             |                          | MTD            | YTD             | FY26 BUDGET     | AVAILABLE BALANCE | % budget used |
|---------------------------------------------|--------------------------|----------------|-----------------|-----------------|-------------------|---------------|
|                                             |                          | 06/01/26       | 03/01/26        | 03/01/26        | Actual vs.        |               |
|                                             |                          | 06/30/26       | 06/30/26        | 02/28/27        | Budget            |               |
| CONSOLIDATED REVENUES                       |                          |                |                 |                 |                   |               |
| 613.000                                     | Commodity                | 148,554.68     | 360,292.48      | 1,297,105.81    | 936,813.33        | 27.78%        |
| 614.000                                     | Base                     | 168,552.04     | 888,364.30      | 2,212,548.00    | 1,324,183.70      | 40.15%        |
| 628.000                                     | Meter Install            | 4,504.32       | 9,524.32        | 11,000.00       | 1,475.68          | 86.58%        |
| 630.000                                     | On/Off Fee               | 530.00         | 6,760.01        | 11,000.00       | 4,239.99          | 61.45%        |
| 651.000                                     | Bank Fee                 | -              | -               | 296.00          | 296.00            | 0.00%         |
| 657.000                                     | Penalty                  | 2,723.40       | 8,815.06        | 34,000.00       | 25,184.94         | 25.93%        |
| 665.000                                     | Interest                 | 320.51         | 30,429.98       | 140,000.00      | 109,570.02        | 21.74%        |
| 667.000                                     | Equip Rental             | -              | -               | 1,000.00        | 1,000.00          | 0.00%         |
| 670.000                                     | Misc. Income             | -              | 887.31          | 10,500.00       | 9,612.69          | 8.45%         |
| TOTAL CONSOLIDATED REVENUES                 |                          | \$ 325,184.95  | \$ 1,305,073.46 | \$ 3,717,449.81 | \$ 2,412,376.35   | 35.11%        |
| CONSOLIDATED EXPENDITURES                   |                          |                |                 |                 |                   |               |
| 702.000                                     | Wages                    | 48,691.48      | 182,264.34      | 1,077,122.83    | 894,858.49        | 16.92%        |
| 702.400                                     | OC/OT                    | 13,045.20      | 50,423.78       | 128,395.10      | 77,971.32         | 39.27%        |
| 715.000                                     | Benefits                 | 28,939.96      | 116,038.47      | 400,381.98      | 284,343.51        | 28.98%        |
| 727.000                                     | Education/Training       | 524.00         | 1,854.00        | 10,200.00       | 8,346.00          | 18.18%        |
| 728.000                                     | Occupational Medical     | 240.00         | 240.00          | 2,800.00        | 2,560.00          | 8.57%         |
| 729.000                                     | Membership/Subscriptions | 99.00          | 99.00           | 6,000.00        | 5,901.00          | 1.65%         |
| 730.000                                     | Miss Dig                 | -              | 276.00          | 7,500.00        | 7,224.00          | 3.68%         |
| 731.000                                     | Office                   | 5,695.77       | 24,426.90       | 75,227.00       | 50,800.10         | 32.47%        |
| 731.100                                     | Bank Fee                 | 214.30         | 733.93          | 1,000.00        | 266.07            | 73.39%        |
| 731.200                                     | IT                       | 3,356.02       | 14,686.14       | 69,895.00       | 55,208.86         | 21.01%        |
| 732.000                                     | Safety Equip             | -              | 776.45          | 10,000.00       | 9,223.55          | 7.76%         |
| 733.000                                     | Lab Equip/Supply         | 95.40          | 208.20          | 24,000.00       | 23,791.80         | 0.87%         |
| 734.000                                     | Mailing                  | 275.96         | 1,133.32        | 3,000.00        | 1,866.68          | 37.78%        |
| 745.000                                     | Chemicals                | 14,962.87      | 33,569.57       | 150,000.00      | 116,430.43        | 22.38%        |
| 760.000                                     | Uniforms/Rugs            | 2,884.41       | 8,266.29        | 25,000.00       | 16,733.71         | 33.07%        |
| 761.000                                     | Meters                   | -              | -               | 50,000.00       | 50,000.00         | 0.00%         |
| 770.000                                     | Goods/Equip              | 16,199.87      | 51,492.44       | 70,000.00       | 18,507.56         | 73.56%        |
| 801.000                                     | Audit/Accounting         | -              | 10,047.21       | 49,830.00       | 39,782.79         | 20.16%        |
| 802.000                                     | Authority                | 350.00         | 1,050.00        | 3,750.00        | 2,700.00          | 28.00%        |
| 803.000                                     | Legal                    | 3,744.00       | 50,057.50       | 120,000.00      | 69,942.50         | 41.71%        |
| 804.000                                     | Engineering              | 18,173.25      | 74,127.35       | 124,250.00      | 50,122.65         | 59.66%        |
| 807.000                                     | Lab Services             | 3,243.97       | 9,092.77        | 40,000.00       | 30,907.23         | 22.73%        |
| 850.000                                     | Telecomm                 | -              | 6,650.93        | 20,500.00       | 13,849.07         | 32.44%        |
| 860.000                                     | Mileage                  | -              | -               | 500.00          | 500.00            | 0.00%         |
| 861.000                                     | Fuel                     | 2,373.96       | 9,094.72        | 35,000.00       | 25,905.28         | 25.98%        |
| 920.000                                     | Natural Gas              | 335.62         | 3,875.19        | 7,000.00        | 3,124.81          | 55.36%        |
| 921.000                                     | Electric                 | 21,899.89      | 77,421.38       | 350,000.00      | 272,578.62        | 22.12%        |
| 929.000                                     | Collection/Distribution  | 11,227.97      | 13,074.67       | 110,000.00      | 96,925.33         | 11.89%        |
| 930.000                                     | Equip Maintenance        | 74,285.30      | 147,112.69      | 200,000.00      | 52,887.31         | 73.56%        |
| 931.000                                     | Building Maintenance     | -              | 3,559.69        | 22,000.00       | 18,440.31         | 16.18%        |
| 932.000                                     | Fleet Maintenance        | -              | -               | 15,000.00       | 15,000.00         | 0.00%         |
| 934.000                                     | Repair/Replace           | 95,145.38      | 356,550.38      | 324,526.00      | (32,024.38)       | 109.87%       |
| 959.000                                     | Regulatory Fees          | -              | -               | 7,100.00        | 7,100.00          | 0.00%         |
| 965.000                                     | Authority Insurance      | 1,191.00       | 52,650.00       | 51,077.40       | (1,572.60)        | 103.08%       |
| TOTAL CONSOLIDATED EXPENDITURES             |                          | \$ 367,194.58  | \$ 1,300,853.31 | \$ 3,591,055.31 | \$ 2,290,202.00   | 36.22%        |
| NET OF CONSOLIDATED REVENUES & EXPENDITURES |                          | \$ (42,009.63) | \$ 4,220.15     | \$ 126,394.50   | \$ 122,174.35     | n/a           |

Note: Unaudited Financial Statement. For internal use only.  
7/2/2026

*Kalamazoo Lake Sewer and Water Authority*

Minutes  
Regular Monthly Meeting  
Monday, June 15, 2026, 10:00 AM  
KLSWA WWTP 6449 Old Allegan Road Saugatuck, MI 49453

1. **Call to Order:** Chairman Freeman called the meeting to order at 10:03 AM
2. **Roll Call:**
  1. Present – Commissioners: Freeman, Helmrich, Johnson, Ludwick
  2. KLSWA: B Miller, A Smith
  3. Guests: Steve Bishop from Fleis & Vandenbrink, Nathaniel Wolf from Mika Meyers
3. **Approval of Agenda:**
  1. Motion to approved agenda by Johnson . Seconded by Helmrich. Motion carries unanimously by voice vote
4. **Public Comments:**
  1. Daniel DeFranco, Saugatuck Township Manager, addressed some of the location questions from the previous meeting regarding the location of the new sewer line. Also addressed the cost share option that was also previously discussed.
5. **Consent Agenda:**
  1. Motion to approve the Consent Agenda by Ludwick . Seconded by Johnson. Motion carries unanimously by voice vote.
6. **Administrator's Report:**
  1. On schedule for the SRF WWTP Improvement Project with construction to begin this fall.
  2. Customer Account Maintenance occurring currently. Some clean-up was required after the departure of the previous Office Administrator.
  3. 2024 EGLE Sanitary Survey – KLSWA is now due for a compliance audit. The first onsite meeting with EGLE will occur on August 28<sup>th</sup>
  4. Cross Connection Inspection Compliance – Administrator Miller recommends contracting out this work to Hydro-Corp. He will bring forth a proposal to the July meeting.
  5. Andrew Smith, the new Finance Director for KLSWA, was introduced. He started on June 15<sup>th</sup>.
7. **Old Business:**
  1. Proposed Old Allegan Road Sanitary Sewer Construction – Steve Bishop from Fleis & Vandenbrink gave an update that work has progressed with Prein & Newhof. Engineer firms have been trying to work with Consumers Energy to address some low-hanging wires that are preventing the removal of existing pumps. As of today, those pumps are considered inoperatable until this issue is resolved.
  2. Union Update – Closed Session required for this update.
  3. Authority/Water Advisory Committee status - Discussions to continue, current draft of report was distributed to full Authority Board. No further developments. Next meeting is Thursday, June 18<sup>th</sup> at 12:30 pm at Douglas City Hall.

*Kalamazoo Lake Sewer and Water Authority*

4. Revisit March Billed Usage Report – The March report was pulled from the May agenda for further data investigation. Administrator Miller explained that the March report was actually correct and there were some adjustments made to several billing accounts that created negative values for usage. These were fixes completed in March for January and February billing errors. The four-month averages all are in line with historic usages. These billing issues and values were confirmed as accurate by Matt Smith of Vredevelde Haefner LLC.
8. **New Business:** None
9. **Commissioner Comments:**
  1. Johnson – none
  2. Helmrich – tomorrow is his last day of radiation!
  3. Ludwick – none
  4. Freeman – thoughts on making a change to having a Board Chair serve a two-year term. This change would require a change to the by-laws and Authority Articles of Incorporation. Just something to consider for future.
10. **Closed Session** – Johnson made a motion and Ludwick seconded to meet in a closed session at 10:36 am pursuant to Section 8(h) of the Open Meetings Act to consider material which is exempt from disclosure under Section 13(l)(g) of Michigan’s Freedom of Information Act. Helmrich made a motion to move out of Closed Session. Ludwick seconded. Closed session adjourned at 11:02 am.
11. **Adjournment** – Meeting adjourned at 11:02 am.
- Next Regular Meeting: Monday, June 15, 2026, 10:00 AM KLSWA WWTP

Respectfully submitted,

Jennifer Ludwick  
Secretary/Treasurer

KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
BILLED USAGE REPORT

| COMMUNITY             | MONTH |  | May 2026   |            | BILLING DATE |  | 06/15/26 |       | BILLED ACCOUNTS |       | BILLED ACCOUNTS |        | MEU'S  |       |
|-----------------------|-------|--|------------|------------|--------------|--|----------|-------|-----------------|-------|-----------------|--------|--------|-------|
|                       |       |  |            |            |              |  |          |       |                 |       |                 |        |        |       |
|                       |       |  | WATER      | SEWER      |              |  | WATER    | SEWER | WATER           | SEWER | DS-LS           | DS-T   | DS-LS  | IRR1* |
| DOUGLAS               |       |  | 9,865,561  | 7,401,780  |              |  | 1,423    | 1,327 | 1,279           | 1,056 | 1324.5          | 1324.5 | 1324.5 | 142.8 |
| SAUGATUCK             |       |  | 7,270,245  | 5,308,732  |              |  | 1,302    | 1,108 | 974             | 834   | 1102            | 1102   | 1102   | 21.0  |
| SAUGATUCK TWP - NORTH |       |  | 6,748,570  | 1,312,208  |              |  | 932      | 379   | 708             | 259   | 7.5             | 377.5  | 7.5    | 37.0  |
| SAUGATUCK TWP - SOUTH |       |  | 1,246,088  | 228,589    |              |  | 100      | 38    | 71              | 22    | 19              | 37.5   | 19     | 4.0   |
| LAKETOWN              |       |  | 450,492    | 257,072    |              |  | 81       | 45    | 66              | 32    | 0               | 43.5   | 0      | 0.5   |
| TOTAL                 |       |  | 25,580,956 | 14,508,381 |              |  | 3,837    | 2,896 | 3,098           | 2,203 | 2,453           | 2,885  | 2,453  | 205   |

\*Irrigation on this sheet is at 1/2 of the MEUs reported on the usage report

KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
BILLED USAGE REPORT

| MONTH                       | May 2026              |                     |               | BILLING DATE  |               |                | 06/15/26    |               |            |
|-----------------------------|-----------------------|---------------------|---------------|---------------|---------------|----------------|-------------|---------------|------------|
|                             | COMMUNITY             | Billed Gallons      | Gallon adj    | Final Gallons | Billed Units  | Billed Dollars | Billing Adj | Final Dollars |            |
| DOUGLAS                     | Douglas Water Base    |                     |               |               | 1,719.00      | 36,022.97      | (1,364.85)  | 34,658.12     |            |
|                             | Saug Twp Water Base   |                     |               |               | 2.00          | 34.00          |             | 34.00         |            |
|                             | Saug Twp Sewer Base   |                     |               |               | 2.00          | 7.00           |             | 7.00          |            |
|                             | KLSWA Debt Serv Trea  |                     |               |               | 1,324.50      | 10,167.36      | (282.72)    | 9,884.64      |            |
|                             | KLSWA Sewer Debt LS   |                     |               |               | 1,324.50      | 5,286.78       | (148.80)    | 5,137.98      |            |
|                             | KLSWA Sewer Base      |                     |               |               | 1,327.00      | 39,725.80      | (4,556.08)  | 35,169.72     |            |
|                             | KLSWA Water Base      |                     |               |               | 1,422.50      | 32,307.03      | (4,276.30)  | 28,030.73     |            |
|                             | KLSWA Wtr Base Irrig  |                     |               |               | 285.50        | 3,280.57       |             | 3,280.57      |            |
|                             | KLSWA Water Comm      | 9,974,437.70        | (108,877.00)  | 9,865,560.70  |               | 29,926.09      | (327.15)    | 29,598.94     |            |
|                             | KLSWA Sewer Comm      | 7,510,657.00        | (108,877.00)  | 7,401,780.00  |               | 30,131.38      | 3,824.16    | 33,955.54     |            |
| TOTAL DOUGLAS               |                       | 17,485,094.70       | (217,754.00)  | 17,267,340.70 | 7,407.00      | 186,888.98     | (7,131.74)  | 179,757.24    |            |
| SAUGATUCK                   | saug city water base  |                     |               |               | 1,341.50      | 30,818.88      |             | 30,818.88     |            |
|                             | KLSWA Debt Serv Trea  |                     |               |               | 1,102.00      | 8,121.34       |             | 8,121.34      |            |
|                             | KLSWA Sewer Debt LS   |                     |               |               | 1,102.00      | 4,416.80       |             | 4,416.80      |            |
|                             | KLSWA Sewer Base      |                     |               |               | 1,108.00      | 33,158.54      |             | 33,158.54     |            |
|                             | KLSWA Water Base      |                     |               |               | 1,302.00      | 29,065.63      |             | 29,065.63     |            |
|                             | KLSWA Wtr Base Irrig  |                     |               |               | 42.00         | 483.00         | -           | 483.00        |            |
|                             | KLSWA Water Comm      | 7,384,985.90        | (114,741.00)  | 7,270,244.90  |               | 22,258.42      | (344.20)    | 21,914.22     |            |
|                             | KLSWA Sewer Comm      | 5,423,472.90        | (114,741.00)  | 5,308,731.90  |               | 21,648.15      | (458.97)    | 21,189.18     |            |
|                             | TOTAL SAUGATUCK       |                     | 12,808,458.80 | (229,482.00)  | 12,578,976.80 | 5,997.50       | 149,970.76  | (803.17)      | 149,167.59 |
|                             | SAUGATUCK TWP - NORTH | Saug Twp Water Base |               |               |               | 866.00         | 16,302.30   | (238.70)      | 16,063.60  |
| Saug Twp Sewer Base         |                       |                     |               |               | 381.00        | 1,330.47       | (110.95)    | 1,219.52      |            |
| KLSWA Debt Serv Trea        |                       |                     |               |               | 377.50        | 2,779.53       | (234.00)    | 2,545.53      |            |
| KLSWA Sewer Debt LS         |                       |                     |               |               | 7.50          | 30.00          |             | 30.00         |            |
| KLSWA Sewer Base            |                       |                     |               |               | 379.00        | 11,343.93      | (847.62)    | 10,496.31     |            |
| KLSWA Water Base            |                       |                     |               |               | 932.00        | 21,341.59      | (285.44)    | 21,056.15     |            |
| KLSWA Wtr Base Irrig        |                       |                     |               |               | 74.00         | 849.15         |             | 849.15        |            |
| KLSWA Water Comm            |                       | 6,748,570.40        |               | 6,748,570.40  |               | 20,268.62      | 8,508.72    | 28,777.34     |            |
| KLSWA Sewer Comm            |                       | 1,312,208.00        |               | 1,312,208.00  |               | 5,269.50       |             | 5,269.50      |            |
| TOTAL SAUGATUCK TWP - NORTH |                       | 8,060,778.40        | -             | 8,060,778.40  | 3,017.00      | 79,515.09      | 6,792.01    | 86,307.10     |            |

SAUGATUCK TWP - SOUTH

|                      |              |       |          |          |
|----------------------|--------------|-------|----------|----------|
| Douglas Water Base   |              | 4.50  | 94.50    | 94.50    |
| Saug Twp Water Base  |              | 97.50 | 1,840.50 | 1,840.50 |
| Saug Twp Sewer Base  |              | 35.50 | 124.25   | 124.25   |
| KLSWA Debt Serv Trea |              | 37.50 | 276.75   | 276.75   |
| KLSWA Sewer Debt LS  |              | 19.00 | 76.00    | 76.00    |
| KLSWA Sewer Base     |              | 37.50 | 1,125.00 | 1,125.00 |
| KLSWA Water Base     |              | 99.50 | 2,288.50 | 2,288.50 |
| KLSWA Wtr Base Irrig |              | 8.00  | 92.00    | 92.00    |
| KLSWA Water Comm     | 1,246,088.00 |       | 3,743.10 | 3,743.10 |
| KLSWA Sewer Comm     | 228,589.00   |       | 914.37   | 914.37   |

TOTAL SAUGATUCK TWP - SOUTH

|              |   |              |           |   |           |
|--------------|---|--------------|-----------|---|-----------|
| 1,474,677.00 | - | 1,474,677.00 | 10,574.97 | - | 10,574.97 |
|--------------|---|--------------|-----------|---|-----------|

LAKETOWN

|                      |            |       |          |          |
|----------------------|------------|-------|----------|----------|
| Saug Twp Water Base  |            | 74.00 | 1,110.00 | 1,110.00 |
| Saug Twp Sewer Base  |            | 1.00  | 3.50     | 3.50     |
| KLSWA Debt Serv Trea |            | 43.50 | 321.03   | 321.03   |
| KLSWA Sewer Debt LS  |            |       |          |          |
| KLSWA Sewer Base     |            | 44.50 | 1,335.00 | 1,335.00 |
| KLSWA Water Base     |            | 81.00 | 1,863.00 | 1,863.00 |
| KLSWA Wtr Base Irrig |            | 1.00  | 11.50    | 11.50    |
| KLSWA Water Comm     | 450,492.00 |       | 1,351.52 | 1,351.52 |
| KLSWA Sewer Comm     | 257,072.00 |       | 1,028.27 | 1,028.27 |

TOTAL LAKETOWN

|            |   |            |          |   |          |
|------------|---|------------|----------|---|----------|
| 707,564.00 | - | 707,564.00 | 7,023.82 | - | 7,023.82 |
|------------|---|------------|----------|---|----------|

TOTAL

|               |              |               |           |            |            |
|---------------|--------------|---------------|-----------|------------|------------|
| 40,536,572.90 | (447,236.00) | 40,089,336.90 | 17,005.50 | (1,142.90) | 432,830.72 |
|---------------|--------------|---------------|-----------|------------|------------|

## **Operations Report 6/15/2026 – 7/14/2026**

### **Collections System:**

- Routine monthly inspections reveal no new issues within the system and in proper working order.
- Sewer jetting has started in Saugatuck city, in the restaurant blocks and will continue throughout Douglas and Saugatuck areas.

### **Well / Distribution System:**

- All routine well and distribution water tests have been collected and checked for quality, all results showing within normal ranges as expected.
- Quarterly Water Quality Parameters, including Bac-T's were collected throughout the water system and well heads. All returning normal results and no signs of coliform contamination.
- Yearly water testing for Nitrate's and PFAS have been completed throughout the system. All results are either non-detectable or at the bottom of the detectable limits measured at parts per billion, which is well under the maximum contaminant levels needed for safety.
- Volatile Organic Compounds were also tested at each well site per permit monitoring schedule requirements. Results were also either non-detectable or at the bottom of detectable limits of the laboratory.
- As part of our monitoring plan, annual tests were performed for Disinfection By-Products at the farthest point in our water distribution system. Thus, making sure there have been no adverse reactions to our disinfection process that would form harmful chemicals or cause health hazards in our drinking water.
- Maple street project main installation has been completed from Blue Star Hwy to just south of North St. Homes are currently in the process of being tapped into the new main, Homes in phase one of BSH to Allegan St. has been completed. Phase two of Allegan St. to wells 4&5 has begun, final phase has passed pressure and bac-t testing leaving it and the tie ins at wells 4 & 5, State St. and BSH left before the old main is to be abandoned.
- Annual Lead & Copper sampling has begun. With roughly 75% completion so far, current results have been extremely favorable and should wrap up by end of month.

### **WWTP Lab:**

- Bi-weekly, high flow discharges continue to be performed as a standard as our peak season continues through the summer.
- All monthly, including QA/QC and quarterly mercury testing has been performed. Results continue to return favorable, maintaining our compliance standard.

### **Lift Station 1:**

- Rebuilt pump from Kennedy Industries has been delivered, still awaiting new pump for installation.

Shawn Sisson

7/14/2026



# KLSWA ADMINISTRATOR'S REPORT

July 20, 2026

TO: Kalamazoo Lake Sewer & Water Authority Board Members

FROM: Robert Miller, Authority Administrator

## 1. Administration

**Customer Account Maintenance** - We are continuing to work through “flagged” accounts to correct known billing inaccuracies and to eliminate accounts that require regular manual adjustments. Our front office team has been very proactive in communication and scheduling of investigative appointments. These appointments, carried out by the Operations team, provide us with the information we need to bill in an accurate, timely, and efficient manner.

**KLSWA Annual Audit** – the team from Hungerford spent several days onsite at the end of last month working alongside KLSWA staff to perform the annual financial audit. Working with our accounting partner from Vredeveld Haefner LLC, we were able to provide Hungerford with all the necessary context and documentation they required. Hungerford has not yet delivered.

**Internal Financial & Collections Activity** – Our administrative team has been working closely with KLSWA's new Finance Director, Andrew Smith, over the last month. Since my tenure with KLSWA began earlier this year, I began “shelving” a few ideas, concerns, and policy questions that I thought to be best addressed with the Finance Director position filled. Some of the highest priorities have moved from discussion to action items on this month's agenda. Finance Director Smith will be in attendance to facilitate discussion on each. Many items relate to charges/credits that would potentially affect our Fee Schedule; therefore, resolutions are included. Additional info on each agenda item is below:

- **Asset Capitalization Policy** – discussion during the audit process encouraged an updated, and Board-approved Capitalization Policy. Memo, policy, and resolution in packet.
- **Denied Access Policy** – KLSWA staff need the ability to access customer meters to read, repair, inspect, or replace. In many cases, customers fail to respond to our requests to access, or do not grant access when a scheduled appointment is made. Memo, policy, and resolution in packet.
- **Past Due Collections Policy** – focus on creating an administrative SOP for outstanding customer balances. Memo, policy, and resolution in packet.
- **Paperless Billing/ACH Payment Credit** – seeking to boost enrollment in paperless billing and payment. Paperless saves KLSWA money and reduces the likelihood of account delinquency. Memo, flyer, and resolution in packet.
- **KLSWA's banking needs, options, and value propositions** – this has been an open discussion I've engaged in with many of the KLSWA staff and Board members. There is an agenda item intended to discuss this further, led by Finance Director Smith.

## 2. KLSWA Clean Water State Revolving Fund WWTP Improvement Project Update

KLSWA has been working with Fleis & VandeBrink since 2023 to secure a low-interest loan for wastewater treatment improvements that will improve infrastructure reliability, treatment efficiency, and reduce energy costs. There has been tremendous progress over the past 30 days, with several action items contained in this month's Regular Meeting Agenda. Representatives from both Fleis & VandenBrink and Mika Meyers will be in attendance to facilitate discussion. Please see additional notes on each action item Below:

- Amendment 1, including Exhibit C, to the existing DBIA agreement – this amendment adds final project pricing and other additional required docs to the previously executed agreement with F&V Construction. KLSWA Attorney Mark Nettleton has reviewed the amendment. Mark will be available to facilitate the discussion on this action item. Corey Turner from F&V will also be available to discuss the project and final pricing. A motion to authorize the Administrator to execute the amendment will be sought. Amendment 1 and Exhibit C included in packet.
- Tentative Award of WWTP Improvement Contract – this is a necessary step in the CWSRF funding process. Corey Turner from F&V will be available for questions and discussion. Motion to approve resolution will be sought. Resolution included in packet.
- Bendzinski & Co. Financial Analysis of the KLSWA CWSRF proposed bond – **On this matter, during the meeting, the KLSWA Board will need to discuss then direct our bond counsel, Mark Nettleton, on our intent of either a 20-year or 30-year bond repayment term.** The included Bendzinski analysis compares the two scenarios and runs them alongside our existing 2012 bond debt. In both scenarios, the debt payments on the 2026 bond are structured to minimize impact during the “overlap” years from approximately FY28 thru FY34. On page 8 of the Bendzinski doc, please note the rate increases applied in the “Rate Revenues (commodity charges)” column and the “Debt Charge Revenues” column. Bendzinski memo included in packet.
- Resolution to Authorize Issuance of Sewer Bonds & Resolution to approve CWSRF Agreements – Mark Nettleton from Mika Meyers will be available to facilitate. Motions to approve resolutions will be sought. Additionally, I have included in the packet a letter from Mr. Nettleton detailing the necessity and the effects of the mentioned resolutions.

## 3. Personnel & Staffing

**Finance Director – HR Administrator** – Andrew Smith has been with us approximately six weeks now. His first priority has been to observe, learn, and understand current financial and HR-related processes at KLSWA. Part of this has been to coordinate regularly with our Office Supervisor, Joe Lamb, to ensure that time and ability are split in an efficient manner. Working with Kate, Andrew has been focused on SOP and policy development related to billing and account management. I look forward to updating, creating, implementing, and communicating these new internal directives.

**Collective Bargaining Update** – KLSWA met with the International Union of Operating Engineers for introductions and initial discussions on June 26 and July 11. WE are tentatively planning to reconvene in the first week of August to specifically address IUOE's proposal.



## MEMO

DATE: July 20, 2026  
TO: Mr. Gregory Freeman, KLSWA Board Chairman  
CC: KLSWA Board of Commissioners  
FROM: Robert Miller, KLSWA Administrator  
SUBJECT: HydroCorp Service Agreement

Mr. Freeman,

Under the Safe Drinking Water Act, one of the responsibilities of a public water system is to conduct a cross connection control program in the community served. Generally speaking, a cross connection is anywhere a physical link exists between a safe and a potentially unsafe water supply. The State requires KLSWA to conduct regular facility inspections to identify these connections, ensure the proper backflow prevention devices are installed, and to keep an active inventory of all these devices along with their associated testing records. Each year, an annual compliance report is due to the State.

This work is highly specialized, and many small and medium-sized communities are finding the most value and efficiency in contracting this work out.

I am requesting that KLSWA enter into the attached one-year agreement with HydroCorp, Inc. at a cost of \$14,976.00, to perform the work described above. I am requesting to execute this agreement under the sole source provision in Section 6.d. of the 2018 *Kalamazoo Lake Sewer and Water Authority Purchasing Policy*.

If Commissioners concur, I offer the following motion:

**Motion to authorize Authority Administrator to execute the attached HydroCorp Service Agreement at a cost of \$14,976.00.**

# SERVICE AGREEMENT

## DEVELOPED FOR

Robert Miller  
Kalamazoo Lake Sewer & Water Authority, MI

6449 OLD ALLEGAN RD PO BOX 789  
Saugatuck, MI, 49453

6/3/2026

## PROTECTING PEOPLE, WATER, & CRITICAL PIPING INFRASTRUCTURE

For more than four decades, HydroCorp has been dedicated to advancing drinking water safety, compliance, and sustainability nationwide. Specializing in cross-connection control, backflow prevention, and detailed piping system schematics, HydroCorp integrates technology with deep industry expertise to streamline on-site activities, customer service, and data management.

## OUR SERVICES



Cross-Connection  
Control Programs



Backflow Preventer  
Test Tracking



Water Meter  
Replacement & Testing



Piping Schematics



Water Quality  
Management & Sampling



### Corporate Office

5700 Crooks Road, Suite 100  
Troy, MI 48098

844-493-7646

 [info@hydrocorpinc.com](mailto:info@hydrocorpinc.com)



[hydrocorpinc.com](http://hydrocorpinc.com)

|                                     |     |
|-------------------------------------|-----|
| SCOPE OF WORK.....                  | 3-4 |
| PROFESSIONAL SERVICE AGREEMENT..... | 5-9 |
| APPENDIX - QUALIFICATIONS.....      | 10  |

KLSWA 19  
**Statement of Work**

HydroCorp™ (“Company”) will provide the following services to the Kalamazoo Lake Sewer & Water Authority, MI (“Client”). This project is a continued effort for an ongoing Cross-Connection Control Program and will provide the Kalamazoo Lake Sewer & Water Authority, MI with the necessary data and information to maintain compliance with the Michigan Department of Environment, Great Lakes, and Energy, Drinking Water and Environmental Health Division Cross Connection Control Regulations. Once this project has been approved and accepted by the Kalamazoo Lake Sewer & Water Authority, MI and HydroCorp, you may expect completion of the following elements within a 12 month period. The components of the project include:

1.1. Program Review and Program Start-up Meeting. Company will conduct a Program Startup Meeting for the Cross-Connection Control/Backflow Prevention Program. Items for discussion/review will include the following:

- Review state & local regulations
- Review and/or provide assistance in establishing local Cross-Connection Control Ordinance
- Review/establish wording and timeliness for program notifications including:
  - Inspection Notice, Compliance Notice, Non-Compliance Notices 1-2, and Penalty Notices
  - Testing Notices 1,2, and 3, if applicable
- Special Program Notices and Electronic use of notices/program information
- Obtain updated facility listing, address information and existing program data from Utility.
- Prioritize Inspections (Utility owned buildings, schools, high hazard facilities, special circumstances.)
- Review/establish procedure for vacant facilities.
- Establish facility inspection schedule.
- Review/establish procedures and protocols for addressing specific hazards.
- Review/establish high-hazard, complex facilities and large industrial facility inspection/containment procedures including supplemental information/notification that may be requested from these types of facilities in order to achieve program compliance.
- Review/establish program reporting procedures including electronic reporting tools, educational and public awareness brochures

1.2. Inspections. Company will perform Non-Residential Interior initial inspections, compliance inspections, and re-inspections at individual industrial, commercial, institutional facilities and miscellaneous water users within the utility served by the public water supply for cross-connections. Inspections will be conducted in accordance with the Michigan Department of Environment, Great Lakes, and Energy, Drinking Water and Environmental Health Division Cross Connection Control Rules.

1.3. Inspection Schedule. Company shall determine and coordinate the inspection schedule. Inspection personnel will check in/out on a daily basis with the Client Contract Manager. The initial check-in will include a list of inspections scheduled. An exit interview will include a list of completed inspections.

1.4. Program Data. Company will generate and document the required program data for the Facility Types listed in the Services using the Company’s Software Data Management Program. Program Data shall remain property of Client; however, Company’s Software Data Management program shall remain the property of Company. View only and report capabilities are granted to Client. Additional Services include:

- (a) Prioritize and schedule inspections
- (b) Notify users of inspections and backflow device installation/testing requirements, if applicable
  - i. If applicable, Qualified Michigan Backflow Preventer Testers will register via HydroCorp Managed Software and be verified for current credentials prior to online test forms being accepted. Credential shall be maintained in HydroCorp Software and updated by HydroCorp staff.
  - ii. All testers are required to register & process results online
  - iii. Company does not accept test forms via fax, mail, or email from testers, water customers, or client
- (c) Monitor inspection compliance using Company’s online software management program
- (d) Maintain the program to comply with all Michigan Department of Environment, Great Lakes, and Energy, Drinking Water and Environmental Health Division regulations
- (e) Provide data management and program notices for all inspection and testing (if applicable) services throughout the term

1.5. Account Listing Information. Client shall provide the following information to Company during initial onboarding. Company will accept updates via standard account template no more often than once per month. **Any development work to enter facility listing in Company database will be charged at the rate of \$80.00 per hour. Incorrect facility addresses will be returned to the Utility contact and corrected address will be requested.** Information to include:

- (a) Account Listing: Kalamazoo Lake Sewer & Water Authority, MI to provide accurate account listing of active non-residential water customers with known backflow preventer assemblies.
- (b) Account Listing Format: Account listing to be provided in Excel format only; Required Account Information: Service Name, Service Street Address, Service City, Service State, Service Zip, Mailing Name, Mailing Street Address, Mailing City, Mailing State, Mailing Zip.
- (c) Required Device Information: Last Test Date, size, make, model, and serial number (if applicable)
  - i. All previous test data must be provided in excel format. Company will not accept paper tests for upload.

1.6. Cross Connection Control Plan and Review of Cross-Connection Control Ordinance. Company will review and/or develop a comprehensive cross-connection control policy manual/plan and submit to the appropriate regulatory agency for approval on behalf of Client. Company will review or assist in the development of a cross-connection control ordinance.

1.7. Public Relations Program. Company will assist Client with a community-wide public relations program, including general awareness brochures and website cross-connection control program content. The utility/city will provide HydroCorp with an electronic copy of the utility logo or utility letterhead and all envelopes for the mailing of all official program correspondence only (300 dpi in either .eps, or other high-quality image format).

1.8. Support. Company will provide ongoing support via phone, website, or email for the Term.

1.9. Facility Types. The facility types included in the program are as follows: industrial; institutional; commercial; miscellaneous water users; and multifamily. Large industrial and high-hazard complexes or facilities may require inspection/survey services outside the scope of this Agreement. Company typically allows a maximum of up to three (3) hours of inspection time per facility. An independent cross-connection control survey (at the business owner's expense) may be required at these larger/complex facilities, and the results submitted to Client to help verify program compliance.

1.10. Inspection Terms. Company will perform a maximum of 90.00 inspections over the Initial Term. The total inspections include all initial inspections, compliance, and re-inspections. Additional Inspections above the contract terms will be billed separately at a rate of \$166.40. Company Personnel will not enter confined spaces. *Vacant facilities that have been provided to Company, scheduled no show, or refusal of inspection will count as an inspection/site visit for purposes of the contract.*

1.11. Compliance with Michigan Department of Environment, Great Lakes, and Energy, Drinking Water and Environmental Health Division. Company will assist in compliance with Michigan Department of Environment, Great Lakes, and Energy, Drinking Water and Environmental Health Division cross-connection control program requirements for all commercial, industrial, institutional, residential, multifamily, and public authority facilities.

1.12. Inventory. Company shall inventory all accessible (ground level) backflow prevention assemblies and devices. Documentation will include: location, size, make, model, and serial number (if applicable).

1.13. Annual Year-End Review. Company will conduct an on-site annual or year-end review meeting to discuss the overall program status and specific program recommendations.

1.14. Vacuum Breakers. HydroCorp will provide up to six (6) ASSE-approved hose bibb vacuum breakers or anti-frost hose bibb vacuum breakers per facility as required, in order to place a facility into immediate compliance at the time of inspection if no other cross-connections are identified.

The above services will be provided for:

| Year                  | Annual Amount      |
|-----------------------|--------------------|
| Year 1                | \$14,976.00        |
| <b>Contract Total</b> | <b>\$14,976.00</b> |

Contract Amount is based upon a 12 Months term and shall renew in 12-month increments after initial term unless written cancellation by either party received at least 60 days prior to renewal. HydroCorp will invoice Annually. Pricing is valid for 90 days from the date of the proposal.

## SIGNATURES

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of the date of 8/1/2026.

**Kalamazoo Lake Sewer & Water Authority, MI**

**HydroCorp**



By:

Title:

By: Paul M. Patterson

Its: Senior Vice President

KLSWA 21  
HYDROCORP, LLC  
TERMS AND CONDITIONS FOR PROFESSIONAL SERVICES

1. Applicability. These terms and conditions (these “**Terms**”) are the only terms which govern the provision of the professional services (“**Services**”) by HydroCorp, LLC, a Michigan limited liability company (“**Company**”) to the customer named on the attached statement of work, order form, proposal, or purchase order (“**Client**”, and together with Company the “**Parties**” and each individually a “**Party**”). The attached statement of work, order form, proposal, or purchase order (the “**Proposal**”) and these Terms (collectively, this “**Agreement**”) comprise the entire agreement between the Parties, and supersede all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral. The Proposal is limited to and conditional upon Client’s acceptance of these Terms exclusively. Any additional or different terms proposed by Client, whether in the Proposal or otherwise, are unacceptable to Company, are expressly rejected by Company, and will not become a part of the Proposal.

2. Performance of Services; Company Obligations. Company shall provide to Client the Services described and in accordance with the terms and conditions set forth in this Agreement. Additional Services may be added only by executing a new Proposal. Company shall provide Client with an electronic file copy of the utility logo or utility letterhead and all envelopes for the mailing of all official program correspondence only.

3. Client Obligations. Client shall: (a) designate one of its employees or agents to serve as its primary contact with respect to this Agreement and to act as its authorized representative with respect to matters pertaining to this Agreement (the “**Client Contract Manager**”), with such designation to remain in force unless and until a successor Client Contract Manager is appointed; (b) require that the Client Contract Manager respond promptly to any reasonable requests from Company for instructions, information, or approvals required by Company to provide the Services; (c) cooperate with Company in its performance of the Services and provide access to Client’s premises, employees, contractors, and equipment as required to enable Company to provide the Services; (d) take all steps necessary, including obtaining any required licenses or consents, to prevent Client-caused delays in Company’s provision of the Services; (e) comply with all responsibilities listed on the Proposal in connection with Company’s provision of the Services.

4. Fees and Expenses. In consideration of the provision of the Services by Company and the rights granted to Client under this Agreement, Client shall pay the fees set out in the applicable Proposal. Payment to Company of such fees and the reimbursement of expenses pursuant to this Section 4 shall constitute payment in full for the performance of the Services. Unless otherwise provided in the applicable Proposal, all payments shall be due and payable within thirty (30) days of the date set forth on an invoice. Client shall reimburse Company for all reasonable expenses incurred in accordance with the Proposal if such expenses have been pre-approved, in writing by the Client Contract Manager, within thirty (30) days of receipt by Client of an invoice from Company accompanied by receipts and reasonable supporting documentation. Client shall be responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state or local governmental entity on any amounts payable by Client hereunder; and to the extent Company is required to pay any such sales, use, excise, or other taxes or other duties or charges, Client shall reimburse Company in connection with its payment of fees and expenses as set forth in this Section 4. Notwithstanding the previous sentence, in no event shall Client pay or be responsible for any taxes imposed on, or regarding, Company’s income, revenues, gross receipts, personnel, or real or personal property or other assets.

5. Intellectual Property; Ownership.

(a) Except as set forth in Section 5(c), Client is, and shall be, the sole and exclusive owner of all right, title, and interest in and to the Deliverables (as defined herein) upon full payment of any fees owed to Company, including all Intellectual Property Rights (as defined herein) therein. Company agrees, and will cause its employees or contractors (the “**Company Representatives**”) to agree, that with respect to any Deliverables that may qualify as “work made for hire” as defined in 17 U.S.C. § 101, such Deliverables are hereby deemed a “work made for hire” for Client. To the extent that any of the Deliverables do not constitute a “work made for hire”, Company hereby irrevocably assigns, and shall cause the Company Representatives to irrevocably assign to Client, in each case without additional consideration, all right, title, and interest throughout the world in and to the Deliverables, including all Intellectual Property Rights therein. Company shall cause the Company Representatives to irrevocably waive, to the extent permitted by applicable law, any and all claims such Company Representatives may now or hereafter have in any jurisdiction to so-called “moral rights” or rights of droit moral with respect to the Deliverables. As used herein: (a) “**Deliverables**” mean all documents, work product, and other materials that are delivered to Client hereunder or prepared by or on behalf of Company in the course of performing the Services; and (b) “**Intellectual Property Rights**” means all (i) patents, patent disclosures, and inventions (whether patentable or not), (ii) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, together with all of the goodwill associated therewith, (iii) copyrights and copyrightable works (including computer programs), and rights in data and databases, (iv) trade secrets, know-how, and other confidential information, and (v) all other intellectual property rights, in each case whether registered or unregistered and including all applications for, and renewals or extensions of, such rights, and all similar or equivalent rights or forms of protection in any part of the world.

(b) Upon Client’s reasonable request, Company shall, and shall cause the Company Representatives to, promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist Client to prosecute, register, perfect, or record its rights in or to any Deliverables.

(c) Company and its licensors are, and shall remain, the sole and exclusive owners of all right, title, and interest in and to the Pre-Existing Materials (as defined herein), including all Intellectual Property Rights therein. Company hereby grants Client a limited, irrevocable, perpetual, fully paid-up, royalty-free, non-transferable, non-sublicenseable, worldwide license to use, perform, display, execute, reproduce, distribute, transmit, modify (including to create derivative works), import, make, have made, sell, offer to sell, and otherwise exploit any Pre-Existing Materials to the extent incorporated in, combined with or otherwise necessary for the use of the Deliverables solely to the extent reasonably required in connection with Client’s receipt or use of the Services and Deliverables. All other rights in and to the Pre-Existing Materials are expressly reserved by Company. As used herein, “**Pre-Existing Materials**” means all documents, data, know-how, methodologies, software, and other materials, including computer programs, reports, and specifications, provided by or used by Company in connection with performing the Services, in each case developed or acquired by Company prior to the commencement or independently of this Agreement.

(d) Client and its licensors are, and shall remain, the sole and exclusive owner of all right, title, and interest in and to the Client Materials (as defined herein), including all Intellectual Property Rights therein. Company shall have no right or license to use any Client Materials except solely during the Term to the extent necessary to provide the Services to Client. All other rights in and to the Client Materials are expressly reserved by Client. As used herein, “**Client Materials**” means any documents, data, know-how, methodologies, software, and other materials provided to Company by Client.

6. Access to Company's Software Data Management Program; Management Reports.

(a) Subject to the terms and conditions in this Section 6, Client may, at Client's option, elect to access and use Company's Software Data Management Program (the "**Software**") during the Term. Company will generate and document the required program data for the facility types listed in the Proposal using the Software. Any Client Materials inserted into the Software by or on behalf of Client, or any Deliverables produced as a result of the Software, shall remain property of Client; however, the Software shall remain the property of HydroCorp.

(b) Client agrees to not (i) copy, modify, or create derivative works of the Software, in whole or in part; (ii) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer, or otherwise make available the Software; (iii) reverse engineer, disassemble, decompile, decode, adapt or otherwise attempt to derive the source code of the Software, in whole or in part; (iv) remove any proprietary notices from the Software; or (v) use the Software in any manner or for any purpose that infringes, misappropriates, or otherwise violates any intellectual property rights of Company.

(c) Client acknowledges that, as between Client and Company, Company owns all right, title and interest, including all intellectual property rights in and to the Software and any derivative works thereof, including all changes, modification, improvements, updates, version, and new releases or any information or data generated by the Software.

(d) Company warrants as of the date of the Proposal, the Software is in functioning condition and is not delivered with viruses or malicious code. EXCEPT FOR THE WARRANTY SET FORTH ABOVE, THE SOFTWARE IS PROVIDED "AS IS" AND COMPANY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING BUT NOT LIMITED TO ALL IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE. COMPANY MAKES NO WARRANTY (i) THAT CLIENT'S USE OF THE SOFTWARE WILL MEET CLIENT'S REQUIREMENTS, BE ACCURATE, OR BE ERROR FREE, (ii) THAT THE SOFTWARE WILL BE AVAILABLE AT ANY PARTICULAR TIME OR LOCATION; (iii) THAT ANY DEFECTS OR ERRORS WILL BE CORRECTED; (iv) THAT CLIENT MAY RELY ON THE SOFTWARE FOR COMPLIANCE WITH ANY STATUTORY OR REGULATORY REQUIREMENTS AND/OR REPORTING OBLIGATIONS; OR (v) THAT THE SOFTWARE WILL BE COMPATIBLE WITH ANY HARDWARE OR SYSTEMS SOFTWARE CONFIGURATION.

(e) Comprehensive management reports in electronic, downloadable format on a, as applicable to Client, monthly, quarterly, and/or annual basis shall be available for access by Client. Reports to include the following information: (i) name, location, and date of inspections; (ii) number of facilities inspected/surveyed; and (iii) number of facilities compliant/non-compliant.

7. Confidentiality. From time to time during the Term, either Party (as the "**Disclosing Party**") may disclose or make available to the other Party (as the "**Receiving Party**"), non-public, proprietary, and confidential information of Disclosing Party, whether disclosed in writing or orally, and whether or not labeled as "confidential" ("**Confidential Information**"); provided, however, that Confidential Information does not include any information that: (a) is or becomes generally available to the public other than as a result of Receiving Party's breach of this Section 7; (b) is or becomes available to the Receiving Party on a non-confidential basis from a third-party source that was not legally or contractually restricted from disclosing such information; (c) the Receiving Party establishes by documentary evidence, was in Receiving Party's possession prior to Disclosing Party's disclosure hereunder; or (d) the Receiving Party establishes by documentary evidence, was or is independently developed by Receiving Party or its personnel without using any of the Disclosing Party's Confidential Information. The Receiving Party shall: (i) protect and safeguard the confidentiality of the Disclosing Party's Confidential

Information with at least the same degree of care as the Receiving Party would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care; (ii) not use the Disclosing Party's Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this Agreement; and (iii) not disclose any such Confidential Information to any person or entity, except to the Receiving Party's Representatives (as hereinafter defined) who need to know the Confidential Information to assist the Receiving Party, or act on its behalf, to exercise its rights or perform its obligations under this Agreement. If the Receiving Party becomes legally compelled to disclose any Confidential Information, the Receiving Party shall provide: (A) prompt written notice of such requirement so that the Disclosing Party may seek, at its sole cost and expense, a protective order or other remedy; and (B) reasonable assistance, at the Disclosing Party's sole cost and expense, in opposing such disclosure or seeking a protective order or other limitations on disclosure. If, after providing such notice and assistance as required herein, the Receiving Party remains required by applicable law to disclose any Confidential Information, the Receiving Party shall disclose no more than that portion of the Confidential Information which, on the advice of the Receiving Party's legal counsel, the Receiving Party is legally required to disclose and, upon the Disclosing Party's request, shall use commercially reasonable efforts to obtain assurances from the applicable court or agency that such Confidential Information will be afforded confidential treatment. As used herein, "**Representatives**" mean a Party's affiliates and each of their respective employees, agents, contractors, subcontractors, officers, directors, partners, shareholders, attorneys, third-party advisors, successors and permitted assigns.

8. Indemnification. Client shall defend, indemnify, and hold harmless Company and its affiliates and its and their respective members, managers, officers, directors, employees, agents, successors, and permitted assigns from and against all Losses (as defined herein) arising out of or resulting from any third-party claim arising out of or resulting from: (a) bodily injury, death of any person, or damage to real or tangible, personal property resulting from the grossly negligent or willful acts or omissions of Client; or (b) Client's breach of any representation, warranty, or obligation of Client in this Agreement. As used herein, "**Losses**" mean all losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

9. Representations and Warranties. Each Party represents and warrants to the other Party that: (a) if an entity, it is duly organized, validly existing and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation, organization, or chartering, or, if a municipal agency, it has the authority under the laws of its state of jurisdiction; (b) it has the full right, power, and authority to enter into this Agreement, to grant the rights and licenses granted hereunder, and to perform its obligations hereunder; (c) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the Party; and (d) when executed and delivered by such Party, this Agreement will constitute the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms.

10. Limited Warranty.

(a) Company warrants that it shall perform the Services: (i) in accordance with the terms and subject to the conditions set out in the respective Proposal and this Agreement; (ii) using personnel of industry standard skill, experience, and qualifications; and (iii) in a timely,

workmanlike, and professional manner in accordance with generally recognized industry standards for similar services.

(b) Company's sole and exclusive liability and Client's sole and exclusive remedy for breach of this warranty shall be as follows:

i. Company shall use commercially reasonable efforts to promptly cure any such breach; provided, that if Company cannot cure such breach within a reasonable time (but no more than thirty (30) days) after Client's written notice of such breach, Client may, at its option, terminate the Agreement by serving written notice of termination in accordance with Section 12.

ii. In the event the Agreement is terminated pursuant to Section 10(b)(i) above, Company shall within thirty (30) days after the effective date of termination, refund to Client any fees paid by Client as of the date of termination for the Service or Deliverables, less a deduction equal to the fees for receipt or use of such Deliverables or Service up to and including the date of termination on a pro-rated basis.

iii. The foregoing remedy shall not be available unless Client provides written notice of such breach within thirty (30) days after delivery of such Service or Deliverable to Client.

iv. COMPANY MAKES NO WARRANTIES EXCEPT FOR THAT PROVIDED IN SECTION 10(a) ABOVE. ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, ARE EXPRESSLY DISCLAIMED.

11. Limitation of Liability. IN NO EVENT SHALL COMPANY BE LIABLE TO CLIENT OR TO ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE, OR PROFIT OR LOSS OF DATA OR DIMINUTION IN VALUE, OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGE WAS FORESEEABLE AND WHETHER OR NOT COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE. IN NO EVENT SHALL COMPANY'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE AGGREGATE AMOUNTS PAID TO COMPANY PURSUANT TO THE APPLICABLE PROPOSAL GIVING RISE TO THE CLAIM.

12. Term and Termination. This Agreement shall commence on the effective date of the Proposal and shall continue thereafter (a) for the term set forth in the Proposal or (b) if the term is silent, until the Services are completed by Company, unless, in either case, earlier terminated by either Party as set forth herein (the "**Term**"). Upon commencement of each Proposal, Client acknowledges and agrees that the fees owed by Client to Company shall be subject to an annual increase equal to the Consumer Price Index for All Urban Consumers (CPI-U); U.S. City Average; All items, not seasonally adjusted, 1982-1984=100 reference base, as of such annual fee increase date, or 4%, whichever is greater. Either Party may terminate this Agreement, effective upon written notice to the other Party (the "**Defaulting Party**"), if the Defaulting Party: (i) breaches this Agreement, and such breach is incapable of cure, or with respect to a breach capable of cure, the Defaulting Party does not cure such breach within thirty (30) days after receipt of written notice of such breach; (ii) becomes insolvent or admits its inability to pay its debts generally as they become due; (iii) becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law, which is not fully stayed within seven (7) business days or is not dismissed or vacated within forty-five (45) days after filing; (iv) is dissolved or liquidated or takes any corporate action for such purpose; (v) makes a general assignment for the benefit of creditors; or (vi) has a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business. Termination of this Agreement will not automatically terminate any outstanding Proposal, and the applicable

Proposal shall continue in full force and effect until (A) completion of the Services set forth in the applicable outstanding Proposal (B) termination of the applicable Proposal pursuant to additional terms set forth therein, or (C) termination of the Proposal by the non-Defaulting Party.

### 13. Insurance.

(a) During the term of this Agreement, Client shall, at its own expense, maintain and carry insurance with financially sound and reputable insurers, in full force and effect that includes, but is not limited to, commercial general liability on an all-risk basis and including extended coverage for matters set forth in this Agreement with financially sound and reputable insurers. Upon Company's request, Client shall provide Company with a certificate of insurance from Client's insurer evidencing the insurance coverage specified in this Agreement. The certificate of insurance shall name Company as an additional insured. Client shall provide Company with thirty (30) days' advance written notice in the event of a cancellation or material change in Client's insurance policy. Except where prohibited by law, Client shall require its insurer to waive all rights of subrogation against Company's insurers and Company.

(b) During the term of this Agreement, Company shall, at its own expense, maintain and carry the following types of insurance: (i) Comprehensive General Liability with limits no less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate; (ii) Excess Umbrella Liability with limits no less than five million dollars (\$5,000,000) per occurrence and five million dollars (\$5,000,000) in the aggregate; (iii) Automobile Liability with limits no less than one million dollars (\$1,000,000), combined single limit; (iv) Worker's Compensation with limits no less than one million dollars (\$1,000,000) per occurrence; and (v) Errors and Omissions Liability with limits no less than two million dollars (\$2,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate. Upon Client's request, Company shall provide Client with a certificate of insurance from Company's insurer evidencing the insurance coverage specified in this Agreement. The certificate of insurance for the Comprehensive General Liability policy shall name Client as an additional insured. Company shall provide Client with thirty (30) days' advance written notice in the event of a cancellation or material change in Client's insurance policy.

14. Entire Agreement. This Agreement, including and together with any related Proposals, exhibits, schedules, attachments, and appendices, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter.

15. Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "**Notice**") must be in writing and addressed to the other Party at its address set forth on the Proposal (or to such other address that the receiving Party may designate from time to time in accordance with Section 15). Unless otherwise agreed herein, all Notices must be delivered by personal delivery, nationally recognized overnight courier or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party; and (b) if the Party giving the Notice has complied with the requirements of this Section 15.

16. Severability. If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

17. Waiver. No waiver by any Party of any of the provisions of this Agreement shall be effective unless explicitly set forth in writing and

signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

18. Assignment; Successors and Assigns. Client shall not assign, transfer, delegate, or subcontract any of its rights or delegate any of its obligations under this Agreement without the prior written consent of Company. Any purported assignment or delegation in violation of this Section 18 shall be null and void. No assignment or delegation shall relieve Client of any of its obligations under this Agreement. Company may assign any of its rights or delegate any of its obligations to any affiliate or to any person acquiring all or substantially all of Company's assets without Client's consent. This Agreement is binding on and inures to the benefit of the Parties to this Agreement and their respective permitted successors and permitted assigns.

19. Relationship of the Parties. The relationship between the Parties is that of independent contractors. The details of the method and manner for performance of the Services by Company be under its own control, Client being interested only in the results thereof. Company shall be solely responsible for supervising, controlling, and directing the details and manner of the completion of the Services. Nothing in this Agreement shall give Client the right to instruct, supervise, control, or direct the details and manner of the completion of the Services. The Services must meet Client's final approval and shall be subject to Client's general right of inspection throughout the performance of the Services and to secure satisfactory final completion. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the Parties, and neither Party shall have authority to contract for or bind the other Party in any manner whatsoever.

20. No Third-Party Beneficiaries. This Agreement benefits solely the Parties to this Agreement and their respective permitted successors and assigns and nothing in this Agreement, express or implied, confers on any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

21. Choice of Law. This Agreement and all related documents including all exhibits attached hereto and all matters arising out of or relating to this Agreement, whether sounding in contract, tort, or statute are governed by, and construed in accordance with, the laws of the State in which Client's principal place of business is located, without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State in which Client's principal place of business is located.

22. Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT, INCLUDING EXHIBITS, SCHEDULES, ATTACHMENTS, AND APPENDICES ATTACHED TO THIS AGREEMENT, IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING ANY EXHIBITS, SCHEDULES, ATTACHMENTS, OR APPENDICES ATTACHED TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

23. Force Majeure. No Party shall be liable or responsible to the other Party, or be deemed to have defaulted under or breached this

Agreement, for any failure or delay in fulfilling or performing any term of this Agreement (except for any obligations of Client to make payments to Company hereunder), when and to the extent such failure or delay is caused by or results from acts beyond the impacted Party's ("**Impacted Party**") reasonable control, including, without limitation, the following force majeure events ("**Force Majeure Event(s)**"): (a) acts of God; (b) flood, fire, earthquake, pandemics, epidemics, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest; (d) government order, law, or actions; (e) embargoes or blockades in effect on or after the date of this Agreement; (f) national or regional emergency; (g) strikes, labor stoppages, or slowdowns, or other industrial disturbances; (h) telecommunication breakdowns, power outages or shortages, lack of warehouse or storage space, inadequate transportation services, or inability or delay in obtaining supplies of adequate or suitable materials; and (i) other similar events beyond the reasonable control of the Impacted Party. The Impacted Party shall give notice within ten (10) days of the Force Majeure Event to the other Party, stating the period of time the occurrence is expected to continue. The Impacted Party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The Impacted Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. In the event that the Impacted Party's failure or delay remains uncured for a period of fifteen (15) days following written notice given by it under this Section 23, the other Party may thereafter terminate this Agreement upon fifteen (15) days' written notice.

24. Publicity. Unless the a Party provides the other Party with written notice to the contrary or of any reasonable restrictions or requirements, such Party acknowledges and agrees that the other Party shall have the right to use such Party's name, likeness, and logos in any digital, online, and printed publicity or marketing materials prepared by the other Party and in presentations to current or prospective clients and others.

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## Appendix

### Specific Qualifications & Experience

**HydroCorp™** is a professional service organization that specializes in Cross Connection Control Programs. Cross Connection Control Program Management & Training is the main core and focus of our business. We are committed to providing water utilities and local communities with a cost-effective and professionally managed cross-connection control program in order to assist in protecting the public water supply.

- HydroCorp conducts over 110,000 Cross Connection Control Inspections **annually**.
- HydroCorp tracks and manages over 135,000+ backflow prevention assemblies for our Municipal client base.
- Our highly trained staff works in an efficient manner in order to achieve maximum productivity and keep program costs affordable. We have a detailed **system** and **process** that each of our field inspectors follow in order to meet productivity and quality assurance goals.
- Our municipal inspection team is committed to providing outstanding customer service to the water users in each of the communities we serve. We teach and train customer service skills in addition to the technical skills since our team members act as representatives of the community that we service.
- Our municipal inspection team has attended training classes and received certification from the following recognized Cross Connection Control Programs: UF TREEO, UW-Madison, and USC – Foundation for Cross Connection Control and Hydraulic Research, American Backflow Prevention Association (ABPA), American Society for Sanitary Engineering (ASSE). HydroCorp recognizes the importance of Professional Development and Learning. We invest heavily in internal and external training with our team members to ensure that each Field Service and Administrative team member has the skills and abilities to meet the needs of our clients.
- We have a trained administrative staff to handle client needs, water user questions and answer telephone calls in a professional, timely, and courteous manner. Our administrative staff can answer most technical calls related to the cross-connection control program and have attended basic cross-connection control training classes.
- HydroCorp currently serves over 550 communities in Michigan, Wisconsin, Minnesota, Maryland, Delaware, Virginia, California, Idaho, Utah & Florida. We still have our first customer!
- HydroCorp and its' staff are active members in many water industry associations including: National Rural Water Association, State Rural Water Associations, National AWWA, State AWWA Groups, HydroCorp is committed to assisting these organizations by providing training classes, seminars, and assistance in the area of Cross Connection Control.
- Several Fortune 500 companies have relied on HydroCorp to provide Cross Connection Control Surveys, Program Management & Reporting to assist in meeting state/local regulations as well as internal company guidelines.

## *Kalamazoo Lake Sewer and Water Authority*



P.O. Box 789, Saugatuck, Michigan 49453  
Telephone (269) 857-2709  
Fax (269) 857-1565

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**TO:** Board of Commissioners  
**FROM:** Andrew Smith, Finance Director  
**THROUGH:** Robert Miller, Authority Administrator  
**DATE:** July 20, 2026  
**RE:** Proposed Capital Asset Capitalization Policy and Adopting Resolution

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## Recommendation

That the Board of Commissioners adopt the attached resolution approving the Capital Asset Capitalization Policy, authorizing the Authority Administrator, or designee, to implement and administer the policy and to maintain the Authority's capital asset records.

## Background

The Authority does not currently have a formal, written policy establishing when an expenditure is recorded as a capital asset versus expensed in the period acquired. A written capitalization policy promotes consistent accounting treatment, supports accurate financial reporting, and ensures compliance with generally accepted accounting principles (GAAP) applicable to governmental entities.

The proposed policy sets clear criteria for identifying, recording, capitalizing, and depreciating capital assets, and establishes how maintenance, repairs, and improvements are treated. Its adoption will give staff and the Authority's auditors a consistent framework for asset accounting.

## Key Provisions of the Policy

The policy defines a capital asset as one with an initial individual cost exceeding \$10,000 and an estimated useful life greater than one year. Assets meeting both criteria are capitalized; those that do not are expensed when acquired. Assets are recorded at historical cost (or estimated historical cost), and donated assets at fair market value as of the donation date, including ancillary costs such as freight, installation, and site preparation.

Depreciation is calculated using the straight-line method over the following estimated useful lives. Land and land rights are not depreciated, and depreciation begins when an asset is placed into service.

| Asset Class                         | Estimated Useful Life |
|-------------------------------------|-----------------------|
| Buildings, Plants, and Improvements | 10–40 years           |
| Lift Stations                       | 40 years              |
| Mains and Connections               | 40–50 years           |
| Machinery and Equipment             | 5–10 years            |
| Office Equipment and Furnishings    | 3–10 years            |

Normal maintenance and repairs that do not add value or materially extend an asset's useful life are expensed as incurred. Improvements that add value or materially extend useful life are capitalized and depreciated over the asset's remaining useful life.

## Administration and Fiscal Impact

The Authority Administrator, or designee, will administer the policy, including maintaining capital asset records, conducting periodic physical inventories, and accounting for asset additions, transfers, and disposals.

The policy formalizes existing accounting practice and is not expected to have a direct cost impact. It is intended to improve the consistency and reliability of the Authority's financial statements and to streamline the annual audit.

## Requested Action

**Motion to adopt attached resolution establishing an asset capitalization policy (enclosed) for the Kalamazoo Lake Sewer & Water Authority.**

*Kalamazoo Lake Sewer and Water Authority*

P.O. Box 789, Saugatuck, Michigan 49453  
Telephone (269) 857-2709  
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## Capital Asset Capitalization Policy

### 1. Purpose

This policy establishes the criteria and procedures for identifying, recording, capitalizing, and depreciating capital assets of the Kalamazoo Lake Sewer & Water Authority (the “Authority”). The policy is intended to ensure consistent accounting treatment of capital assets, accurate financial reporting, and compliance with generally accepted accounting principles (GAAP) applicable to governmental entities.

### 2. Scope

This policy applies to all property, plant, and equipment owned by the Authority and to all departments and personnel responsible for acquiring, maintaining, or disposing of such assets.

### 3. Definition of Capital Assets

Capital assets include property, plant, and equipment. The Authority defines a capital asset as an asset that meets both of the following criteria:

- An initial individual cost of more than \$10,000; and
- An estimated useful life in excess of one year.

Assets that do not meet both criteria shall be expensed in the period acquired.

### 4. Valuation

Capital assets are recorded at historical cost, or at estimated historical cost where actual cost information is not available. Donated capital assets are recorded at estimated fair market value as of the date of donation. The recorded cost of an asset includes the

purchase price and all ancillary costs necessary to place the asset into its intended use, such as freight, installation, and site preparation.

## 5. Depreciation

Property, plant, and equipment are depreciated using the straight-line method over the estimated useful lives set forth below:

| Asset Class                         | Estimated Useful Life |
|-------------------------------------|-----------------------|
| Buildings, Plants, and Improvements | 10-40 years           |
| Lift Stations                       | 40 years              |
| Mains and Connections               | 40-50 years           |
| Machinery and Equipment             | 5-10 years            |
| Office Equipment and Furnishings    | 3-10 years            |

Land and land rights are not depreciated. Depreciation begins when an asset is placed into service.

## 6. Maintenance, Repairs, and Improvements

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized and shall be charged to expenses as incurred. Improvements that add value to an asset or materially extend its useful life are capitalized and depreciated over the remaining useful life of the related asset.

## 7. Policy Administration

The Authority Administrator, or designee, is responsible for the administration of this policy, including maintenance of capital asset records, periodic physical inventories, and proper accounting for asset additions, transfers, and disposals. This policy shall be reviewed periodically and amended as necessary.

*Kalamazoo Lake Sewer and Water Authority*



P.O. Box 789, Saugatuck, Michigan 49453  
Telephone (269) 857-2709  
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## **A RESOLUTION ADOPTING A CAPITAL ASSET CAPITALIZATION POLICY**

At a regular meeting of the Board of Commissioners of the Kalamazoo Lake Sewer & Water Authority, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2026, the following resolution was offered and supported.

WHEREAS, the Kalamazoo Lake Sewer & Water Authority (the “Authority”) owns property, plant, and equipment that must be properly identified, recorded, and reported in the Authority’s financial statements; and

WHEREAS, the establishment of a formal capitalization policy promotes consistent accounting treatment of capital assets, accurate financial reporting, and compliance with generally accepted accounting principles (GAAP) applicable to governmental entities; and

WHEREAS, Authority staff has prepared a Capital Asset Capitalization Policy establishing the criteria for capitalization, valuation, depreciation, and the treatment of maintenance, repairs, and improvements, a copy of which is attached hereto and incorporated herein by reference; and

WHEREAS, the Board of Commissioners has reviewed the proposed policy and finds that its adoption is in the best interest of the Authority.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Kalamazoo Lake Sewer & Water Authority hereby adopts as follows:

1. The Capital Asset Capitalization Policy in the form attached hereto.
2. The policy shall be effective upon adoption and shall apply to capital asset transactions occurring on and after the effective date.
3. The Authority Administrator, or designee, is authorized and directed to implement and administer the policy, including maintaining capital asset records and accounting for asset additions, transfers, and disposals.
4. All resolutions or parts of resolutions in conflict with this resolution are hereby rescinded to the extent of such conflict.

Motion to adopt the foregoing resolution was made by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_.

Upon roll call, the vote was as follows:

YEAS: \_\_\_\_\_

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

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

The Chairperson declared the resolution adopted.

#### Certification

I, the undersigned, the duly qualified and acting Secretary of the Kalamazoo Lake Sewer & Water Authority, do hereby certify that the foregoing is a true and complete copy of a

resolution adopted by the Board of Commissioners at a meeting held on the date set forth above, at which a quorum was present, and that said resolution remains in full force and effect.

---

Jennifer Ludwick

Secretary, Board of Commissioners

Kalamazoo Lake Sewer & Water Authority

Date: \_\_\_\_\_

## *Kalamazoo Lake Sewer and Water Authority*



P.O. Box 789, Saugatuck, Michigan 49453  
Telephone (269) 857-2709  
Fax (269) 857-1565

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**TO:** Board of Commissioners  
**FROM:** Andrew Smith, Finance Director  
**THROUGH:** Robert Miller, Authority Administrator  
**DATE:** July 20, 2026  
**RE:** Adoption of a Meter Access Refusal Fee

---

## Recommendation

Staff recommends the Board of Commissioners adopt the attached resolution establishing a monthly Meter Access Fee for customers who refuse or repeatedly fail to provide the Authority with reasonable access to their water meter and amend the Authority's rules and fee schedule accordingly.

## Background

Authority personnel require periodic access to each customer's water meter to obtain accurate readings, verify consumption, perform maintenance, and complete meter testing or replacement. When a customer refuses access or repeatedly fails to make the meter available, the Authority is forced to estimate consumption, absorb the cost of repeated trips and notices, and defer maintenance — all of which shift cost onto the general body of ratepayers and can result in unbilled or inaccurately billed water.

The Authority's rules already contemplate that reasonable meter access is a condition of service. This measure adds a defined, escalating administrative process and a cost-recovery fee so that the expense of chronic access refusal is borne by the responsible account rather than the ratepayers as a whole. The fee is intended to recover the additional handling cost and encourage compliance; it is not punitive.

## Proposed Escalation and Fee

The proposed process follows an escalating notice approach:

| Stage | Trigger                                                    | Authority Action                                                                                                                                                                                                                 |
|-------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1     | Authority Needs to Access Meter                            | Office will call to request the customer schedule access within 30 days. If office cannot get ahold of the customer, a first-notification letter is mailed.                                                                      |
| 2     | No access 30 days after first notice                       | Second notice will be a door tag advising that a monthly Meter Access Fee will begin if access is not provided within 30 days.                                                                                                   |
| 3     | No access 30 days after second notice                      | A third notice, in the form of a door tag will be placed when the Monthly Meter Access Fee of \$20.00 is initially applied to the account. This Fee will continue to be assessed for each billing cycle until access is granted. |
| 4     | Continued refusal 180 days or more after the first notice. | Refusal is treated as grounds for discontinuance of service under the Authority's shut-off procedures, subject to applicable notice and appeal rights.                                                                           |

For purposes of this policy, “refusal of access” includes not only an express refusal but also repeated failure to keep scheduled access appointments, locked or blocked gates and enclosures, obstructed or buried meter pits, unrestrained or aggressive animals that prevent safe access, and any other condition within the customer's control that prevents the Authority from safely reaching and reading the meter. The Administrator may waive or suspend the fee in cases of demonstrated hardship or good-faith scheduling difficulty.

## Legal Authority

The Authority conditions the provision of service on reasonable access to metering equipment, consistent with its enabling documents and rules and regulations. Discontinuance of service for continued refusal is subject to the Authority's standard shut-off notice and appeal procedures.

## Administration and Fiscal Impact

The fee is set at \$20.00 per month, subject to the Board's direction, and would be administered by the Finance function with field support from the operations crew. The measure is not expected to generate material revenue and is not intended to; its purpose is cost recovery and compliance. To the extent it improves read accuracy and reduces repeat trips and estimated billing, it modestly improves billing integrity and operational efficiency.

## Requested Action

**Motion to adopt attached resolution establishing a meter access rights and denied access penalty policy (enclosed) for the Kalamazoo Lake Sewer & Water Authority.**

*Kalamazoo Lake Sewer and Water Authority*

P.O. Box 789, Saugatuck, Michigan 49453  
Telephone (269) 857-2709  
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## **Meter Access and Meter Access Fee Policy**

### **1. Purpose**

This policy establishes the Kalamazoo Lake Sewer and Water Authority's (the "Authority") requirement that customers provide reasonable access to their water meter as a condition of service, and sets forth the process and fee applicable when a customer refuses or repeatedly fails to provide such access. The policy ensures that the additional cost created by access refusal is recovered from the responsible account rather than the general body of ratepayers, and supports accurate metering, billing, and maintenance.

### **2. Scope**

This policy applies to all utility accounts served by the Authority, including residential, commercial, and other customer classes, and to any location at which the Authority maintains metering equipment.

### **3. Definitions**

"Meter access" means safe and unobstructed access to the water meter and associated equipment sufficient for the Authority to read, inspect, test, maintain, or replace the meter.

"Refusal of access" means an express refusal to permit meter access, or any condition within the customer's control that prevents the Authority from obtaining meter access, including but not limited to:

- Repeated failure to keep scheduled access appointments;
- Locked or blocked gates, doors, or enclosures;
- Obstructed, buried, or inaccessible meter pits or meter locations;
- Unrestrained or aggressive animals that prevent safe access; and
- Any other condition within the customer's control that prevents the Authority from safely reaching and reading the meter.

### **4. Meter Access as a Condition of Service**

The provision of water service by the Authority is conditioned upon the customer providing reasonable meter access. The Authority requires periodic access to obtain accurate readings, verify consumption, and perform testing, maintenance, and replacement of metering equipment. A customer's refusal of access impairs the Authority's ability to bill accurately and maintain its system.

## 5. Escalation Process and Meter Access Fee

When the Authority is unable to obtain meter access, it shall follow the escalating process below, consistent with the notice approach used in the Authority's Collections Policy:

| Stage | Trigger                                                    | Authority Action                                                                                                                                                                                                                 |
|-------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1     | Authority Needs to Access Meter                            | Office will call to request the customer schedule access within 30 days. If office cannot get ahold of the customer, a first-notification letter is mailed.                                                                      |
| 2     | No access 30 days after first notice                       | Second notice will be a door tag advising that a monthly Meter Access Fee will begin if access is not provided within 30 days.                                                                                                   |
| 3     | No access 30 days after second notice                      | A third notice, in the form of a door tag will be placed when the Monthly Meter Access Fee of \$20.00 is initially applied to the account. This Fee will continue to be assessed for each billing cycle until access is granted. |
| 4     | Continued refusal 180 days or more after the first notice. | Refusal is treated as grounds for discontinuance of service under the Authority's shut-off procedures, subject to applicable notice and appeal rights.                                                                           |

The Meter Access Fee is \$20.00 per month. The fee is a cost-recovery charge intended to recover the additional administrative and operational cost of handling access refusals and to encourage compliance; it is not a penalty. The fee shall continue to be applied each billing cycle until reasonable access is provided.

## 6. Discontinuance of Service

Continued refusal of meter access one-hundred-eighty (180) days or more after the first notice may constitute grounds for discontinuance of water service, subject to the Authority's shut-off procedures and applicable law. Discontinuance under this section does not relieve the customer of amounts owed, including any accrued Meter Access Fees.

## 7. Waiver and Hardship

The Authority Administrator, or the Administrator's designee, may waive or suspend the Meter Access Fee in cases of demonstrated hardship or good-faith scheduling difficulty. Any waiver or suspension should be documented in the customer's account record.

## 8. Administration

This policy shall be administered by the Finance function with field support from the Authority's operations personnel. The Authority Administrator is authorized to establish reasonable administrative procedures consistent with this policy and to interpret its provisions in individual cases. This policy shall be read together with, and does not supersede, the Authority's rules and regulations and adopted fee schedule.

*Kalamazoo Lake Sewer and Water Authority*

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## **A RESOLUTION ESTABLISHING METER ACCESS RIGHTS AND DENIED ACCESS PENALTIES**

At a regular meeting of the Board of Commissioners of the Kalamazoo Lake Sewer & Water Authority, held on the \_\_\_\_ day of \_\_\_\_\_, 2026, the following resolution was offered and supported.

**WHEREAS**, the Kalamazoo Lake Sewer and Water Authority (the “Authority”) provides water service to its customers and conditions the provision of that service upon the customer's obligation to provide the Authority reasonable access to the water meter serving the customer's premises; and

**WHEREAS**, periodic access to the meter is necessary for the Authority to obtain accurate readings, verify consumption, and perform maintenance, testing, and replacement of metering equipment; and

**WHEREAS**, the refusal of a customer to provide reasonable meter access, or the repeated failure to make the meter accessible, causes the Authority to incur additional administrative and operational costs, including repeated service trips, additional notices, and estimated billing, and may result in the inaccurate or incomplete billing of water service; and

**WHEREAS**, it is equitable that the additional costs occasioned by a customer's refusal of meter access be borne by that customer rather than by the general body of ratepayers; and

**WHEREAS**, the Board of Commissioners has determined that establishing a monthly Meter Access Fee, applied through a defined and escalating notice process, will promote compliance, recover the additional cost of handling access refusals, and support accurate metering and billing;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Kalamazoo Lake Sewer and Water Authority hereby establishes a Meter Access Fee in the amount of \$20.00 per month, to be applied to the account of any customer who refuses or repeatedly fails to provide the Authority reasonable access to the water meter, in accordance with the

escalating notice process described in the accompanying memorandum and any administrative procedures adopted by the Authority Administrator.

**BE IT FURTHER RESOLVED**, that for purposes of this resolution, “refusal of access” includes an express refusal of access as well as repeated failure to keep scheduled access appointments, locked or blocked enclosures, obstructed or buried meter pits, unrestrained or aggressive animals preventing safe access, and any other condition within the customer's control that prevents the Authority from safely reaching and reading the meter.

**BE IT FURTHER RESOLVED**, that the Meter Access Fee shall be applied each billing cycle until reasonable access is provided.

**BE IT FURTHER RESOLVED**, that continued refusal of meter access may constitute grounds for discontinuance of water service in accordance with the Authority's shut-off procedures and applicable law.

**BE IT FURTHER RESOLVED**, that the Authority Administrator, or his designee, is authorized to administer this resolution, to establish reasonable administrative procedures consistent with it, and to waive or suspend the fee in cases of demonstrated hardship or good-faith scheduling difficulty.

**BE IT FURTHER RESOLVED**, that the Authority's rules and regulations and fee schedule are amended to incorporate the Meter Access Fee established by this resolution, and that all resolutions or parts of resolutions in conflict herewith are rescinded to the extent of the conflict.

**BE IT FURTHER RESOLVED**, that this resolution shall take effect upon adoption.

Motion to adopt the foregoing resolution was made by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_.

Upon roll call, the vote was as follows:

YEAS: \_\_\_\_\_

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

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

The Chairperson declared the resolution adopted.

Certification

I, the undersigned, the duly qualified and acting Secretary of the Kalamazoo Lake Sewer & Water Authority, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors at a meeting held on the date set forth above, at which a quorum was present, and that said resolution remains in full force and effect.

---

Jennifer Ludwick  
Secretary, Board of Directors  
Kalamazoo Lake Sewer & Water Authority

Date: \_\_\_\_\_

## *Kalamazoo Lake Sewer and Water Authority*



P.O. Box 789, Saugatuck, Michigan 49453  
Telephone (269) 857-2709  
Fax (269) 857-1565

---

**TO:** Board of Commissioners  
**FROM:** Andrew Smith, Finance Director  
**THROUGH:** Robert Miller, Authority Administrator  
**DATE:** July 20, 2026  
**RE:** Proposed Collections Policy for Past Due Invoices and Adopting Resolution

---

## Recommendation

That the Board of Commissioners adopt the attached resolution approving the Collections Policy for Past Due Invoices (Exhibit A), authorizing the Finance Department to administer the policy and to certify qualifying delinquent balances to the tax roll in accordance with Michigan law.

## Background

The Authority currently lacks a formal, written policy governing the collection of past due water and sewer accounts. The absence of a uniform procedure creates inconsistency in how delinquent accounts are handled and limits the Authority's ability to recover amounts owed in a fair and predictable manner.

The proposed policy establishes a uniform, escalating collection process measured from each invoice's due date. It provides customers with clear notice and a reasonable opportunity to resolve their accounts before service interruption or transfer to the tax roll, while protecting the financial integrity of the Authority's enterprise funds.

## Summary of the Collection Stages

Each stage is measured from the original invoice due date. Payment of the full past due balance at any point halts further escalation.

| Timing               | Action               | Description                                                                                                                              |
|----------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| 10 days past due     | Past Due Postcard    | Physical postcard mailed to all customers carrying a past due balance.                                                                   |
| 40 days past due     | Past Due Postcard    | Second physical postcard mailed to all customers still past due.                                                                         |
| ~60 days delinquent  | Door Tag             | Door tag placed at service address for balances over \$100, allowing one additional week to pay in full. A \$25 fee applies.             |
| ~74 days delinquent  | Service Shut-Off     | Water service disconnected for balances over \$100. Service restored only upon payment in full. A \$75 shut-off/restoration fee applies. |
| 180+ days delinquent | Transfer to Tax Roll | Balances delinquent 180 days or more are certified to the next available tax roll as a lien against the property.                        |

## Legal Authority

The transfer of long-delinquent balances to the tax roll is authorized under the Michigan Municipal Water Lien Act, MCL 123.161 through 123.167, which permits the certification of charges delinquent for six months or more to the tax assessing officer for entry as a lien on the next tax roll against the premises served. The proposed policy conforms to this authority.

## Administration and Fiscal Impact

The Finance Department will administer the policy, including generating and mailing notices, coordinating field actions, and certifying balances to the tax roll. The Authority will maintain records of all notices issued and actions taken for each delinquent account.

The policy is expected to improve collection rates and reduce uncollected receivables in the water and sewer enterprise funds, with no anticipated cost beyond existing staff time and routine mailing expense.

## Requested Action

**Motion to adopt attached resolution establishing a collections policy on past due accounts (enclosed) for the Kalamazoo Lake Sewer & Water Authority.**

*Kalamazoo Lake Sewer and Water Authority*



P.O. Box 789, Saugatuck, Michigan 49453  
Telephone (269) 857-2709  
Fax (269) 857-1565

## **Collection Policy for Past Due Invoices**

### **1. Purpose**

This policy establishes a uniform, fair, and consistent procedure for the collection of past due water and sewer invoices owed to the Kalamazoo Lake Sewer and Water Authority (the “Authority”). It is intended to ensure the timely recovery of amounts owed, to protect the financial integrity of the Authority’s enterprise funds, and to provide customers with clear notice and reasonable opportunity to resolve delinquent accounts before service interruption or other collection action occurs.

### **2. Scope**

This policy applies to all customer accounts billed by the Authority for water and sewer services. All past due accounts shall be treated uniformly in accordance with the stages described in Section 4.

### **3. Definitions**

- Due Date – The payment date printed on the customer’s invoice.
- Past Due / Delinquent – Any balance that remains unpaid after the invoice due date.
- Days Delinquent – The number of calendar days elapsed since the original invoice due date.
- Tax Roll – The local property tax roll to which unpaid balances may be transferred for collection as a lien against the property pursuant to applicable Michigan law.

### **4. Collection Stages**

*Delinquent accounts shall progress through the following escalating stages. Each stage is measured from the original invoice due date.*

| Timing                           | Action               | Description                                                                                                                                           |
|----------------------------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 days past due                 | Past Due Postcard    | A postcard notifying the customer that their bill is past due is mailed physically to all customers with a past due balance.                          |
| 40 days past due                 | Past Due Postcard    | A postcard notifying the customer that their bill is past due is mailed physically to all customers with a past due balance.                          |
| Approximately 60 days delinquent | Door Tag             | A door tag is placed at the service address advising the customer of the delinquency and granting an additional two weeks to pay the balance in full. |
| Approximately 74 days delinquent | Service Shut-Off     | Water service is disconnected. The full delinquent balance must be paid in full before service is restored.                                           |
| 180+ days delinquent             | Transfer to Tax Roll | Any balance delinquent 180 days or more is transferred to the next available tax roll for collection against the property.                            |

#### 4.1 Stage 1 – Past Due Postcard (10 Days)

Ten (10) days after an invoice due date has passed, the Authority shall mail a physical postcard to every customer carrying a past due balance. The postcard shall inform the customer that their account is past due and direct them to remit payment promptly to avoid further action.

#### 4.2 Stage 2 – Past Due Postcard (40 Days)

Forty (40) days after an invoice due date has passed, the Authority shall mail a physical postcard to every customer carrying a past due balance. The postcard shall inform the customer that their account is past due and direct them to remit payment promptly to avoid further action.

#### 4.3 Stage 3 – Door Tag (Approximately 60 Days)

When an account becomes approximately sixty (60) days delinquent and owes more than \$100, the Authority shall place a door tag at the service address. The door tag shall state the delinquent amount and notify the customer that they have an additional two weeks to pay the balance in full before service is subject to disconnection. The hanging of a door tag shall incur a \$25 fee.

#### 4.4 Stage 4 – Service Shut-Off (Approximately 74 Days)

When an account reaches approximately seventy-four (74) days delinquent and owes more than \$100, water service to the property shall be shut off. Service will not be restored until the delinquent balance is paid in full. The shutting off and turning on of the water shall incur a fee of \$75.

#### 4.5 Stage 5 – Transfer to Tax Roll (180+ Days)

Any balance that remains delinquent for one hundred eighty (180) days or more shall be certified and transferred to the next available tax roll for collection as a charge against the property in accordance with applicable Michigan law.

### 5. Payment and Account Resolution

Customers may resolve a delinquent account at any stage by paying the full past due balance. Payment received at or before a given stage halts further escalation. Once an account has reached the shut-off stage, service restoration requires payment of the full delinquent balance and any reconnection charges.

### 6. Administration

The Finance Department is responsible for administering this policy, generating and mailing notices, coordinating field actions, and certifying balances to the tax roll. The Authority shall maintain records of all notices issued and actions taken for each delinquent account.

### 7. Review

This policy shall be reviewed and amended as necessary to remain consistent with applicable law and Authority practice.

*Kalamazoo Lake Sewer and Water Authority*



P.O. Box 789, Saugatuck, Michigan 49453  
Telephone (269) 857-2709  
Fax (269) 857-1565

## **A RESOLUTION ADOPTING A COLLECTIONS POLICY FOR PAST DUE INVOICES**

At a regular meeting of the Board of Commissioners of the Kalamazoo Lake Sewer & Water Authority, held on the \_\_\_\_ day of \_\_\_\_\_, 2026, the following resolution was offered and supported.

**WHEREAS**, the Authority provides water and sewer services to its customers and bills customers for such services; and

**WHEREAS**, the timely collection of amounts owed to the Authority is essential to maintaining the financial integrity of the Authority's enterprise funds and its ability to provide reliable water and sewer service; and

**WHEREAS**, the Board of Commissioners finds that a uniform, fair, and consistent procedure for the collection of past due invoices serves the interests of the Authority and its customers by providing clear notice and reasonable opportunity to resolve delinquent accounts before service interruption or other collection action; and

**WHEREAS**, Michigan law, including the Municipal Water Lien Act, MCL 123.161 through 123.167, authorizes the certification of charges delinquent for six (6) months or more to the proper tax assessing officer for entry as a lien on the next tax roll against the premises to which service was rendered; and

**WHEREAS**, the Board of Commissioners have reviewed the proposed Collections Policy for Past Due Invoices attached hereto as Exhibit A;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Kalamazoo Lake Sewer and Water Authority as follows:

1. The Collections Policy for Past Due Invoices, attached hereto as Exhibit A and incorporated herein by reference, is hereby adopted and approved.
2. The Finance Department is authorized and directed to administer the policy, including the issuance of past due notices, the placement of door tags, the coordination of

disconnection and restoration of service, and the certification of qualifying delinquent balances to the next available tax roll in accordance with applicable Michigan law.

3. The Authority Administrator and Finance Director are authorized to take such further actions as are reasonably necessary to implement this resolution and the attached policy.
4. This resolution shall take effect immediately upon its adoption. All resolutions or parts of resolutions in conflict herewith are hereby rescinded to the extent of such conflict.

Motion to adopt the foregoing resolution was made by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_.

Upon roll call, the vote was as follows:

YEAS: \_\_\_\_\_

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

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

The Chairperson declared the resolution adopted.

#### Certification

I, the undersigned, the duly qualified and acting Secretary of the Kalamazoo Lake Sewer & Water Authority, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors at a meeting held on the date set forth above, at which a quorum was present, and that said resolution remains in full force and effect.

\_\_\_\_\_

Jennifer Ludwick  
Secretary, Board of Directors  
Kalamazoo Lake Sewer & Water Authority

Date: \_\_\_\_\_

## *Kalamazoo Lake Sewer and Water Authority*



P.O. Box 789, Saugatuck, Michigan 49453  
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---

**TO:** Board of Commissioners  
**FROM:** Andrew Smith, Finance Director  
**THROUGH:** Robert Miller, Authority Administrator  
**DATE:** July 20, 2026  
**RE:** Proposed Paperless Billing and ACH Autopay Credit Program

---

## Recommendation

Staff recommends the Board adopt the attached resolution establishing a Paperless Billing and ACH Autopay Credit Program, under which any customer account enrolled in both electronic bill delivery (e-billing) and ACH automatic payment receives a \$3.00 credit per monthly billing cycle, effective for the August 1, 2026 billing cycle.

## Background

The Authority currently prints and mails paper bills to approximately half of its 3,089 active accounts and receives about 600 payments through its lockbox. The Authority's direct cost to print and mail a single bill is approximately \$0.87, and each payment processed through the lockbox costs approximately \$2.60 — a combined \$3.47 per account per month for a customer who receives a mailed bill and remits payment through the lockbox. By comparison, an electronic bill and ACH debit are processed at negligible cost. A customer who converts to both e-billing and ACH autopay therefore saves the Authority more than the proposed \$3.00 credit each month, before accounting for staff time on bill preparation, payment exceptions, and collections follow-up.

**Beyond direct cost savings, accounts enrolled in ACH autopay exhibit dramatically lower delinquency rates. Broader autopay enrollment therefore supports the objectives of the Authority's Collections Policy by reducing late notices, shutoff activity, and associated staff and customer burden, while improving the predictability of cash receipts.**

## Program Structure

- **Dual enrollment required.** Customers must be enrolled in both e-billing and ACH autopay to qualify; enrollment in only one does not earn the credit.
- **Credit amount.** A \$3.00 credit is applied to each monthly bill while both enrollments remain active, appearing as a visible line item on the customer's bill.
- **Existing enrollees included.** Customers already enrolled in both programs on the effective date receive the credit automatically, with no re-enrollment required.
- **Prospective removal.** If either enrollment is cancelled, the credit ends prospectively with the next billing cycle. No previously issued credits are clawed back.
- **Returned payments.** A returned or failed ACH payment forfeits the credit for that billing cycle.
- **Account standing.** Accounts must remain current.

## Fiscal Impact

The program produces a modest net savings on hard costs alone. However, there is no dollar value assigned to reduced delinquency, fewer collection actions, reduced staff handling time, improved customer experience, or improved cash flow timing. Staff expects the program to be approximately cost-neutral to cost-positive overall.

## Implementation

The credit will be configured in the Authority's BS&A utility billing system as a recurring account-level credit tied to an eligibility flag, requiring no change to adopted rates. Staff will promote the program through bill inserts and phone communication.

## Requested Action

**Motion to adopt attached resolution establishing a paperless billing and ACH autopay credit program (enclosed) for the Kalamazoo Lake Sewer & Water Authority.**

KALAMAZOO LAKE SEWER AND WATER AUTHORITY

# Go Paperless. Go Automatic.

## Save \$3.00 on Every Bill.

A new billing credit for customers.

Sign up for e-billing + ACH autopay and receive a \$3.00 credit on every monthly bill — that's \$36 back every year.

### How It Works

#### 1 Enroll in E-Billing

Get your bill by email instead of in the mailbox — faster, searchable, and always at your fingertips.

#### 2 Enroll in ACH Autopay

Your bill is paid automatically from your bank account on the due date. No checks, no stamps, no late fees.

#### 3 Watch the Credit Appear

A \$3.00 credit shows up right on your bill, every month, for as long as you stay enrolled in both.

### Why Enroll?

- ✓ **Never miss a payment.** Autopay means no due dates to remember and no late penalties — ever.
- ✓ **Save money twice.** Keep \$36 a year in credits, plus skip the cost of checks and stamps.
- ✓ **Less paper, less clutter.** Your bill arrives by email the moment it's ready, and past bills are easy to find.
- ✓ **If already enrolled,** you'll get the credit automatically!

*Credit applies once per account per monthly billing cycle while enrolled in both e-billing and ACH autopay. Accounts must be current. The credit ends if either enrollment is cancelled and is forfeited for any billing cycle with a returned ACH payment. Already enrolled in both? You'll receive the credit automatically — no action needed.*

### Ready to Start Saving?

Call or visit our office to enroll or download the enrollment form on our website.

Kalamazoo Lake Sewer and Water Authority • 269-857-2709 • [klwsa.com](http://klwsa.com)

4669 Old Allegan Rd., PO Box 789, Saugatuck, MI 49453

Digital Sign Up



Printable Form Sign Up



# *Kalamazoo Lake Sewer and Water Authority*



P.O. Box 789, Saugatuck, Michigan 49453  
Telephone (269) 857-2709  
Fax (269) 857-1565

## **A RESOLUTION ESTABLISHING A PAPERLESS BILLING AND ACH AUTOPAY CREDIT PROGRAM**

At a regular meeting of the Board of Commissioners of the Kalamazoo Lake Sewer & Water Authority, held on the \_\_\_\_ day of \_\_\_\_\_, 2026, the following resolution was offered and supported.

**WHEREAS**, the Authority provides water and sewer services to its customers and bills customers for such services; and

**WHEREAS**, the Authority incurs direct costs to print and mail each paper bill and to process each payment received through its lockbox, together with associated staff costs; and

**WHEREAS**, electronic bill delivery and automated clearing house (“ACH”) automatic payment reduce those costs, improve the timeliness and predictability of payments, reduce delinquency and associated collection activity, and thereby benefit all customers of the Authority; and

**WHEREAS**, Michigan law, including the Municipal Water Lien Act, MCL 123.161 through 123.167, authorizes the certification of charges delinquent for six (6) months or more to the proper tax assessing officer for entry as a lien on the next tax roll against the premises to which service was rendered; and

**WHEREAS**, the Board of Commissioners finds that a billing credit for customers enrolled in both electronic bill delivery and ACH automatic payment is reasonably related to the cost savings such enrollment produces, is available on uniform terms to all customers who elect to participate, and is in the best interest of the Authority and its customers;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Kalamazoo Lake Sewer and Water Authority as follows:

- 1. Program Established.** There is hereby established the Paperless Billing and ACH Autopay Credit Program (the “Program”), effective August 1, 2026 billing cycle.

2. **Credit.** Each customer account enrolled in both (a) electronic bill delivery in lieu of a mailed paper bill and (b) ACH automatic payment of the full account balance shall receive a credit of Three Dollars (\$3.00) per monthly billing cycle, applied as a line item on the account's bill. The credit shall apply once per account per billing cycle.
3. **Eligibility.** The credit shall apply to each billing cycle in which both enrollments described in Section 2 are active as of the bill preparation date and the account is current. Accounts enrolled in both programs as of the effective date shall receive the credit automatically without further action.
4. **Termination of Credit.** If either enrollment is cancelled by the customer or by the Authority, the credit shall cease prospectively beginning with the next billing cycle. Credits previously applied shall not be reversed by reason of subsequent disenrollment.
5. **Returned Payments.** A returned, rejected, or failed ACH payment shall result in forfeiture of the credit for the billing cycle in which the return occurs. This is in addition to any returned-payment fees otherwise applicable under the Authority's rate schedule and policies.
6. **Administration.** The Authority Administrator and the Finance Director are authorized and directed to implement the Program, including configuration of the Authority's utility billing system, development of enrollment procedures and customer communications, and resolution of individual eligibility questions consistent with this Resolution.

Motion to adopt the foregoing resolution was made by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_.

Upon roll call, the vote was as follows:

YEAS: \_\_\_\_\_

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

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

The Chairperson declared the resolution adopted.

Certification

I, the undersigned, the duly qualified and acting Secretary of the Kalamazoo Lake Sewer & Water Authority, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors at a meeting held on the date set forth above, at which a quorum was present, and that said resolution remains in full force and effect.

---

Jennifer Ludwick  
Secretary, Board of Directors  
Kalamazoo Lake Sewer & Water Authority

Date: \_\_\_\_\_



## MEMO

DATE: July 20, 2026  
TO: Mr. Gregory Freeman, KLSWA Board Chairman  
CC: KLSWA Board of Commissioners  
FROM: Robert Miller, KLSWA Administrator  
SUBJECT: Authorization of Andrew Smith as KLSWA Finance Director

Mr. Freeman,

The KLSWA management team have been looking to several areas of the Authority's operations for opportunities of increased value and financial efficiencies. One area of consideration has been the general banking needs of our organization.

After careful consideration for the banking services required by KLSWA, and the fees associated with such, Finance Director Smith, with my concurrence, is planning to begin transitioning a portion of KLSWA assets to West Michigan Community Bank. Though specific permission from the Board is not needed for the Authority Administrator to manage the organizations finances at this level, West Michigan Community Bank is requesting a Resolution by the Board to acknowledge Andrew Smith as the Finance Director and grant him the rights to bank on the Authority's behalf.

If Commissioners concur, I offer the following motion:

**Motion to adopt the attached resolution acknowledging Andrew Smith as KLSWA's Finance Director, and granting him the rights detailed on said resolution.**

**RESOLUTION**  
**GOVERNMENTAL ENTITY**  
**WEST MICHIGAN COMMUNITY BANK**  
 5367 School Ave  
 Hudsonville MI 49426  
 www.wmcb.com



### GOVERNMENTAL ENTITY NAME AND ADDRESS

KALAMAZOO LAKE SEWER & WATER AUTHORITY  
 6449 OLD ALLEGAN ROAD  
 PO BOX 789  
 SAUGATUCK, MI 49453

### Initial Resolution.

| DATE OF RESOLUTION | ACCOUNT NUMBER | Tax Identification Number |
|--------------------|----------------|---------------------------|
| July 20, 2026      | MASTER DDA     | 38-2142037                |

By signing below, I certify to West Michigan Community Bank ("Financial Institution") that: I am the FINANCE DIRECTOR of the above named Governmental Entity ("Entity"), validly chartered and operating under the laws of the State of Michigan; the following is a true and complete copy of the Resolution, properly adopted at a duly called open legal meeting of the officers of the Entity held on \_\_\_\_\_ in accordance with the charter of the Entity, if any; this Resolution is contained in the minutes of that meeting and that such Resolution is still in force and effect and has not been amended or rescinded, and was and still is in accordance with the charter of the Entity, if any; the Financial Institution has been provided a true and complete copy of the charter of the Entity, if any, as in effect as of the date of this Resolution; provided below are the correct names, titles, and genuine signatures of the persons authorized to exercise the powers provided in the Resolution ("Authorized Signers"); and the Financial Institution may rely upon my certification as to my authority to execute this Resolution and to make the representations in this Resolution.

### IT IS RESOLVED:

**The Authorized Signers shall possess the powers indicated as contained in this Resolution.**

**DEPOSITORY ACCOUNT.** Perform the following activities in regards to the depository account(s) indicated above in the name of the Entity, subject to any terms and conditions governing the account(s), including:

- **Account Opening and Maintenance.** Open and maintain the Entity account(s).  
Number of signers required: 1
- **Make Deposits.** Make deposits to the Entity account(s).  
Number of signers required: 1
- **Endorsements.** Endorse for negotiation, negotiate, and receive the proceeds of any negotiable instrument, check, draft, or order for the payment of money payable to or belonging to the Entity, by writing, stamp, or other means permitted by this Resolution without the designation of the person endorsing.  
Number of signers required: 1
- **Make withdrawals.** Make withdrawals from the Entity account(s) in any manner permitted by the account(s) regardless whether such action will create or increase an overdraft of the involved account.  
Number of signers required: 1
- **Transfer Funds.** Transfer funds from the Entity account(s) in Financial Institution to any account whether or not held at this Financial Institution and whether or not held by this Entity and execute any agreements related to such transfers.  
Number of signers required: 1
- **Approve, Endorse, Guarantee and Identify Payees.** Approve, endorse, guarantee, and identify the endorsement of any payee or any endorser of any negotiable instrument, check, draft, or order for the payment of money whether drawn by the Entity or anyone else and guarantee the payment of any negotiable instrument, check, draft, or order for the payment of money.  
Number of signers required: 1
- **Delegate Authority.** Delegate to others the authority to approve, endorse, guarantee, and identify the endorsement of any payee or endorser on any negotiable instrument, check, draft, or order for the payment of money and to guarantee the payment of any such negotiable instrument, check, draft, or order for the payment of money.  
Number of signers required: 1

**SAFE DEPOSIT BOX.** Lease a Safe Deposit Box(es) with Financial Institution, make inspections of, deposits to and removals from the Box(es), and exercise all rights and be subject to all responsibilities under the Lease.



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Number of signers required: 1

**NIGHT DEPOSITORY.** Enter into a Night Depository Agreement with Financial Institution and exercise all rights and be subject to all responsibilities under the Agreement.

Number of signers required: 1

**LOCKBOX.** Enter into a Lockbox Agreement with Financial Institution and exercise all rights and be subject to all responsibilities under the Agreement.

Number of signers required: 1

**DEBIT CARD/ACCESS CARD.** Apply for, receive and utilize debit, automated teller machine cards, or other access devices to exercise those powers authorized by this Resolution or other Resolutions then in effect.

Number of signers required: 1

**CASH MANAGEMENT.** Enter into a cash management agreement or applicable agreement(s) with Financial Institution and exercise all rights and be subject to all responsibilities under the agreement(s).

Number of signers required: 1

## IT IS FURTHER RESOLVED THAT:

**DESIGNATED DEPOSITORY.** Financial Institution is designated as a depository for the funds of the Entity and to provide other financial accommodations indicated in this Resolution.

**AUTHORIZED SIGNER'S POWERS.** Authorized Signers are authorized to make any and all other contracts, agreements, stipulations, and orders which the Authorized Signers may deem advisable for the effective exercise of their powers.

**SIGNATURES.** The Financial Institution shall be indemnified and held harmless by the Entity for any claims, expenses, damages, or attorney fees resulting from the honoring of any signature, authorized by this Resolution, or refusing to honor any signature not so authorized, regardless of whether or not such signature was genuine, if such signature reasonably resembles the specimen provided to the Financial Institution. The Financial Institution shall also be permitted to rely upon non-signature security and verification codes which it provides to or receives from an Authorized Signer and shall be indemnified and held harmless by the Entity for any claims, expenses, damages, or attorney fees resulting from their use.

**IMPROPER ENDORSEMENT.** Any negotiable instrument, check, draft, or order for the payment of moneys not clearly endorsed by an Authorized Signer may be returned to the Entity by the Financial Institution. The Financial Institution, in its sole discretion, alternatively may endorse on behalf of the Entity any negotiable instrument, check, draft, or order for the payment of money not clearly endorsed in order to facilitate collection. Financial Institution shall have no liability for any delay in the presentment or return of any negotiable instrument, check, draft, or order for the payment of money which is not properly endorsed.

**DISPOSITION OF FUNDS.** When withdrawal or transfer powers are granted to an Authorized Signer, the Financial Institution is directed and authorized to act upon and honor withdrawal or transfer instructions issued and to honor, pay, transfer from, and charge to any depository account(s) of the Entity, all negotiable instruments, checks, drafts, or orders for the payment of money so drawn when signed consistent with the Resolution without inquiring as to the disposition of the proceeds or the circumstances surrounding the issuance of the negotiable instrument, check, or order for the payment of money involved, whether such negotiable instruments, checks, drafts, or orders for the payment of money are payable to the order of, or endorsed or negotiated by any Authorized Signer signing them or any Authorized Signer in their individual capacities or not, and whether they are deposited to the individual credit of or tendered in payment of the individual obligation or account of any Authorized Signer signing them or of any other Authorized Signer.

**PRIOR ENDORSEMENTS.** All negotiable instruments, checks, drafts, or orders for the payment of money deposited with prior endorsements are guaranteed by the Entity.

**PRE-RESOLUTION TRANSACTIONS.** All actions by Authorized Signers in accordance with this Resolution but before the adoption of this Resolution are approved, ratified, adopted, and confirmed by the Entity.

**WARRANTY.** That the Financial Institution may rely upon the certification as to the Entity authority to execute this Resolution and make the representations in this Resolution.

**NOTIFICATION OF CHANGES.** The Entity shall notify Financial Institution in writing at its address shown above in advance of any changes which would affect the validity of any matter certified in this Resolution.

**REVOCATION AND MODIFICATION.** An act ("Act") to modify, terminate, amend or replace this Resolution will not immediately affect the ability of the Financial Institution to rely upon this Resolution. The Act shall not affect any action by the Financial Institution in reliance on this Resolution before the date the Act becomes effective as set forth in the next sentence. An Act will not become effective until all of the following occur: (a) Financial Institution receives written notification of the Act in a form and substance satisfactory to the Financial Institution and (b) the Financial Institution has had a reasonable period of time to act upon such notification. Until the Act is effective, this Resolution shall remain in full force and bind the Entity, its legal representatives, heirs, successors and assigns.



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DESIGNATION OF AUTHORIZED SIGNERS

| NAME/TITLE                                 | SIGNATURE | AUTHORITY CODE/LIMITATIONS                                                                                                                                                                                                                          |
|--------------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ANDREW SMITH<br>FINANCE DIRECTOR           |           | Account Opening and Maintenance; Lease Safe; Night Depository; Lockbox; Debit Card/Access Card; Cash Management; Make Deposits; Endorsements; Make Withdrawals; Transfer Funds; Approve, Endorse, Guarantee and Identify Payees; Delegate Authority |
| ROBERT N MILLER<br>AUTHORITY ADMINISTRATOR |           | Account Opening and Maintenance; Lease Safe; Night Depository; Lockbox; Debit Card/Access Card; Cash Management; Make Deposits; Endorsements; Make Withdrawals; Transfer Funds; Approve, Endorse, Guarantee and Identify Payees; Delegate Authority |

By signing this Resolution, I acknowledge reading, understanding, and agreeing to all of its provisions and certify, personally and on behalf of the Entity, that all statements made in this Resolution are true and correct.

ANDREW SMITH  
FINANCE DIRECTOR

Date





**Mark E. Nettleton**

Direct Dial/Fax (616) 632-8048

E-mail [mnettleton@mikameyers.com](mailto:mnettleton@mikameyers.com)

900 Monroe Ave NW Grand Rapids, MI 49503

Tel (616) 632-8000 Fax (616) 632-8002

Web [mikameyers.com](http://mikameyers.com)

Attorneys at Law

July 10, 2026

Mr. Robert Miller  
Administrator  
Kalamazoo Lake Sewer and Water Authority  
6449 Old Allegan Road  
P.O. Box 789  
Saugatuck, MI 49453

Re: 2026 CWSRF Sewer Project – Resolutions for July 20, 2026 Commission Meeting

Dear Bob:

I have prepared and enclose the bond authorizing resolution for the Authority's proposed wastewater system improvement project (EGLE Project No. 5907-01) (the "Project"). This resolution should be considered by the Authority Commission at its upcoming regular meeting to be held on Monday, July 20, 2026 at 10:00 am.

I will attend the July 20 Commission meeting.

I have also prepared and attach a resolution for consideration by the Authority Commission at the same meeting to approve various State-required documents as part of the Authority's participation in the Clean Water State Revolving Fund Loan Program ("CWSRF").

Key provisions of the bond resolution include the following:

- This resolution provides for the issuance of the Authority's junior lien sewer revenue bonds under the provisions of Act 94 of the Public Acts of Michigan of 1933, as amended ("Act 94") to pay the costs of the Project.
  - The not-to-exceed amount of the bonds as specified in the enclosed resolution (the "Bond Resolution"), is \$4,099,320 (the "Series 2026 Bonds") to fund the as-bid cost of the Project, which also totals \$4,099,320.
- Section 5a(1) of the Bond Resolution authorizes and directs the Chair and the Secretary/Treasurer of the Authority to approve the final terms of the sale of the Series 2026 Bonds through the Purchase Contract to be entered into by the Authority and the Michigan Finance Authority (discussed below). The final terms include the final

Robert Miller, Administrator  
 Kalamazoo Lake Sewer and Water Authority  
 July 10, 2026  
 Page 2

principal amount (not to exceed the Authority's authorized bond "ceiling" of \$6,500,000), the term of the 2026 Bonds (20 years or 30 years), final maturities, principal and interest payment dates, and the maximum interest rate (not to exceed 2.75%). The principal amount of the Series 2026 Bonds included in the resolution has been determined based on the construction bids, although the final principal amount of the Series 2026 Bonds to be set forth in the Department of Environment, Great Lakes, and Energy's Order of Approval for the Project, which will be issued on either August 5 or August 14, 2026. Certain other features of the Series 2026 Bonds may be approved by the Chair and Secretary/Treasurer. This will be evidenced by a certification I will prepare for signature by the Chair and the Secretary/Treasurer in conjunction with the closing of the Series 2026 Bonds.

- The Series 2026 Bonds will be outstanding for a period of 30 years, unless the Commission determines to finance the Project for a 20-year term. The Bond Resolution provides that the principal payments on the Series 2026 Bonds will be due April 1 of each year, beginning April 1, 2029; interest payments on the Series 2026 Bonds will be due semi-annually each April 1 and October 1, beginning April 1, 2027. This set-up allows the Authority to pay the debt service on Allegan County's outstanding Series 2012 Bonds (the "Series 2012 Bonds"), issued on behalf of the Authority by the County in 2012.
- The Series 2026 Bonds will be issued under the provisions of Act 94 and the proposed Bond Resolution. *The Series 2026 Bonds will be junior in standing and lien priority to the Series 2012 Bonds.* As a result, the Series 2026 Bonds will be issued as junior lien revenue bonds, meaning that the Authority's first obligation is to pay the debt service to Allegan County on the Series 2012 Bonds (after providing for the proper operation and maintenance of the Authority's sewer system) and then to pay the debt service on the Series 2026 Bonds. Nonetheless, the Authority is required to set its sewer rates, charges and fees in an amount sufficient to provide for the operation and maintenance of the sewer system and pay the debt service on the Series 2012 Bonds and the Series 2026 Bonds.
- Additional provisions in the Bond Resolution for the Series 2026 Bonds include:
  - The Authority Secretary/Treasurer will serve as the bond registrar for the Series 2026 Bonds (the primary duties for the bond registrar will include authenticating the bonds at the time of the closing and maintaining a register on file to the effect that the Michigan Finance Authority is the registered owner of the Series 2026 Bonds).
  - The Chair and Secretary/Treasurer will execute the Series 2026 Bonds in conjunction with the closing and the Chair and Secretary/Treasurer will execute the required closing documents in conjunction with the closing of the Series 2026 Bonds. In the absence or disability of the Chair the Vice Chair may act; in the

Robert Miller, Administrator  
 Kalamazoo Lake Sewer and Water Authority  
 July 10, 2026  
 Page 3

absence or disability of the Secretary/Treasurer, you are authorized to act in your role as Authority Administrator.

- Huntington Bank has been designated as the “depository” to hold the funds identified in the Bond Resolution. The Authority Commission can change that designation at any time.

At the Authority Commission’s meeting on July 20, the Authority Commission will need to take the following actions with regard to the Project. The actions should be taken in the following order:

1. Adoption of the Bond Resolution for the Series 2026 Bonds for the Project.
2. Adoption of Resolution to Approve State Clean Water Revolving Fund Agreements and Documents in Connection with Proposed Issuance of Authority Junior Lien Sewer Revenue Bonds, Series 2026 to Evidence a State Revolving Fund Loan.

I recommend that the resolutions be adopted by roll call vote and the bond resolution must be approved by the affirmative votes of the majority of the members of the Authority Commission (i.e., four yes votes).

Prior to consideration of the Bond Resolution, the Commission will need to determine the term for the proposed Series 2026 Bonds –either 20 or 30 years, as set out in Andy Campbell’s memo on this matter. Once the Commission makes that determination, the Commission can consider the Bond Resolution with the understanding that the resolution will be revised to conform to that election, e.g., if the Commission decides to go with 20 years versus 30 years, the final form of the Bond Resolution as adopted by the Commission will reflect the 20-term, maturities and interest rate.

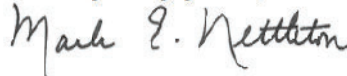
The Bond Resolution authorizes the Chair and the Authority Secretary/Treasurer to execute and deliver necessary agreements and documents required by the State for financing of the Project through the CWSRF program. The documents referenced in and approved by the resolution may be subject to change by the State prior to closing, and so I have included language in the resolution that would authorize the Chair and the Secretary/Treasurer to execute and deliver those documents as required by the State, just in case there are revisions to the documents prior to closing. In that way, no further Commission action should be required with respect to those documents.

Following adoption of the Bond Resolution for the Series 2026 Bonds by the Authority Commission, the resolution must be published one time in full in the *Commercial Record*. I will make the arrangements for the publication of the resolution in the newspaper.

Robert Miller, Administrator  
Kalamazoo Lake Sewer and Water Authority  
July 10, 2026  
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If you have questions regarding the enclosed, please call.

Very truly yours,

A handwritten signature in dark ink, reading "Mark E. Nettleton". The signature is written in a cursive style with a large, stylized "M" and "N".

Mark E. Nettleton

By E-mail Only

cc: Andrew Smith, Finance Director, KLSWA  
Andy Campbell, Bendzinski & Co. Registered Municipal Advisors  
Brittany Brower, Bendzinski & Co. Registered Municipal Advisors



July 2, 2026

*Via Email: robert@klswa.com*

Mr. Robert Miller, Jr., Authority Administrator  
Kalamazoo Lake Sewer & Water Authority  
6449 Old Allegan Road  
P.O. Box 789  
Saugatuck, Michigan 49453

**RE: KLSWA, CWSRF Exhibit C – Step 2 Construction  
DBIA Agreement Between Owner and Design-Builder  
Wastewater System Improvements SRF Project No. 5907-01  
Amendment No. 1**

Dear Bob,

Bids were received on June 22, 2026, for the Wastewater System Improvements project. After bids were received, it was determined that the total project amount will be under the original CWSRF loan amount.

Post bid, we have interviewed and reviewed all trade contractors' scopes of work to determine if there is any scope overlap or underlap. No changes in the bid pricing were necessary to perform the scope outlined in the project documents. Contract 2 – Lagoon Cleaning is the only unit price contract that is based on estimated quantities. Final project cost for this contract will reflect actual unit quantity of biosolids removed from the facility.

Authorization of Step 2 Construction Phase shall be granted upon execution of this written Amendment to our DBIA Agreement, dated March 25, 2026 (attached hereto), and Step 2 of Exhibit C to the Agreement. Upon execution, F&V Construction will prepare the items outlined in Article 11 below, in advance of a Notice to Proceed by the Authority.

Amendments:

- Article 5.2.1 – Substantial Completion of the entire Work shall be achieved no later than April 2, 2028.
- Article 6.6.1.2 – The amount of the Design-Builder Contingency Allowance, as shown in Exhibit C – Step 2, Construction, shall be \$192,324.00. Upon reaching Substantial Completion, any excess greater than \$50,000.00 of the Design-Builder Contingency Allowance will be released to the Owner for change order items in accordance with the provisions of Article 6.6.3.
- Article 11.1.1 – Insert the attached executed CWSRF Debarment Certification form.
- Article 11.1.2.C – An item entitled “Step 2, Construction” shall be added under Exhibit C, as attached.

The following items from Article 11 shall each be amended to add the following language: “This shall be provided to the Owner prior to the commencement of any Work at the Site”:

- Article 11.1.2.D – Exhibit D – Conformed to Contract Documents
- Article 11.1.3 – Performance and Payment Bonds
- Article 11.1.4 – Certificate of Insurance

This Amendment is intended to modify the Agreement as described above, pursuant to Article 13.9.1 of the General Conditions of Contract. Unless otherwise stated herein, all defined terms shall retain the meanings assigned to them in the original Agreement.

**2960 Lucerne Drive SE, Suite 100  
Grand Rapids, MI 49546  
P: 616.977.4400  
www.fv-construction.com**

We look forward to continuing our work with the Authority as the project moves into the construction phase and we implement these important improvements with the Authority, its staff, and the community.

Please call us if you have any questions or need further clarification.

Sincerely,

F&V CONSTRUCTION



Corey Turner, PE  
Project Manager | Associate



Robert W. Wilcox, PE  
Vice President | Principal

Attachments:

- DBIA Agreement, Dated March 25<sup>th</sup>, 2026
- CWSRF Debarment Certification Form
- Exhibit C – Step 2, Construction

**AUTHORIZATION**

*The parties hereby agree to amend DBIA Document No. 530, dated March 25, 2026, as detailed in this Amendment. Except as expressly set forth herein, all other terms and conditions set forth in the Agreement shall remain in effect and binding on the parties, and all references to the Agreement shall be interpreted to mean the Agreement as amended by this Amendment.*

*Concurrent with the Owner's execution of this Amendment, the undersigned representative of Owner shall execute the Exhibit C – Step 2 Construction document attached to the Agreement.*

*The Owner and F&V Construction each represent and warrant that they have the lawful authority to enter into this Amendment and make it binding according to its terms.*

**OWNER:**  
**KALAMAZOO LAKE SEWER & WATER AUTHORITY**

**DESIGN-BUILDER:**  
**F&V CONSTRUCTION**

By: \_\_\_\_\_  
Robert Miller, Jr.

Title: Authority Administrator

Date: \_\_\_\_\_

By:  \_\_\_\_\_  
Robert W. Wilcox, PE

Title: Vice President

Date: 7/2/26

**Proposed Revision to Amendment No. 1 to DBIA Agreement Between Owner and Design-Builder Wastewater System Improvements SRF Project No. 5907-01**

**6.6.1.2** The GMP includes a Design-Builder Contingency Allowance in the amount of Dollars (\$\_\_\_\_) which is available for Design-Builder's exclusive use for unanticipated costs it has incurred that are not the basis for a Change Order under the Contract Documents. Change Order eligible costs are to be allocated from the Owner allocated project Contingency. By way of example, and not as a limitation, such costs that are not the basis for a Change Order may include: (a) trade buy-out differentials; (b) overtime or acceleration; (c) escalation of materials; (d) correction of defective, damaged or nonconforming Work, design errors or omissions, however caused; (e) Subcontractor defaults; or (f) insurance deductibles, such as builder's risk, and others; or (g) those Delays to the Work events that result in an extension of the Contract Time but do not result in an increase in the Contract Price such as delays in the performance of the Work due to Force Majeure, acts, omissions, conditions, events, or circumstances beyond Design-Builder's control, (h) those events under Section 8.2.2 of the General Conditions of Contract that result in an extension of the Contract Time but do not result in an increase in the Contract Price.

The Design-Builder Contingency Allowance is not available to Owner for any reason, including, but not limited to changes in scope or any other item which would enable Design-Builder to increase the GMP under the Contract Documents. Design-Builder shall provide Owner notice of all anticipated charges against the Contingency, and shall provide Owner as part of the monthly status report required by Section 2.1.2 of the General Conditions of Contract an accounting of the Contingency, including all reasonably foreseen uses or potential uses of the Contingency in the upcoming three (3) months. Design-Builder agrees that with respect to any expenditure from the Contingency relating to a Subcontractor default or an event for which insurance or bond may provide reimbursement, Design-Builder will in good faith exercise reasonable steps to obtain performance from the Subcontractor and/or recovery from any surety or insurance company. Design-Builder agrees that if Design-Builder is subsequently reimbursed for said costs, then said recovery will be credited back to the Contingency.

Upon reaching Substantial Completion, any excess greater than \$50,000 of Design-Builders Contingency Allowance ~~shall may~~ be released to the Owner for ~~change-order items~~ **Owner's use**. Prior to the release of any available excess Contingency, the Shared Savings will be calculated in accordance with the provisions of Article 6.6.3.1 and shall be reserved. The Final Savings amount shall be determined and paid at the time of Final Warranty Completion.



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# **STANDARD FORM OF AGREEMENT BETWEEN OWNER AND DESIGN- BUILDER - COST PLUS FEE WITH AN OPTION FOR A GUARANTEED MAXIMUM PRICE**

**February 2026**

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## **Document No. 530**

Second Edition 2010  
© Design-Build Institute of America  
Washington, DC

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# Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee with an Option for a Guaranteed Maximum Price

*This document has important legal consequences. Consultation with  
an attorney is recommended with respect to its completion or modification.*

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This **AGREEMENT** is made as of the 25th day of March in  
the year of 2026, by and between the following parties, for services in connection with the Project identified  
below:

**OWNER:**

*(Name and address)*

**Kalamazoo Lake Sewer & Water Authority  
6449 Old Allegan Road  
P.O. Box 789  
Saugatuck, Michigan 49453**

**DESIGN-BUILDER:**

*(Name and address)*

**F&V Construction  
2960 Lucerne Drive SE  
Grand Rapids, Michigan 49546**

**PROJECT:**

*(Include Project name and location as it will appear in the Contract Documents)*

Wastewater System Improvements, CWSRF 5907-01

In consideration of the mutual covenants and obligations contained herein, Owner and Design-Builder  
agree as set forth herein.

## **Article 1**

### **Scope of Work**

**1.1** Design-Builder shall perform all design and construction services, and provide all material, equipment, tools and labor, necessary to complete the Work described in and reasonably inferable from the Contract Documents. Based on the Scope of Project, provided in Exhibit B, the Design-Builder shall prepare design development drawings in consultation with Owner and solicit Trade Contractors and/or Suppliers so that Design-Builder is able to prepare drawings for the project which are not less than 90% completed. Owner shall compensate Design-Builder for all costs associated with the preparation of these drawings. The Owner and Design-Builder shall thereafter mutually set a Guaranteed Maximum Price utilizing Trade Contractor and/or Supplier pricing after the drawings are 90% complete, after the receipt of Trade Contractor and/or Supplier pricing and after the value engineering process.

## **Article 2**

### **Contract Documents**

**2.1** The Contract Documents are comprised of the following:

**2.1.1** All written modifications, amendments, minor changes, and Change Orders to this Agreement issued in accordance with DBIA Document No. 535, *Standard Form of General Conditions of Contract Between Owner and Design-Builder* (2010 Edition) ("General Conditions of Contract");

**2.1.2** The GMP Exhibit referenced in Section 6.6.1.1 herein or, if applicable, the GMP Proposal accepted by Owner in accordance with Section 6.6.2 herein;

**2.1.3** This Agreement, including all exhibits (List for example, performance standard requirements, performance incentive arrangements, markup exhibits, allowances, unit prices, or exhibit detailing offsite reimbursable personnel) but excluding, if applicable, the GMP Exhibit;

**2.1.4** The General Conditions of Contract; and

**2.1.5** Construction Documents prepared and approved in accordance with Section 2.4 of the General Conditions of Contract.

## **Article 3**

### **Interpretation and Intent**

**3.1** Design-Builder and Owner, prior to execution of the Agreement (and again, if applicable, at the time of acceptance of the GMP Proposal by Owner in accordance with Section 6.6.2 hereof), shall carefully review all the Contract Documents, including the various documents comprising the Basis of Design Documents, for any conflicts or ambiguities. Design-Builder and Owner will discuss and resolve any identified conflicts or ambiguities prior to execution of the Agreement or, if applicable, prior to Owner's acceptance of the GMP Proposal.

**3.2** The Contract Documents are intended to permit the parties to complete the Work and all obligations required by the Contract Documents within the Contract Time(s) for the Contract Price. The Contract Documents are intended to be complementary and interpreted in harmony so as to avoid conflict, with words and phrases interpreted in a manner consistent with construction and design industry standards. In the event inconsistencies, conflicts, or ambiguities between or among the Contract Documents are

discovered after execution of the Agreement, or if applicable, after Owner's acceptance of the GMP Proposal, Design-Builder and Owner shall attempt to resolve any ambiguity, conflict or inconsistency informally, recognizing that the Contract Documents shall take precedence in the order in which they are listed in Section 2.1 hereof.

**3.3** Terms, words and phrases used in the Contract Documents, including this Agreement, shall have the meanings given them in the General Conditions of Contract.

**3.4** If Owner's Project Criteria contain design specifications: (a) Design-Builder shall be entitled to reasonably rely on the accuracy of the information represented in such design specifications and their compatibility with other information set forth in Owner's Project Criteria, including any performance specifications; and (b) Design-Builder shall be entitled to an adjustment in the Contract Price and/or Contract Time(s) to the extent Design-Builder's cost and/or time of performance have been adversely impacted by such inaccurate design specification.

**3.5** The Contract Documents form the entire agreement between Owner and Design-Builder and by incorporation herein are as fully binding on the parties as if repeated herein. No oral representations or other agreements have been made by the parties except as specifically stated in the Contract Documents.

## **Article 4**

### **Ownership of Work Product**

**4.1 Work Product.** All drawings, specifications, models, reports, and other documents or electronic data prepared by the Design-Builder including such documents identified in the General Conditions of Contract, and furnished by Design-Builder to Owner under this Agreement ("Work Product") shall remain the intellectual property of the Design-Builder; however, the Design-Builder hereby grants the Owner a perpetual, irrevocable, fully paid-up, and transferable license to use, reproduce, adapt, modify, and disclose the Work Product for the Project and for any future alteration, maintenance, expansion, or related work involving the Project. The Owner's rights shall not be conditioned on the continued involvement of the Design-Builder.

**4.2 Owner's License Upon Payment.** Upon the Owner's payment for any portion of the Work Product, the Owner shall have the unrestricted right to use and modify such Work Product for any purpose related to the Project, including but not limited to construction, reconstruction, renovation, operations, or future improvements. The Owner's use of the Work Product shall not require further consent of the Design-Builder and shall not impose liability on the Owner for modifications made by others.

**4.3 Rights Upon Termination.** If the Agreement is terminated for any reason, the Owner shall retain the full license rights described in Sections 4.1 and 4.2, without restriction, and may use the Work Product to complete or continue the Project with its own forces or with third parties. The Design-Builder shall promptly deliver all Work Product, including electronic files, native CAD files, and other project data, in a usable format.

**4.4 Limitation on Design-Builder's Rights.** The Design-Builder shall not revoke or limit the Owner's license rights and shall not claim ownership against the Owner or any successor using the Work Product in accordance with this Article. Any reuse of Work Product by the Owner for unrelated projects shall be at the Owner's sole risk.

**4.5 Owner's Indemnification for Use of Work Product.** To the fullest extent permitted by law, Owner shall defend, indemnify and hold harmless Design-Builder from and against any and all claims, damages, liabilities, losses and expenses, including attorneys' fees, arising out of or resulting from Owner's use or alteration of the Work Product.

## **Article 5**

### **Contract Time**

**5.1 Date of Commencement.** The Work shall commence within five (5) days of Design-Builder's receipt of Owner's Notice to Proceed ("Date of Commencement") unless the parties mutually agree otherwise in writing.

**5.2 Substantial Completion and Final Completion.**

**5.2.1** Substantial Completion of the entire Work shall be achieved no later than \_\_\_\_\_ (\_\_\_\_\_) calendar days after the Date of Commencement ("Scheduled Substantial Completion Date").

The parties agree that the definition for Substantial Completion set forth in Section 1.2.18 of the General Conditions of Contract is hereby modified to read as follows:

*"Substantial Completion* is the date on which the Work, or an agreed upon portion of the Work, is sufficiently complete in accordance with the Contract Documents so that Owner can occupy and use the Project or a portion thereof for its intended purposes."

**5.2.2** Not Used

**5.2.3** Final Completion of the Work or identified portions of the Work shall be achieved as expeditiously as reasonably practicable. Final Completion is the date when all Work is complete pursuant to the definition of Final Completion set forth in Section 1.2.7 of the General Conditions of Contract.

**5.2.4** All of the dates set forth in this Article 5 (collectively the "Contract Time(s)") shall be subject to adjustment in accordance with the General Conditions of Contract.

**5.3 Time is of the Essence.** Owner and Design-Builder mutually agree that time is of the essence with respect to the dates and times set forth in the Contract Documents.

**5.4** Not used.

**5.5** Not used.

**5.6** Not used

**5.7** Not used.

## **Article 6**

### **Contract Price**

**6.1 Contract Price.**

**6.1.1** Owner shall pay Design-Builder in accordance with Article 6 of the General Conditions of Contract a contract price ("Contract Price") equal to Design-Builder's Fee (as defined in Section 6.2 hereof) plus the Cost of the Work (as defined in Section 6.3 hereof), and any adjustments made in accordance with the General Conditions of Contract.

**6.1.2** For the specific Work set forth below, Owner agrees to pay Design-Builder, as part of the Contract Price, on the following basis:

Design-Builder shall invoice work progress monthly based on percent completed of the various tasks. See Exhibit C for design fees, value engineering, and development of a Guaranteed Maximum Price. The Owner shall not withhold retainage on design, value engineering and pre-construction services.

**6.1.3 Force Majeure**

Neither party shall be held liable or responsible to the other party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any obligation under this Agreement when such failure or delay is caused by or results from causes beyond the reasonable control of the affected party, including but not limited to fire, floods, epidemics, pandemics, embargoes, war, acts of war, insurrections, riots, strikes, lockouts or other labor disturbances, or acts of God, including, but not limited to, any event that is declared to be a State of Emergency by a regulatory entity; abnormal weather conditions, acts or neglect by utility owners or other contractors performing work on the project provided, however, that the party so affected shall use reasonable commercial efforts to avoid or remove such causes of nonperformance, and shall continue performance hereunder with reasonable dispatch whenever such causes are removed. Either party shall provide the other party with prompt written notice of any delay or failure to perform that occurs by reason of force majeure. Design-Builder reserves the right to submit to Owner, as well as, shall be entitled to, additional compensation for increased labor and/or material costs due to an event that is considered a force majeure event.

**6.2 Design-Builder's Fee.**

**6.2.1** Design-Builder's Fee shall be:

Eight and one half percent ( 8.5 %) of the Cost of the Work, as adjusted in accordance with Section 6.2.2 below.

**6.2.2** Design-Builder's Fee will be adjusted as follows for any changes in the Work:

**6.2.2.1** For additive Change Orders, including additive Change Orders arising from both additive and deductive items, it is agreed that Design-Builder shall receive a Fee of Eight and one half percent ( 8.5 %) of the additional Costs of the Work incurred for that Change Order.

**6.2.2.2** For deductive Change Orders, including deductive Change Orders arising from both additive and deductive items, the deductive amounts shall be in accordance with Section 6.6.3. – Savings.

**6.3 Cost of the Work.** The term Cost of the Work shall mean costs reasonably and actually incurred by Design-Builder in the proper performance of the Work. The Cost of the Work shall include only the following:

**6.3.1** Wages of direct employees of Design-Builder performing the Work at the Site or, with Owner's agreement, at locations off the Site; provided, however, that the costs for those employees of Design-Builder performing design services shall be calculated on the basis of prevailing market rates for design professionals performing such services or, if applicable, those rates set forth in an exhibit to this Agreement.

**6.3.2** Wages or salaries of Design-Builder's supervisory and administrative personnel engaged in the performance of the Work and who are located at the Site or working off-Site to assist in the production or transportation of material and equipment necessary for the Work.

**6.3.3** Wages or salaries of Design-Builder's personnel stationed at Design-Builder's principal or branch offices, but only to the extent said personnel are engaged in the performance of the Work.

**6.3.4** Costs incurred by Design-Builder for employee benefits, premiums, taxes, insurance, contributions and assessments required by law, collective bargaining agreements, or which are customarily paid by Design-Builder, to the extent such costs are based on wages and salaries paid to employees of Design-Builder covered under Sections 6.3.1 through 6.3.3 hereof.

**6.3.5** The reasonable portion of the cost of travel, accommodations and meals for Design-Builder's personnel necessarily and directly incurred in connection with the performance of the Work.

**6.3.6** Payments properly made by Design-Builder to Subcontractors and Design Consultants for performance of portions of the Work, including any insurance and bond premiums incurred by Subcontractors and Design Consultants.

**6.3.7** Costs incurred by Design-Builder in repairing or correcting defective, damaged or nonconforming Work (including any warranty or corrective Work performed after Substantial Completion), provided that such Work was beyond the reasonable control of Design-Builder. If the costs associated with such Work are recoverable from insurance, Subcontractors or Design Consultants, Design-Builder shall exercise its best efforts to obtain recovery from the appropriate source and provide a credit to Owner if recovery is obtained.

**6.3.8** Costs, including transportation, inspection, testing, storage and handling, of materials, equipment and supplies incorporated or reasonably used in completing the Work.

**6.3.9** Costs (less salvage value) of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by the workers that are not fully consumed in the performance of the Work and which remain the property of Design-Builder, including the costs of transporting, inspecting, testing, handling, installing, maintaining, dismantling and removing such items.

**6.3.10** Costs of removal of debris and waste from the Site.

**6.3.11** The reasonable costs and expenses incurred in establishing, operating and demobilizing the Site office, including the cost of internet service, postage and express delivery charges, telephone service, photocopying and reasonable petty cash expenses.

**6.3.12** Rental charges and the costs of transportation, installation, minor repairs and replacements, dismantling and removal of temporary facilities, machinery, equipment and hand tools not customarily owned by the workers, which are provided by Design-Builder at the Site, whether rented from Design-Builder or others, and incurred in the performance of the Work.

**6.3.13** Premiums for insurance and bonds required by this Agreement or the performance of the Work.

**6.3.14** All fuel and utility costs incurred in the performance of the Work.

**6.3.15** Sales, use or similar taxes, tariffs or duties incurred in the performance of the Work.

**6.3.16** Legal costs, court costs and costs of mediation and arbitration reasonably arising from Design-Builder's performance of the Work, provided such costs do not arise from disputes between Owner and Design-Builder.

**6.3.17** Costs for permits, royalties, licenses, tests and inspections incurred by Design-Builder as a requirement of the Contract Documents.

**6.3.18** The cost of defending suits or claims for infringement of patent rights arising from the use of a particular design, process, or product required by Owner, paying legal judgments against Design-Builder resulting from such suits or claims, and paying settlements made with Owner's consent.

**6.3.19** Deposits which are lost, except to the extent caused by Design-Builder's negligence.

**6.3.20** Costs incurred in preventing damage, injury or loss in case of an emergency affecting the safety of persons and property.

**6.3.21** Accounting and data processing costs related to the Work.

**6.3.22** Other costs reasonably and properly incurred in the performance of the Work to the extent approved in writing by Owner.

## **6.4 Allowance Items and Allowance Values.**

**6.4.1** Any and all Allowance Items, as well as their corresponding Allowance Values, are set forth in the GMP Exhibit or GMP Proposal and are included within the GMP.

**6.4.2** Design-Builder and Owner have worked together to review the Allowance Items and Allowance Values based on design information then available to determine that the Allowance Values constitute reasonable estimates for the Allowance Items. Design-Builder and Owner will continue working closely together during the preparation of the design to develop Construction Documents consistent with the Allowance Values. Nothing herein is intended in any way to constitute a guarantee by Design-Builder that the Allowance Item in question can be performed for the Allowance Value.

**6.4.3** Not Used

**6.4.4** The Allowance Value for an Allowance Item includes the direct cost of labor, materials, equipment, transportation, taxes and insurance associated with the applicable Allowance Item. All other costs, including design fees, Design-Builder's overall project management and general conditions costs, overhead and fee, are deemed to be included in the original Contract Price, and are not subject to adjustment, regardless of the actual amount of the Allowance Item.

**6.4.5** Whenever the actual costs for an Allowance Item is more than or less than the stated Allowance Value, the Contract Price shall be adjusted accordingly by Change Order, subject to Section 6.4.4. The amount of the Change Order shall reflect the difference between actual costs incurred by Design-Builder for the particular Allowance Item and the Allowance Value.

## **6.5 Non-Reimbursable Costs.**

**6.5.1** The following shall not be deemed as costs of the Work:

**6.5.1.1** Compensation for Design-Builder's personnel stationed at Design-Builder's principal or branch offices, except as provided for in Sections 6.3.1, 6.3.2 and 6.3.3 hereof.

**6.5.1.2** Overhead and general expenses, except as provided for in Section 6.3 hereof, or which may be recoverable for changes to the Work or Force Majeure events.

**6.5.1.3** The cost of Design-Builder's capital used in the performance of the Work.

**6.5.1.4** Not Used

## **6.6 The Guaranteed Maximum Price ("GMP").**

## **6.6.1 GMP Established Upon Execution of this Agreement.**

### **6.6.1.1 Not Used.**

**6.6.1.2** The GMP includes a Design-Builder Contingency Allowance in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) which is available for Design-Builder's exclusive use for unanticipated costs it has incurred that are not the basis for a Change Order under the Contract Documents. Change Order eligible costs are to be allocated from the Owner allocated project Contingency.

By way of example, and not as a limitation, such costs that are not the basis for a Change Order may include:

(a) trade buy-out differentials; (b) overtime or acceleration; (c) escalation of materials; (d) correction of defective, damaged or nonconforming Work, design errors or omissions, however caused; (e) Subcontractor defaults; or (f) insurance deductibles, such as builder's risk, and others; or (g) those Delays to the Work events that result in an extension of the Contract Time but do not result in an increase in the Contract Price such as delays in the performance of the Work due to Force Majeure, acts, omissions, conditions, events, or circumstances beyond Design-Builder's control, (h) those events under Section 8.2.2 of the General Conditions of Contract that result in an extension of the Contract Time but do not result in an increase in the Contract Price.

The Design-Builder Contingency Allowance is not available to Owner for any reason, including, but not limited to changes in scope or any other item which would enable Design-Builder to increase the GMP under the Contract Documents. Design-Builder shall provide Owner notice of all anticipated charges against the Contingency, and shall provide Owner as part of the monthly status report required by Section 2.1.2 of the General Conditions of Contract an accounting of the Contingency, including all reasonably foreseen uses or potential uses of the Contingency in the upcoming three (3) months. Design-Builder agrees that with respect to any expenditure from the Contingency relating to a Subcontractor default or an event for which insurance or bond may provide reimbursement, Design-Builder will in good faith exercise reasonable steps to obtain performance from the Subcontractor and/or recovery from any surety or insurance company. Design-Builder agrees that if Design-Builder is subsequently reimbursed for said costs, then said recovery will be credited back to the Contingency.

Upon reaching Substantial Completion, any excess greater than \$\_\_\_\_\_ of Design-Builder's Contingency Allowance may be released to the Owner for change order items. Prior to the release of any available excess Contingency, the Shared Savings will be calculated in accordance with the provisions of Article 6.6.3.1 and shall be reserved. The Final Savings amount shall be determined and paid at the time of Final Warranty Completion.

## **6.6.2 GMP Established after Execution of this Agreement.**

**6.6.2.1 GMP Proposal.** Design-Builder shall submit a GMP Proposal to Owner which shall include the following, unless the parties mutually agree otherwise:

### **6.6.2.1.1 A proposed GMP, which shall be the sum of:**

- i. Design-Builder's Fee as defined in Section 6.2.1 hereof;
- ii. The estimated Cost of the Work as defined in Section 6.3 hereof, inclusive of any Design-Builder's Contingency as defined in Section 6.6.1.2 hereof; and

iii. If applicable, any prices established under Section 6.1.2 hereof.

**6.6.2.1.2** The Basis of Design Documents, which may include, by way of example, Owner's Project Criteria, which are set forth in detail and are attached to the GMP Proposal;

**6.6.2.1.3** A list of the assumptions and clarifications made by Design-Builder in the preparation of the GMP Proposal, which list is intended to supplement the information contained in the drawings and specifications and is specifically included as part of the Basis of Design Documents;

**6.6.2.1.4** The Scheduled Substantial Completion Date upon which the proposed GMP is based, to the extent said date has not already been established under Section 5.2.1 hereof, and a schedule upon which the Scheduled Substantial Completion Date is based;

**6.6.2.1.5** If applicable, a list of Allowance Items, Allowance Values, and a statement of their basis;

**6.6.2.1.6** If applicable, a schedule of alternate prices;

**6.6.2.1.7** If applicable, a schedule of unit prices;

**6.6.2.1.8** If applicable, a statement of Additional Services which may be performed but which are not included in the GMP and which, if performed, shall be the basis for an increase in the GMP and/or Contract Time(s); and

**6.6.2.1.9** The time limit for acceptance of the GMP Proposal.

**6.6.2.2** Review and Adjustment to GMP Proposal. After submission of the GMP Proposal, Design-Builder and Owner shall meet to discuss and review the GMP Proposal. If Owner has any comments regarding the GMP Proposal, or finds any inconsistencies or inaccuracies in the information presented, it shall promptly give written notice to Design-Builder of such comments or findings. If appropriate, Design-Builder shall, upon receipt of Owner's notice, make appropriate adjustments to the GMP Proposal.

**6.6.2.3** Acceptance of GMP Proposal. If Owner accepts the GMP Proposal, as may be amended by Design-Builder, the GMP and its basis shall be set forth in an amendment to this Agreement.

**6.6.2.4** Failure to Accept the GMP Proposal. If Owner rejects the GMP Proposal, or fails to notify Design-Builder in writing on or before the date specified in the GMP Proposal that it accepts the GMP Proposal, the GMP Proposal shall be deemed withdrawn and of no effect. In such event, Owner and Design-Builder shall meet and confer as to how the Project will proceed, with Owner having the following options:

**6.6.2.4.1** Owner may suggest modifications to the GMP Proposal, whereupon, if such modifications are accepted in writing by Design-Builder, the GMP Proposal shall be deemed accepted and the parties shall proceed in accordance with Section 6.6.2.3 above;

**6.6.2.4.2** Owner may authorize Design-Builder to continue to proceed with the Work on the basis of reimbursement as provided in Section 6.1 hereof without a GMP, in which case all references in this Agreement to the GMP shall not be applicable; or

**6.6.2.4.3** Owner may terminate this Agreement for convenience in accordance with Article 8 hereof.

**6.6.2.4.4** Owner may request Design-Builder to seek other Contractors to bid the project. Design-Builder shall provide budgets to the Owner to complete the design, obtain the bids and monitor the construction.

If Owner fails to exercise any of the above options, Design-Builder shall have the right to (i) continue with the Work as if Owner had elected to proceed in accordance with Item 6.6.2.4.2 above, and be paid by Owner accordingly, unless and until Owner notifies it in writing to stop the Work, or (ii) suspend performance of Work in accordance with Section 11.3.1 of the General Conditions of Contract, provided, however, that in such event Design-Builder shall not be entitled to the payment provided for in Section 8.2 hereof.

### **6.6.3 Savings.**

**6.6.3.1** If the sum of the actual Cost of the Work and Design-Builder's Fee (and, if applicable, any prices established under Section 6.1.2 hereof) is less than the GMP, as such GMP may have been adjusted over the course of the Project, the difference ("Savings") shall be shared as follows: 80% to the Owner and 20% of savings to Design-Builder as a lump sum adjustment to Design-Builder's General Conditions for efforts related to realizing the cost savings, subject to the provisions of Section 6.2.3 of the General Conditions of Contract.

**6.6.3.2** Savings shall be calculated and paid as part of Final Payment under Section 7.3 hereof, with the understanding that to the extent Design-Builder incurs costs after Final Completion which would have been payable to Design-Builder as a Cost of the Work, the parties shall recalculate the Savings in light of the costs so incurred, and Design-Builder shall be paid by Owner accordingly.

## **6.7 Performance Incentives**

**6.7.1** Not Used

## **Article 7**

### **Procedure for Payment**

#### **7.1 Progress Payments.**

**7.1.1** Design-Builder shall submit to Owner by the first Tuesday of each month, beginning with the first month after the Date of Commencement, Design-Builder's Application for Payment in accordance with Article 6 of the General Conditions of Contract.

Design-Builder will prepare the Clean Water State Revolving Fund (CWSRF) Disbursement Request for Owner's submittal to the Michigan Department of Environment, Great Lakes and Energy, which Owner shall submit within two (2) working days of receipt.

**7.1.2** Owner shall make payment within thirty (30) days after Owner's receipt of each properly submitted and accurate Application for Payment in accordance with Article 6 of the General Conditions of Contract, but in each case less the total of payments previously made, and less amounts properly withheld under Section 6.3 of the General Conditions of Contract.

**7.1.3** If Design-Builder's Fee under Section 6.2.1 hereof is a fixed amount, the amount of Design-Builder's Fee to be included in Design-Builder's monthly Application for Payment and paid by Owner shall be proportional to the percentage of the Work completed, less payments previously made on account of Design-Builder's Fee.

## **7.2 Retainage on Progress Payments.**

**7.2.1** Owner will retain Ten percent (10 %) of each Application for Payment provided for Step 2 work, however, that when fifty percent (50%) of the Work has been satisfactorily completed by Design-Builder and Design-Builder is otherwise in compliance with its contractual obligations, Owner will not retain any additional retention amounts from Design-Builder's subsequent Applications for Payment. Owner will also reasonably consider reducing retainage for Subcontractors completing their work early in the Project. Owner will not retain any amounts for work completed in Step 1 (design, value engineering, pre-construction services).

**7.2.2** Within thirty (30) days after Substantial Completion of the entire Work or, if applicable, any portion of the Work, pursuant to Section 6.6 of the General Conditions of Contract, Owner shall release to Design-Builder all retained amounts relating, as applicable, to the entire Work or completed portion of the Work, less an amount equal to: (a) the reasonable value of all remaining or incomplete items of Work as noted in the Certificate of Substantial Completion; and (b) all other amounts Owner is entitled to withhold pursuant to Section 6.3 of the General Conditions of Contract.

**7.3 Final Payment.** Design-Builder shall submit its Final Application for Payment to Owner in accordance with Section 6.7 of the General Conditions of Contract. Owner shall make payment on Design-Builder's properly submitted and accurate Final Application for Payment (less any amount the parties may have agreed to set aside for warranty work) within thirty (30) days after Owner's receipt of the Final Application for Payment, provided that Design-Builder has satisfied the requirements for final payment set forth in Section 6.7.2 of the General Conditions of Contract.

**7.4 Interest.** Payments due and unpaid by Owner to Design-Builder, whether progress payments or final payment, shall bear interest commencing five (5) days after payment is due at the rate of 0.583% per month until paid.

**7.5 Record Keeping and Finance Controls.** Design-Builder acknowledges that this Agreement is to be administered on an "open book" arrangement relative to individual trade contract Costs of the Work. Design-Builder shall keep full and detailed accounts and exercise such controls as may be necessary for proper financial management, using accounting and control systems in accordance with generally accepted accounting principles and as may be provided in the Contract Documents. During the performance of the Work and for a period of three (3) years after Final Payment, Owner and Owner's accountants shall be afforded access to, and the right to audit from time-to-time, upon reasonable notice, Design-Builder's records, books, correspondence, receipts, subcontracts, purchase orders, vouchers, memoranda and other data relating to the Work, all of which Design-Builder shall preserve for a period of three (3) years after Final Payment. Such inspection shall take place at Design-Builder's offices during normal business hours unless another location and time is agreed to by the parties. Any multipliers or markups agreed to by the Owner and Design-Builder as part of this Agreement are only subject to audit to confirm that such multiplier or markup has been charged in accordance with this Agreement, with the composition of such multiplier or markup not being subject to audit.

## **Article 8**

### **Termination for Convenience**

**8.1** Upon ten (10) days' written notice to Design-Builder, Owner may, for its convenience and without cause, elect to terminate this Agreement. In such event, Owner shall pay Design-Builder for the following:

**8.1.1** All Work executed and for proven loss, cost or expense in connection with the Work;

**8.1.2** The reasonable costs and expenses attributable to such termination, including demobilization costs and amounts due in settlement of terminated contracts with Subcontractors and Design Consultants; and

**8.1.3** Overhead and profit in the amount of eight and one half percent (8.5 %) on the sum of items 8.1.1 and 8.1.2 above.

**8.2** If Owner terminates this Agreement pursuant to Section 8.1 above and proceeds to design and construct the Project through its employees, agents or third parties, Owner's rights to use the Work Product shall be as set forth in Section 4.3 hereof. Such rights may not be transferred or assigned to others without Design-Builder's express written consent and such third parties' agreement to the terms of Article 4.

## **Article 9**

### **Representatives of the Parties**

#### **9.1 Owner's Representatives.**

**9.1.1** Owner designates the individual listed below as its Senior Representative ("Owner Senior Representative"), which individual has the authority and responsibility for avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract:

**Robert Miller Jr., Authority Administrator  
6449 Old Allegan Road  
P.O. Box 789  
Saugatuck, Michigan 49453**

**9.1.2** Owner designates the individual listed below as its Owner's Representative, which individual has the authority and responsibility set forth in Section 3.4 of the General Conditions of Contract:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### **9.2 Design-Builder's Representatives.**

**9.2.1** Design-Builder designates the individual listed below as its Senior Representative ("Design-Builder's Senior Representative"), which individual has the authority and responsibility for avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract:

**John DeVol, P.E., President, or his designate  
2060 Lucerne Drive SE  
Grand Rapids, Michigan 49546  
(616) 977-1000**

**9.2.2** Design-Builder designates the individual listed below as its Design-Builder's Representative, which individual has the authority and responsibility set forth in Section 2.1.1 of the General Conditions of Contract:

**Robert W. Wilcox, P.E., Vice President, or his designate  
2060 Lucerne Drive SE  
Grand Rapids, Michigan 49546  
(616) 977-1000**

## **Article 10**

### **Bonds and Insurance**

**10.1 Insurance.** Design-Builder and Owner shall procure the insurance coverages set forth in the Insurance Exhibit attached hereto and in accordance with Article 5 of the General Conditions of Contract.

**10.2 Bonds and Other Performance Security.** Design-Builder shall provide the following performance bond and labor and material payment bond or other performance security:

**Performance Bond.**

☒ Required ☐ Not Required

**Payment Bond.**

☒ Required ☐ Not Required

## **Article 11**

### **Other Provisions**

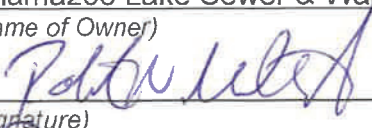
**11.1 Other provisions, if any, are as follows:**

1. CWSRF Debarment Certification
2. Exhibits
  - A. – CWSRF Project Plan
  - B. – Scope of Project
  - C. – Step 1 Design  
– Step 2 Construction
  - D. – CTC Documents, prepared by Fleis & VandenBrink Engineering
  - E. – Insurance Requirements and Limitations
3. Performance & Payment Bonds
4. Certificate of Insurance
5. Typical CWSRF Disbursement Request Form
6. Typical Certificate of Substantial Completion

In executing this Agreement, Owner and Design-Build each individually represents that it has the necessary financial resources to fulfill its obligations under this Agreement, and each has the necessary corporate approvals to execute this Agreement, and perform the services described herein.

**OWNER:**

Kalamazoo Lake Sewer & Water Authority  
(Name of Owner)

  
(Signature)

ROBERT N. MILLER JR  
(Printed Name)

ADMINISTRATOR  
(Title)

Date: 3/26/26

**DESIGN-BUILDER:**

F&V Construction  
(Name of Design-Builder)

  
(Signature)

Robert W. Wilcox, PE  
(Printed Name)

Vice President  
(Title)

Date: 3/25/26



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# **STANDARD FORM OF GENERAL CONDITIONS OF CONTRACT BETWEEN OWNER AND DESIGN-BUILDER**

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## **Document No. 535**

Second Edition, 2010

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Washington, DC

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## **Article 1**

### **General**

#### **1.1 Mutual Obligations**

**1.1.1** *Owner and Design-Builder* commit at all times to cooperate fully with each other, and proceed on the basis of trust and good faith, to permit each party to realize the benefits afforded under the Contract Documents.

#### **1.2 Basic Definitions**

**1.2.1** *Agreement* refers to the executed contract between Owner and Design-Builder under either DBIA Document No. 525, *Standard Form of Agreement Between Owner and Design-Builder - Lump Sum* (2010 Edition) or DBIA Document No. 530, *Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee with an Option for a Guaranteed Maximum Price* (2010 Edition).

**1.2.2** *Basis of Design Documents* are as follows: For DBIA Document No. 530, *Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee With an Option for a Guaranteed Maximum Price*, the Basis of Design Documents are those documents specifically listed in, as applicable, the GMP Exhibit or GMP Proposal as being the "Basis of Design Documents." For DBIA Document No. 525, *Standard Form of Agreement Between Owner and Design-Builder - Lump Sum*, the Basis of Design Documents are the Owner's Project Criteria, Design-Builder's Proposal and the Deviation List, if any.

**1.2.3** *Construction Documents* are the documents, consisting of Drawings and Specifications, to be prepared or assembled by the Design-Builder consistent with the Basis of Design Documents unless a deviation from the Basis of Design Documents is specifically set forth in a Change Order executed by both the Owner and Design-Builder, as part of the design review process contemplated by Section 2.4 of these General Conditions of Contract.

**1.2.4** *Day* or *Days* shall mean calendar days unless otherwise specifically noted in the Contract Documents.

**1.2.5** *Design-Build Team* is comprised of the Design-Builder, the Design Consultant, and key Subcontractors identified by the Design-Builder.

**1.2.6** *Design Consultant* is a qualified, licensed design professional who is not an employee of Design-Builder, but is retained by Design-Builder, or employed or retained by anyone under contract with Design-Builder, to furnish design services required under the Contract Documents. A Design Sub-Consultant is a qualified, licensed design professional who is not an employee of the Design Consultant, but is retained by the Design Consultant or employed or retained by anyone under contract to Design Consultant, to furnish design services required under the Contract Documents.

**1.2.7** *Final Completion* is the date on which all Work is complete in accordance with the Contract Documents, including but not limited to, any items identified in the punch list prepared under Section 6.6.1 and the submission of all documents set forth in Section 6.7.2.

**1.2.8** *Force Majeure Events* are those events that are beyond the control of both Design-Builder and Owner, including the events of war, floods, labor disputes, earthquakes, epidemics, adverse weather conditions not reasonably anticipated, and other acts of God.

**1.2.9** *General Conditions of Contract* refer to this DBIA Document No. 535, *Standard Form of General Conditions of Contract Between Owner and Design-Builder* (2010 Edition).

**1.2.10** *GMP Exhibit* means that exhibit attached to DBIA Document No. 530, *Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee With an Option for a Guaranteed*

*Maximum Price*, which exhibit will have been agreed upon by Owner and Design-Builder prior to the execution of the Agreement.

**1.2.11** *GMP Proposal* means that proposal developed by Design-Builder in accordance with Section 6.6 of DBIA Document No. 530, *Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee With an Option for a Guaranteed Maximum Price*.

**1.2.12** *Hazardous Conditions* are any materials, wastes, substances and chemicals deemed to be hazardous under applicable Legal Requirements, or the handling, storage, remediation, or disposal of which are regulated by applicable Legal Requirements.

**1.2.13** *Legal Requirements* are all applicable federal, state and local laws, codes, ordinances, rules, regulations, orders and decrees of any government or quasi-government entity having jurisdiction over the Project or Site, the practices involved in the Project or Site, or any Work.

**1.2.14** *Owner's Project Criteria* are developed by or for Owner to describe Owner's program requirements and objectives for the Project, including use, space, price, time, site and expandability requirements, as well as submittal requirements and other requirements governing Design-Builder's performance of the Work. Owner's Project Criteria may include conceptual documents, design criteria, design performance specifications, design specifications, and LEED® or other sustainable design criteria and other Project-specific technical materials and requirements.

**1.2.15** *Site* is the land or premises on which the Project is located.

**1.2.16** *Subcontractor* is any person or entity retained by Design-Builder as an independent contractor to perform a portion of the Work and shall include materialmen and suppliers.

**1.2.17** *Sub-Subcontractor* is any person or entity retained by a Subcontractor as an independent contractor to perform any portion of a Subcontractor's Work and shall include materialmen and suppliers.

**1.2.18** *Substantial Completion* or *Substantially Complete* means the date on which the Work, or an agreed upon portion of the Work, is sufficiently complete in accordance with the Contract Documents so that Owner can occupy and use the Project or a portion thereof for its intended purposes.

**1.2.19** *Work* is comprised of all Design-Builder's design, construction and other services required by the Contract Documents, including procuring and furnishing all materials, equipment, services and labor reasonably inferable from the Contract Documents.

## **Article 2**

### **Design-Builder's Services and Responsibilities**

#### **2.1 General Services.**

**2.1.1** Design-Builder's Representative shall be reasonably available to Owner and shall have the necessary expertise and experience required to supervise the Work. Design-Builder's Representative shall communicate regularly with Owner and shall be vested with the authority to act on behalf of Design-Builder. Design-Builder's Representative may be replaced only with the mutual agreement of Owner and Design-Builder.

**2.1.2** Design-Builder shall provide Owner with a monthly status report detailing the progress of the Work, including (i) whether the Work is proceeding according to schedule, (ii) whether discrepancies, conflicts, or ambiguities exist in the Contract Documents that require resolution, (iii)

whether health and safety issues exist in connection with the Work; (iv) status of the contingency account to the extent provided for in the Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee with an Option for a Guaranteed Maximum Price; and (v) other items that require resolution so as not to jeopardize Design-Builder's ability to complete the Work for the Contract Price and within the Contract Time(s).

**2.1.3** Unless a schedule for the execution of the Work has been attached to the Agreement as an exhibit at the time the Agreement is executed, Design-Builder shall prepare and submit, at least three (3) days prior to the meeting contemplated by Section 2.1.4 hereof, a schedule for the execution of the Work for Owner's review and response. The schedule shall indicate the dates for the start and completion of the various stages of Work, including the dates when Owner information and approvals are required to enable Design-Builder to achieve the Contract Time(s). The schedule shall be revised as required by conditions and progress of the Work, but such revisions shall not relieve Design-Builder of its obligations to complete the Work within the Contract Time(s), as such dates may be adjusted in accordance with the Contract Documents. Owner's review of, and response to, the schedule shall not be construed as relieving Design-Builder of its complete and exclusive control over the means, methods, sequences and techniques for executing the Work.

**2.1.4** The parties will meet within seven (7) days after execution of the Agreement to discuss issues affecting the administration of the Work and to implement the necessary procedures, including those relating to submittals and payment, to facilitate the ability of the parties to perform their obligations under the Contract Documents.

## **2.2 Design Professional Services.**

**2.2.1** Design-Builder shall, consistent with applicable state licensing laws, provide through qualified, licensed design professionals employed by Design-Builder, or procured from qualified, independent licensed Design Consultants, the necessary design services, including architectural, engineering and other design professional services, for the preparation of the required drawings, specifications and other design submittals to permit Design-Builder to complete the Work consistent with the Contract Documents. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between Owner and any Design Consultant.

## **2.3 Standard of Care for Design Professional Services.**

**2.3.1** The standard of care for all design professional services performed to execute the Work shall be the care and skill ordinarily used by members of the design profession practicing under similar conditions at the same time and locality of the Project.

## **2.4 Design Development Services.**

**2.4.1** Design-Builder and Owner shall, consistent with any applicable provision of the Contract Documents, agree upon any interim design submissions that Owner may wish to review, which interim design submissions may include design criteria, drawings, diagrams and specifications setting forth the Project requirements. Interim design submissions shall be consistent with the Basis of Design Documents, as the Basis of Design Documents may have been changed through the design process set forth in this Section 2.4.1. On or about the time of the scheduled submissions, Design-Builder and Owner shall meet and confer about the submissions, with Design-Builder identifying during such meetings, among other things, the evolution of the design and any changes to the Basis of Design Documents, or, if applicable, previously submitted design submissions. Changes to the Basis of Design Documents, including those that are deemed minor changes under Section 9.3.1, shall be processed in accordance with Article 9. Minutes of the meetings, including a full listing of all changes, will be maintained by Design-Builder and provided to all attendees for review. Following the design review meeting, Owner shall review and approve the interim design submissions and meeting minutes in a time that is consistent with the turnaround times set forth in Design-Builder's schedule.

**2.4.2** Design-Builder shall submit to Owner Construction Documents setting forth in detail drawings and specifications describing the requirements for construction of the Work. The Construction Documents shall be consistent with the latest set of interim design submissions, as such submissions may have been modified in a design review meeting and recorded in the meetings minutes. The parties shall have a design review meeting to discuss, and Owner shall review and approve, the Construction Documents in accordance with the procedures set forth in Section 2.4.1 above. Design-Builder shall proceed with construction in accordance with the approved Construction Documents and shall submit one set of approved Construction Documents to Owner prior to commencement of construction.

**2.4.3** Owner's review and approval of interim design submissions, meeting minutes, and the Construction Documents is for the purpose of mutually establishing a conformed set of Contract Documents compatible with the requirements of the Work. Neither Owner's review nor approval of any interim design submissions, meeting minutes, and Construction Documents shall be deemed to transfer any design liability from Design-Builder to Owner.

**2.4.4** To the extent not prohibited by the Contract Documents or Legal Requirements, Design-Builder may prepare interim design submissions and Construction Documents for a portion of the Work to permit construction to proceed on that portion of the Work prior to completion of the Construction Documents for the entire Work.

## **2.5 Legal Requirements.**

**2.5.1** Design-Builder shall perform the Work in accordance with all Legal Requirements and shall provide all notices applicable to the Work as required by the Legal Requirements.

**2.5.2** The Contract Price and/or Contract Time(s) shall be adjusted to compensate Design-Builder for the effects of any changes in the Legal Requirements enacted after the date of the Agreement affecting the performance of the Work, or if a Guaranteed Maximum Price is established after the date of the Agreement, the date the parties agree upon the Guaranteed Maximum Price; provided, however, that prior to such adjustment in the Contract Price and/or Contract Time(s), Design-Builder shall provide not less than five days' prior written notice of such changes in the Legal Requirements to Owner. Such effects may include, without limitation, revisions Design-Builder is required to make to the Construction Documents because of changes in Legal Requirements.

## **2.6 Government Approvals and Permits.**

**2.6.1** Except as identified in an Owner's Permit List attached as an exhibit to the Agreement, Design-Builder shall obtain and pay for all necessary permits, approvals, licenses, government charges and inspection fees required for the prosecution of the Work by any government or quasi-government entity having jurisdiction over the Project.

**2.6.2** Design-Builder shall provide reasonable assistance to Owner in obtaining those permits, approvals and licenses that are Owner's responsibility.

## **2.7 Design-Builder's Construction Phase Services.**

**2.7.1** Unless otherwise provided in the Contract Documents to be the responsibility of Owner or a separate contractor, Design-Builder shall provide through itself or Subcontractors the necessary supervision, labor, inspection, testing, start-up, material, equipment, machinery, temporary utilities and other temporary facilities to permit Design-Builder to complete construction of the Project consistent with the Contract Documents.

**2.7.2** Design-Builder shall perform all construction activities efficiently and with the requisite expertise, skill and competence to satisfy the requirements of the Contract Documents. Design-Builder shall at all times exercise complete and exclusive control over the means, methods,

sequences and techniques of construction.

**2.7.3** Design-Builder shall employ only Subcontractors who are duly licensed and qualified to perform the Work consistent with the Contract Documents. Owner may reasonably object to Design-Builder's selection of any Subcontractor, provided that the Contract Price and/or Contract Time(s) shall be adjusted to the extent that Owner's decision impacts Design-Builder's cost and/or time of performance.

**2.7.4** Design-Builder assumes responsibility to Owner for the proper performance of the Work of Subcontractors and any acts and omissions in connection with such performance. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between Owner and any Subcontractor or Sub-Subcontractor, including but not limited to any third-party beneficiary rights.

**2.7.5** Design-Builder shall coordinate the activities of all Subcontractors. If Owner performs other work on the Project or at the Site with separate contractors under Owner's control, Design-Builder agrees to reasonably cooperate and coordinate its activities with those of such separate contractors so that the Project can be completed in an orderly and coordinated manner without unreasonable disruption.

**2.7.6** Design-Builder shall keep the Site reasonably free from debris, trash and construction wastes to permit Design-Builder to perform its construction services efficiently, safely and without interfering with the use of adjacent land areas. Upon Substantial Completion of the Work, or a portion of the Work, Design-Builder shall remove all debris, trash, construction wastes, materials, equipment, machinery and tools arising from the Work or applicable portions thereof to permit Owner to occupy the Project or a portion of the Project for its intended use.

## **2.8 Design-Builder's Responsibility for Project Safety.**

**2.8.1** Design-Builder recognizes the importance of performing the Work in a safe manner so as to prevent damage, injury or loss to (i) all individuals at the Site, whether working or visiting, (ii) the Work, including materials and equipment incorporated into the Work or stored on-Site or off-Site, and (iii) all other property at the Site or adjacent thereto. Design-Builder assumes responsibility for implementing and monitoring all safety precautions and programs related to the performance of the Work. Design-Builder shall, prior to commencing construction, designate a Safety Representative with the necessary qualifications and experience to supervise the implementation and monitoring of all safety precautions and programs related to the Work. Unless otherwise required by the Contract Documents, Design-Builder's Safety Representative shall be an individual stationed at the Site who may have responsibilities on the Project in addition to safety. The Safety Representative shall make routine daily inspections of the Site and shall hold weekly safety meetings with Design-Builder's personnel, Subcontractors and others as applicable.

**2.8.2** Design-Builder and Subcontractors shall comply with all Legal Requirements relating to safety, as well as any Owner-specific safety requirements set forth in the Contract Documents, provided that such Owner-specific requirements do not violate any applicable Legal Requirement. Design-Builder will immediately report in writing any safety-related injury, loss, damage or accident arising from the Work to Owner's Representative and, to the extent mandated by Legal Requirements, to all government or quasi-government authorities having jurisdiction over safety-related matters involving the Project or the Work.

**2.8.3** Design-Builder's responsibility for safety under this Section 2.8 is not intended in any way to relieve Subcontractors and Sub-Subcontractors of their own contractual and legal obligations and responsibility for (i) complying with all Legal Requirements, including those related to health and safety matters, and (ii) taking all necessary measures to implement and monitor all safety precautions and programs to guard against injuries, losses, damages or accidents resulting from their performance of the Work.

## **2.9 Design-Builder's Warranty.**

**2.9.1** Design-Builder warrants to Owner that the construction, including all materials and equipment furnished as part of the construction, shall be new unless otherwise specified in the Contract Documents, of good quality, in conformance with the Contract Documents, free of defects in materials and workmanship and designed and constructed so as to meet Owner's intended use and needs. Design-Builder's warranty obligation excludes defects caused by abuse, alterations, or failure to maintain the Work in a commercially reasonable manner. Nothing in this warranty is intended to limit any manufacturer's warranty which provides Owner with greater warranty rights than set forth in this Section 2.9 or the Contract Documents. Design-Builder will provide Owner with all manufacturers' warranties upon Substantial Completion.

## **2.10 Correction of Defective Work.**

**2.10.1** Design-Builder agrees to correct any Work that is found to not be in conformance with the Contract Documents, including that part of the Work subject to Section 2.9 hereof, within a period of one year from the date of Substantial Completion of the Work or any portion of the Work, or within such longer period to the extent required by any specific warranty included in the Contract Documents.

**2.10.2** Design-Builder shall, within seven (7) days of receipt of written notice from Owner that the Work is not in conformance with the Contract Documents, take meaningful steps to commence correction of such nonconforming Work, including the correction, removal or replacement of the nonconforming Work and any damage caused to other parts of the Work affected by the nonconforming Work. If Design-Builder fails to commence the necessary steps within such seven (7) day period, Owner, in addition to any other remedies provided under the Contract Documents, may provide Design-Builder with written notice that Owner will commence correction of such nonconforming Work with its own forces. If Owner does perform such corrective Work, Design-Builder shall be responsible for all reasonable costs incurred by Owner in performing such correction. If the nonconforming Work creates an emergency requiring an immediate response, the seven (7) day period identified herein shall be deemed inapplicable.

**2.10.3** The one-year period referenced in Section 2.10.1 above applies only to Design-Builder's obligation to correct nonconforming Work and is not intended to constitute a period of limitations for any other rights or remedies Owner may have regarding Design-Builder's other obligations under the Contract Documents.

# **Article 3**

## **Owner's Services and Responsibilities**

### **3.1 Duty to Cooperate.**

**3.1.1** Owner shall, throughout the performance of the Work, cooperate with Design-Builder and perform its responsibilities, obligations and services in a timely manner to facilitate Design-Builder's timely and efficient performance of the Work and so as not to delay or interfere with Design-Builder's performance of its obligations under the Contract Documents.

**3.1.2** Owner shall provide timely reviews and approvals of interim design submissions and Construction Documents consistent with the turnaround times set forth in Design-Builder's schedule.

**3.1.3** Owner shall give Design-Builder timely notice of any Work that Owner notices to be defective or not in compliance with the Contract Documents.

## **3.2 Furnishing of Services and Information.**

**3.2.1** Unless expressly stated to the contrary in the Contract Documents, Owner shall provide, at its own cost and expense, for Design-Builder's information and use the following, all of which Design-Builder is entitled to rely upon in performing the Work:

**3.2.1.1** Surveys describing the property, boundaries, topography and reference points for use during construction, including existing service and utility lines;

**3.2.1.2** Geotechnical studies describing subsurface conditions, and other surveys describing other latent or concealed physical conditions at the Site;

**3.2.1.3** Temporary and permanent easements, zoning and other requirements and encumbrances affecting land use, or necessary to permit the proper design and construction of the Project and enable Design-Builder to perform the Work;

**3.2.1.4** A legal description of the Site;

**3.2.1.5** To the extent available, record drawings of any existing structures at the Site; and

**3.2.1.6** To the extent available, environmental studies, reports and impact statements describing the environmental conditions, including Hazardous Conditions, in existence at the Site.

**3.2.2** Owner is responsible for securing and executing all necessary agreements with adjacent land or property owners that are necessary to enable Design-Builder to perform the Work. Owner is further responsible for all costs, including attorneys' fees, incurred in securing these necessary agreements.

## **3.3 Financial Information.**

**3.3.1** At Design-Builder's request, Owner shall promptly furnish reasonable evidence satisfactory to Design-Builder that Owner has adequate funds available and committed to fulfill all of Owner's contractual obligations under the Contract Documents. If Owner fails to furnish such financial information in a timely manner, Design-Builder may stop Work under Section 11.3 hereof or exercise any other right permitted under the Contract Documents.

**3.3.2** Design-Builder shall cooperate with the reasonable requirements of Owner's lenders or other financial sources. Notwithstanding the preceding sentence, after execution of the Agreement Design-Builder shall have no obligation to execute for Owner or Owner's lenders or other financial sources any documents or agreements that require Design-Builder to assume obligations or responsibilities greater than those existing obligations Design-Builder has under the Contract Documents.

## **3.4 Owner's Representative.**

**3.4.1** Owner's Representative shall be responsible for providing Owner-supplied information and approvals in a timely manner to permit Design-Builder to fulfill its obligations under the Contract Documents. Owner's Representative shall also provide Design-Builder with prompt notice if it observes any failure on the part of Design-Builder to fulfill its contractual obligations, including any errors, omissions or defects in the performance of the Work. Owner's Representative shall communicate regularly with Design-Builder and shall be vested with the authority to act on behalf of Owner.

### **3.5 Government Approvals and Permits.**

**3.5.1** Owner shall obtain and pay for all necessary permits, approvals, licenses, government charges and inspection fees set forth in the Owner's Permit List attached as an exhibit to the Agreement.

**3.5.2** Owner shall provide reasonable assistance to Design-Builder in obtaining those permits, approvals and licenses that are Design-Builder's responsibility.

### **3.6 Owner's Separate Contractors.**

**3.6.1** Owner is responsible for all work performed on the Project or at the Site by separate contractors under Owner's control. Owner shall contractually require its separate contractors to cooperate with, and coordinate their activities so as not to interfere with, Design-Builder in order to enable Design-Builder to timely complete the Work consistent with the Contract Documents.

## **Article 4**

### **Hazardous Conditions and Differing Site Conditions**

#### **4.1 Hazardous Conditions.**

**4.1.1** Unless otherwise expressly provided in the Contract Documents to be part of the Work, Design-Builder is not responsible for any Hazardous Conditions encountered at the Site. Upon encountering any Hazardous Conditions, Design-Builder will stop Work immediately in the affected area and duly notify Owner and, if required by Legal Requirements, all government or quasi-government entities with jurisdiction over the Project or Site.

**4.1.2** Upon receiving notice of the presence of suspected Hazardous Conditions, Owner shall take the necessary measures required to ensure that the Hazardous Conditions are remediated or rendered harmless. Such necessary measures shall include Owner retaining qualified independent experts to (i) ascertain whether Hazardous Conditions have actually been encountered, and, if they have been encountered, (ii) prescribe the remedial measures that Owner must take either to remove the Hazardous Conditions or render the Hazardous Conditions harmless.

**4.1.3** Design-Builder shall be obligated to resume Work at the affected area of the Project only after Owner's expert provides it with written certification that (i) the Hazardous Conditions have been removed or rendered harmless and (ii) all necessary approvals have been obtained from all government and quasi-government entities having jurisdiction over the Project or Site.

**4.1.4** Design-Builder will be entitled, in accordance with these General Conditions of Contract, to an adjustment in its Contract Price and/or Contract Time(s) to the extent Design-Builder's cost and/or time of performance have been adversely impacted by the presence of Hazardous Conditions.

**4.1.5** To the fullest extent permitted by law, Owner shall indemnify, defend and hold harmless Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them, and their officers, directors, employees and agents, from and against any and all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from the presence, removal or remediation of Hazardous Conditions at the Site.

**4.1.6** Notwithstanding the preceding provisions of this Section 4.1, Owner is not responsible for

Hazardous Conditions introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable. To the fullest extent permitted by law, Design-Builder shall indemnify, defend and hold harmless Owner and Owner's officers, directors, employees and agents from and against all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from those Hazardous Conditions introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable.

## **4.2 Differing Site Conditions.**

**4.2.1** Prior to commencing the Work, Design-Builder shall, at its sole cost and expense, familiarize itself with the Project and the Site including, but not limited to: (i) visiting and inspecting the Site and any existing structures to understand existing conditions; (ii) familiarizing itself with all provided surveys, existing utilities, site features, and pertinent documents; (iii) reviewing geotechnical reports, hazardous substance assessments, and any other technical studies; (iv) assessing the Owner's design objectives, budget, and schedule; and (v) identifying any existing deficiencies or factors impacting the Project. The Design-Builder acknowledges that failure to familiarize itself with the Project and Site and understand applicable existing conditions and documents provided by the Owner shall constitute a waiver of any subsequent claims by the Design-Builder related to such conditions or information.

**4.2.2** Concealed or latent physical conditions or subsurface conditions at the Site that (i) materially differ from the conditions indicated in the Contract Documents or (ii) are of an unusual nature, differing materially from the conditions ordinarily encountered and generally recognized as inherent in the Work are collectively referred to herein as "Differing Site Conditions." If Design-Builder encounters a Differing Site Condition, Design-Builder shall promptly notify Owner in writing of such Differing Site Condition as set forth in Section 4.2.3. Design-Builder will be entitled to an adjustment in the Contract Price and/or Contract Time(s) to the extent Design-Builder's cost and/or time of performance are adversely impacted by the Differing Site Condition.

**4.2.3** Upon encountering a Differing Site Condition, Design-Builder shall provide prompt written notice to Owner of such condition, which notice shall not be later than fourteen (14) days after such condition has been encountered. Design-Builder shall, to the extent reasonably possible, provide such notice before the Differing Site Condition has been substantially disturbed or altered.

# **Article 5**

## **Insurance and Bonds**

### **5.1 Design-Builder's Insurance Requirements.**

**5.1.1** Design-Builder is responsible for procuring and maintaining the insurance for the coverage amounts all as set forth in the Insurance Exhibit to the Agreement. Coverage shall be secured from insurance companies authorized to do business in the state in which the Project is located, and with a minimum rating set forth in the Agreement.

**5.1.2** Design-Builder's insurance shall specifically delete any design-build or similar exclusions that could compromise coverages because of the design-build delivery of the Project.

**5.1.3** Prior to commencing any construction services hereunder and in accordance with Owner's request, Design-Builder shall provide either certificates or insurance policies evidencing that (i) all insurance obligations required by the Contract Documents are in full force and in effect and will remain in effect for the duration required by the Contract Documents and (ii) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to Owner. If any of the foregoing insurance coverages are required to remain in

force after final payment are reasonably available, an additional certificate (or insurance policy) evidencing continuation of such coverage shall be submitted with the Final Application for Payment. If any information concerning reduction of coverage is not furnished by the insurer, it shall be furnished by the Design-Builder with reasonable promptness according to the Design-Builder's information and belief.

## **5.2 Owner's Liability Insurance.**

**5.2.1** Owner shall procure and maintain from insurance companies authorized to do business in the state in which the Project is located such liability insurance as set forth in the Insurance Exhibit to the Agreement to protect Owner from claims which may arise from the performance of Owner's obligations under the Contract Documents or Owner's conduct during the course of the Project.

## **5.3 Owner's Property Insurance.**

**5.3.1** Unless otherwise provided in the Contract Documents, Owner shall procure and maintain from insurance companies authorized to do business in the state in which the Project is located property insurance upon the entire Project to the full insurable value of the Project, including professional fees, overtime premiums and all other expenses incurred to replace or repair the insured property. The property insurance obtained by Owner shall be the broadest coverage commercially available, and shall include as additional insureds the interests of Owner, Design-Builder, Design Consultants and Subcontractors of any tier. Such insurance shall include but not be limited to the perils of fire and extended coverage, theft, vandalism, malicious mischief, collapse, flood, earthquake, debris removal and other perils or causes of loss as called for in the Contract Documents. The property insurance shall include physical loss or damage to the Work, including materials and equipment in transit, at the Site or at another location as may be indicated in Design-Builder's Application for Payment and approved by Owner. The Owner is responsible for the payment of any deductibles under the insurance required by this Section 5.3.1.

**5.3.2** Not used.

**5.3.3** Prior to Design-Builder commencing any Work, Owner shall provide Design-Builder with certificates evidencing that (i) all Owner's insurance obligations required by the Contract Documents are in full force and in effect and will remain in effect until Design-Builder has completed all of the Work and has received final payment from Owner and (ii) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to Design-Builder. Owner's property insurance shall not lapse or be canceled if Owner occupies a portion of the Work pursuant to Section 6.6.3 hereof. Owner shall provide Design-Builder with the necessary endorsements from the insurance company prior to occupying a portion of the Work.

**5.3.4** Any loss covered under Owner's property insurance shall be adjusted with Owner and Design-Builder and made payable to both of them as trustees for the insureds as their interests may appear, subject to any applicable mortgage clause. All insurance proceeds received as a result of any loss will be placed in a separate account and distributed in accordance with such agreement as the interested parties may reach. Any disagreement concerning the distribution of any proceeds will be resolved in accordance with Article 10 hereof.

**5.3.5** Owner and Design-Builder waive against each other and Owner's separate contractors, Design Consultants, Subcontractors, agents and employees of each and all of them, all damages covered by property insurance provided herein, except such rights as they may have to the proceeds of such insurance. Design-Builder and Owner shall, where appropriate, require similar waivers of subrogation from Owner's separate contractors, Design Consultants and Subcontractors and shall require each of them to include similar waivers in their contracts. These waivers of subrogation shall not contain any restriction or limitation that will impair the full and complete extent of its applicability to any person or entity unless agreed to in writing prior to the execution of this Agreement.

## **5.4 Bonds and Other Performance Security.**

**5.4.1** If Owner requires Design-Builder to obtain performance and labor and material payment bonds, or other forms of performance security, the amount, form and other conditions of such security shall be as set forth in the Agreement.

**5.4.2** All bonds furnished by Design-Builder shall be in accordance with Legal Requirements and in a form satisfactory to Owner. The surety shall be a company qualified and registered to conduct business in the state in which the Project is located.

# **Article 6**

## **Payment**

### **6.1 Schedule of Values.**

**6.1.1** Unless required by the Owner upon execution of this Agreement, within ten (10) days of execution of the Agreement, Design-Builder shall submit for Owner's review and approval a schedule of values for all of the Work. The Schedule of Values will (i) subdivide the Work into its respective parts, (ii) include values for all items comprising the Work and (iii) serve as the basis for monthly progress payments made to Design-Builder throughout the Work.

**6.1.2** The Owner will timely review and approve the schedule of values so as not to delay the submission of the Design-Builder's first application for payment. The Owner and Design-Builder shall timely resolve any differences so as not to delay the Design-Builder's submission of its first application for payment.

### **6.2 Monthly Progress Payments.**

**6.2.1** On or before the date established in the Agreement, Design-Builder shall submit for Owner's review and approval its Application for Payment requesting payment for all Work performed as of the date of the Application for Payment. The Application for Payment shall be accompanied by all supporting documentation required by the Contract Documents and/or established at the meeting required by Section 2.1.4 hereof.

**6.2.2** The Application for Payment may request payment for equipment and materials not yet incorporated into the Project, provided that (i) Owner is satisfied that the equipment and materials are suitably stored at either the Site or another acceptable location, (ii) the equipment and materials are protected by suitable insurance and (iii) upon payment, Owner will receive the equipment and materials free and clear of all liens and encumbrances.

**6.2.3** All discounts or other cost savings offered by Subcontractors, Sub-Subcontractors and suppliers to Design-Builder for early payment or prompt-payment incentives shall accrue one hundred percent (100%) to the Owner, but only to the extent such discounts or cost savings are realized. Unless the Owner elects to advance funds specifically to obtain an early-payment discount or cost savings, the Design-Builder may include in its Application for Payment the full undiscounted cost of the item for which payment is sought; however, the Design-Builder shall credit the Owner for the full amount of any realized discount or cost savings in the next Application for Payment.

**6.2.4** The Application for Payment shall constitute Design-Builder's representation that the Work described herein has been performed consistent with the Contract Documents, has progressed to the point indicated in the Application for Payment, and that title to all Work will pass to Owner free and clear of all claims, liens, encumbrances, and security interests upon the incorporation of the Work into the Project, or upon Design-Builder's receipt of payment, whichever occurs earlier.

### **6.3 Withholding of Payments.**

**6.3.1** On or before the date established in the Agreement, Owner shall pay Design-Builder all amounts properly due. If Owner determines that Design-Builder is not entitled to all or part of an Application for Payment as a result of Design-Builder's failure to meet its obligations hereunder, it will notify Design-Builder in writing at least five (5) days prior to the date payment is due. The notice shall indicate the specific amounts Owner intends to withhold, the reasons and contractual basis for the withholding, and the specific measures Design-Builder must take to rectify Owner's concerns. Design-Builder and Owner will attempt to resolve Owner's concerns prior to the date payment is due. If the parties cannot resolve such concerns, Design-Builder may pursue its rights under the Contract Documents, including those under Article 10 hereof.

**6.3.2** Notwithstanding anything to the contrary in the Contract Documents, Owner shall pay Design-Builder all undisputed amounts in an Application for Payment within the times required by the Agreement.

#### **6.4 Right to Stop Work and Interest.**

**6.4.1** If Owner fails to pay timely Design-Builder any amount that becomes due, Design-Builder, in addition to all other remedies provided in the Contract Documents, may stop Work pursuant to Section 11.3 hereof. All payments due and unpaid shall bear interest at the rate set forth in the Agreement.

#### **6.5 Design-Builder's Payment Obligations.**

**6.5.1** Design-Builder will pay Design Consultants and Subcontractors, in accordance with its contractual obligations to such parties, all the amounts Design-Builder has received from Owner on account of their work. Design-Builder will impose similar requirements on Design Consultants and Subcontractors to pay those parties with whom they have contracted. Design-Builder will indemnify and defend Owner against any claims for payment and mechanic's liens as set forth in Section 7.3 hereof.

#### **6.6 Substantial Completion.**

**6.6.1** Design-Builder shall notify Owner when it believes the Work, or to the extent permitted in the Contract Documents, a portion of the Work, is Substantially Complete. Within five (5) days of Owner's receipt of Design-Builder's notice, Owner and Design-Builder will jointly inspect such Work to verify that it is Substantially Complete in accordance with the requirements of the Contract Documents. If such Work is Substantially Complete, Owner shall prepare and issue a Certificate of Substantial Completion that will set forth (i) the date of Substantial Completion of the Work or portion thereof, (ii) the remaining items of Work that have to be completed before final payment, (iii) provisions (to the extent not already provided in the Contract Documents) establishing Owner's and Design-Builder's responsibility for the Project's security, maintenance, utilities and insurance pending final payment, and (iv) an acknowledgment that warranties commence to run on the date of Substantial Completion, except as may otherwise be noted in the Certificate of Substantial Completion.

**6.6.2** Upon Substantial Completion of the entire Work or, if applicable, any portion of the Work, Owner shall release to Design-Builder all retained amounts relating, as applicable, to the entire Work or completed portion of the Work, less an amount equal to the reasonable value of all remaining or incomplete items of Work as noted in the Certificate of Substantial Completion.

**6.6.3** Owner, at its option, may use a portion of the Work which has been determined to be Substantially Complete, provided, however, that (i) a Certificate of Substantial Completion has been issued for the portion of Work addressing the items set forth in Section 6.6.1 above, (ii) Design-Builder and Owner have obtained the consent of their sureties and insurers, and to the extent applicable, the appropriate government authorities having jurisdiction over the Project, and (iii) Owner and Design-Builder agree that Owner's use or occupancy will not interfere with Design-Builder's completion of the remaining Work.

## **6.7 Final Payment.**

**6.7.1** After receipt of a Final Application for Payment from Design-Builder, Owner shall make final payment by the time required in the Agreement, provided that Design-Builder has achieved Final Completion.

**6.7.2** At the time of submission of its Final Application for Payment, Design-Builder shall provide the following information:

**6.7.2.1** An affidavit that there are no claims, obligations or liens outstanding or unsatisfied for labor, services, material, equipment, taxes or other items performed, furnished or incurred for or in connection with the Work which will in any way affect Owner's interests;

**6.7.2.2** A general release executed by Design-Builder waiving, upon receipt of final payment by Design-Builder, all claims, except those claims previously made in writing to Owner and remaining unsettled at the time of final payment;

**6.7.2.3** Consent of Design-Builder's surety, if any, to final payment;

**6.7.2.4** All operating manuals, warranties and other deliverables required by the Contract Documents; and

**6.7.2.5** Certificates of insurance confirming that required coverages will remain in effect consistent with the requirements of the Contract Documents.

**6.7.3** Upon making final payment, Owner waives all claims against Design-Builder except claims relating to (i) Design-Builder's failure to satisfy its payment obligations, if such failure affects Owner's interests, (ii) Design-Builder's failure to complete the Work consistent with the Contract Documents, including defects appearing after Substantial Completion and (iii) the terms of any special warranties required by the Contract Documents.

**6.7.4** Deficiencies in the Work discovered after Substantial Completion, whether or not such deficiencies would have been included on the Punch List if discovered earlier, shall be deemed warranty Work. Such deficiencies shall be corrected by Design-Builder under Sections 2.9 and 2.10 herein, and shall not be a reason to withhold final payment from Design-Builder, provided, however, that Owner shall be entitled to withhold from the Final Payment the reasonable value of completion of such deficient work until such work is completed.

## **Article 7**

### **Indemnification**

#### **7.1 Patent and Copyright Infringement.**

**7.1.1** Design-Builder shall defend any action or proceeding brought against Owner based on any claim that the Work, or any part thereof, or the operation or use of the Work or any part thereof, constitutes infringement of any United States patent or copyright, now or hereafter issued. Owner shall give prompt written notice to Design-Builder of any such action or proceeding and will reasonably provide authority, information and assistance in the defense of same. Design-Builder shall indemnify and hold harmless Owner from and against all damages and costs, including but not limited to attorneys' fees and expenses awarded against Owner or Design-Builder in any such action or proceeding. Design-Builder agrees to keep Owner informed of all developments in the defense of such actions.

**7.1.2** If Owner is enjoined from the operation or use of the Work, or any part thereof, as the result of any patent or copyright suit, claim, or proceeding, Design-Builder shall at its sole expense take reasonable steps to procure the right to operate or use the Work. If Design-Builder cannot so procure such right within a reasonable time, Design-Builder shall promptly, at Design-Builder's option and at Design-Builder's expense, (i) modify the Work so as to avoid infringement of any such patent or copyright or (ii) replace said Work with Work that does not infringe or violate any such patent or copyright.

**7.1.3** Sections 7.1.1 and 7.1.2 above shall not be applicable to any suit, claim or proceeding based on infringement or violation of a patent or copyright (i) relating solely to a particular process or product of a particular manufacturer specified by Owner and not offered or recommended by Design-Builder to Owner or (ii) arising from modifications to the Work by Owner or its agents after acceptance of the Work. If the suit, claim or proceeding is based upon events set forth in the preceding sentence, Owner shall defend, indemnify and hold harmless Design-Builder to the same extent Design-Builder is obligated to defend, indemnify and hold harmless Owner in Section 7.1.1 above.

**7.1.4** The obligations set forth in this Section 7.1 shall constitute the sole agreement between the parties relating to liability for infringement or violation of any patent or copyright.

## **7.2 Tax Claim Indemnification.**

**7.2.1** If, in accordance with Owner's direction, an exemption for all or part of the Work is claimed for taxes, Owner shall indemnify, defend and hold harmless Design-Builder to the fullest extent permitted by law from and against any liability, penalty, interest, fine, tax assessment, attorneys' fees or other expenses or costs incurred by Design-Builder as a result of any action taken by Design-Builder in accordance with Owner's directive. Owner shall furnish Design-Builder with any applicable tax exemption certificates necessary to obtain such exemption, upon which Design-Builder may rely.

## **7.3 Payment Claim Indemnification.**

**7.3.1** Provided that Owner is not in breach of its contractual obligation to make payments to Design-Builder for the Work, Design-Builder shall indemnify, defend and hold harmless Owner from any claims or mechanic's liens brought against Owner or against the Project as a result of the failure of Design-Builder, or those for whose acts it is responsible, to pay for any services, materials, labor, equipment, taxes or other items or obligations furnished or incurred for or in connection with the Work. Within three (3) days of receiving written notice from Owner that such a claim or mechanic's lien has been filed, Design-Builder, at its sole cost and expense, shall commence to take the steps necessary to discharge said claim or lien, including, if necessary, the furnishing of a mechanic's lien bond. If Design-Builder fails to do so, Owner will have the right to discharge the claim or lien and hold Design-Builder liable for costs and expenses incurred, including attorneys' fees.

## **7.4 Design-Builder's General Indemnification.**

**7.4.1** Design-Builder, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Owner and Owner's Indemnitees (defined as Owner's officers, directors, employees, and Project consultants, but excluding Design-Builder and its Design Consultants, Subcontractors and anyone employed directly or indirectly by any of them) from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for bodily injury, sickness or death, and property damage or destruction (other than to the Work itself) to the extent resulting from the negligent acts or omissions of Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable.

**7.4.2** If an employee of Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable has a claim

against Owner's Indemnitees, Design-Builder's indemnity obligation set forth in Section 7.4.1 above shall not be limited by any limitation on the amount of damages, compensation or benefits payable by or for Design-Builder, Design Consultants, Subcontractors, or other entity under any employee benefit acts, including workers' compensation or disability acts.

## **7.5 Owner's General Indemnification.**

**7.5.1** Owner, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Design-Builder and any of Design-Builder's officers, directors, and employees, from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for bodily injury, sickness or death, and property damage or destruction (other than to the Work itself) to the extent resulting from the negligent acts or omissions of Owner's separate contractors or anyone for whose acts any of them may be liable.

## **Article 8**

### **Time**

#### **8.1 Obligation to Achieve the Contract Times.**

**8.1.1** Design-Builder agrees that it will commence performance of the Work and achieve the Contract Time(s) in accordance with Article 5 of the Agreement.

#### **8.2 Delays to the Work.**

**8.2.1** If Design-Builder is delayed in the performance of the Work due to acts, omissions, conditions, events, or circumstances beyond its control and due to no fault of its own or those for whom Design-Builder is responsible, the Contract Time(s) for performance shall be reasonably extended by Change Order. By way of example, events that will entitle Design-Builder to an extension of the Contract Time(s) include acts or omissions of Owner or anyone under Owner's control (including separate contractors), changes in the Work, Differing Site Conditions, Hazardous Conditions, and Force Majeure Events.

**8.2.2** In addition to Design-Builder's right to a time extension for those events set forth in Section 8.2.1 above, Design-Builder shall also be entitled to an appropriate adjustment of the Contract Price provided, however, that the Contract Price shall not be adjusted for Force Majeure Events unless otherwise provided in the Agreement.

## **Article 9**

### **Changes to the Contract Price and Time**

#### **9.1 Change Orders.**

**9.1.1** A Change Order is a written instrument issued after execution of the Agreement signed by Owner and Design-Builder, stating their agreement upon all of the following:

**9.1.1.1** The scope of the change in the Work;

**9.1.1.2** The amount of the adjustment to the Contract Price; and

**9.1.1.3** The extent of the adjustment to the Contract Time(s).

**9.1.2** All changes in the Work authorized by applicable Change Order shall be performed under the applicable conditions of the Contract Documents. Owner and Design-Builder shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for such changes.

**9.1.3** If Owner requests a proposal for a change in the Work from Design-Builder and subsequently elects not to proceed with the change, a Change Order shall be issued to reimburse Design-Builder for reasonable costs incurred for estimating services, design services and services involved in the preparation of proposed revisions to the Contract Documents.

## **9.2 Work Change Directives.**

**9.2.1** A Work Change Directive is a written order prepared and signed by Owner directing a change in the Work prior to agreement on an adjustment in the Contract Price and/or the Contract Time(s).

**9.2.2** Owner and Design-Builder shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for the Work Change Directive. Upon reaching an agreement, the parties shall prepare and execute an appropriate Change Order reflecting the terms of the agreement.

## **9.3 Minor Changes in the Work.**

**9.3.1** Minor changes in the Work do not involve an adjustment in the Contract Price and/or Contract Time(s) and do not materially and adversely affect the Work, including the design, quality, performance and workmanship required by the Contract Documents. Design-Builder may make minor changes in the Work consistent with the intent of the Contract Documents, provided, however, that Design-Builder shall promptly inform Owner, in writing, of any such changes and record such changes on the documents maintained by Design-Builder.

## **9.4 Contract Price Adjustments.**

**9.4.1** The increase or decrease in Contract Price resulting from a change in the Work shall be determined by one or more of the following methods:

**9.4.1.1** Unit prices set forth in the Agreement or as subsequently agreed to between the parties;

**9.4.1.2** A mutually accepted lump sum, properly itemized and supported by sufficient substantiating data to permit evaluation by Owner;

**9.4.1.3** Costs, fees and any other markups set forth in the Agreement; or

**9.4.1.4** If an increase or decrease cannot be agreed to as set forth in items 9.4.1.1 through 9.4.1.3 above and Owner issues a Work Change Directive, the cost of the change of the Work shall be determined by the reasonable expense and savings in the performance of the Work resulting from the change, including a reasonable overhead and profit, as may be set forth in the Agreement.

**9.4.2** If unit prices are set forth in the Contract Documents or are subsequently agreed to by the parties, but application of such unit prices will cause substantial inequity to Owner or Design-Builder because of differences in the character or quantity of such unit items as originally contemplated, such unit prices shall be equitably adjusted.

**9.4.3** If Owner and Design-Builder disagree upon whether Design-Builder is entitled to be paid for any services required by Owner, or if there are any other disagreements over the scope of Work or proposed changes to the Work, Owner and Design-Builder shall resolve the disagreement pursuant to Article 10 hereof. As part of the negotiation process, Design-Builder shall furnish Owner

with a good faith estimate of the costs to perform the disputed services in accordance with Owner's interpretations. If the parties are unable to agree and Owner expects Design-Builder to perform the services in accordance with Owner's interpretations, Design-Builder shall proceed to perform the disputed services, conditioned upon Owner issuing a written order to Design-Builder (i) directing Design-Builder to proceed and (ii) specifying Owner's interpretation of the services that are to be performed. If this occurs, Design-Builder shall be entitled to submit in its Applications for Payment an amount equal to fifty percent (50%) of its reasonable estimated direct cost to perform the services, and Owner agrees to pay such amounts, with the express understanding that (i) such payment by Owner does not prejudice Owner's right to argue that it has no responsibility to pay for such services and (ii) receipt of such payment by Design-Builder does not prejudice Design-Builder's right to seek full payment of the disputed services if Owner's order is deemed to be a change to the Work.

## **9.5 Emergencies.**

**9.5.1** In any emergency affecting the safety of persons and/or property, Design-Builder shall act, at its discretion, to prevent threatened damage, injury or loss. Any change in the Contract Price and/or Contract Time(s) on account of emergency work shall be determined as provided in this Article 9.

# **Article 10**

## **Contract Adjustments and Disputes**

### **10.1 Requests for Contract Adjustments and Relief.**

**10.1.1** If either Design-Builder or Owner believes that it is entitled to relief against the other for any event arising out of or related to the Work or Project, such party shall provide written notice to the other party of the basis for its claim for relief. Such notice shall, if possible, be made prior to incurring any cost or expense and in accordance with any specific notice requirements contained in applicable sections of these General Conditions of Contract. In the absence of any specific notice requirement, written notice shall be given within a reasonable time, not to exceed twenty-one (21) days, after the occurrence giving rise to the claim for relief or after the claiming party reasonably should have recognized the event or condition giving rise to the request, whichever is later. Such notice shall include sufficient information to advise the other party of the circumstances giving rise to the claim for relief, the specific contractual adjustment or relief requested and the basis of such request.

### **10.2 Dispute Avoidance and Resolution.**

**10.2.1** The parties are fully committed to working with each other throughout the Project and agree to communicate regularly with each other at all times so as to avoid or minimize disputes or disagreements. If disputes or disagreements do arise, Design-Builder and Owner each commit to resolving such disputes or disagreements in an amicable, professional and expeditious manner so as to avoid unnecessary losses, delays and disruptions to the Work.

**10.2.2** Design-Builder and Owner will first attempt to resolve disputes or disagreements at the field level through discussions between Design-Builder's Representative and Owner's Representative which shall conclude within fourteen (14) days of the written notice provided for in Section 10.1.1 unless the Owner and Design-Builder mutually agree otherwise.

**10.2.3** If a dispute or disagreement cannot be resolved through Design-Builder's Representative and Owner's Representative, Design-Builder's Senior Representative and Owner's Senior Representative, upon the request of either party, shall meet as soon as conveniently possible, but in no case later than thirty (30) days after such a request is made, to attempt to resolve such dispute

or disagreement. Five (5) days prior to any meetings between the Senior Representatives, the parties will exchange relevant information that will assist the parties in resolving their dispute or disagreement.

**10.2.4** If after meeting the Senior Representatives determine that the dispute or disagreement cannot be resolved on terms satisfactory to both parties, the parties shall submit within thirty (30) days of the conclusion of the meeting of Senior Representatives the dispute or disagreement to non-binding mediation. The mediation shall be conducted by a mutually agreeable impartial mediator. The mediation will be governed by and conducted pursuant to a mediation agreement negotiated by the parties or, if the parties cannot so agree, by procedures established by the mediator. Unless otherwise mutually agreed by the Owner and Design-Builder and consistent with the mediator's schedule, the mediation shall commence within ninety (90) days of the submission of the dispute to mediation.

### **10.3 Litigation.**

**10.3.1** Any claims, disputes or controversies between the parties arising out of or relating to the Agreement, or the breach thereof, which have not been resolved in accordance with the procedures set forth in Section 10.2 above, may be resolved by litigation. All actions or disputes arising under this Agreement and not otherwise resolved in accordance with Section 10.2 shall be commenced in Allegan County Circuit Court.

### **10.4 Duty to Continue Performance.**

**10.4.1** Unless provided to the contrary in the Contract Documents, Design-Builder shall continue to perform the Work and Owner shall continue to satisfy its payment obligations to Design-Builder, pending the final resolution of any dispute or disagreement between Design-Builder and Owner.

### **10.5 CONSEQUENTIAL DAMAGES.**

**10.5.1** NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY (EXCEPT AS SET FORTH IN SECTION 10.5.2 BELOW), NEITHER DESIGN-BUILDER NOR OWNER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL LOSSES OR DAMAGES, WHETHER ARISING IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO LOSSES OF USE, PROFITS, BUSINESS, REPUTATION OR FINANCING.

**10.5.2** The consequential damages limitation set forth in Section 10.5.1 above is not intended to affect the payment of liquidated damages or lost early completion bonus, if any, set forth in Article 5 of the Agreement, which both parties recognize has been established, in part, to reimburse Owner or reward Design-Builder for some damages that might otherwise be deemed to be consequential.

## **Article 11**

### **Stop Work and Termination for Cause**

#### **11.1 Owner's Right to Stop Work.**

**11.1.1** Owner may, without cause and for its convenience, order Design-Builder in writing to stop and suspend the Work. Such suspension shall not exceed sixty (60) consecutive days or aggregate more than ninety (90) days during the duration of the Project.

**11.1.2** Design-Builder is entitled to seek an adjustment of the Contract Price and/or Contract Time(s) if its cost or time to perform the Work has been adversely impacted by any suspension of

stoppage of the Work by Owner.

## **11.2 Owner's Right to Perform and Terminate for Cause.**

**11.2.1** If Design-Builder persistently fails to (i) provide a sufficient number of skilled workers, (ii) supply the materials required by the Contract Documents, (iii) comply with applicable Legal Requirements, (iv) timely pay, without cause, Design Consultants or Subcontractors, (v) prosecute the Work with promptness and diligence to ensure that the Work is completed by the Contract Time(s), as such times may be adjusted, or (vi) perform material obligations under the Contract Documents, then Owner, in addition to any other rights and remedies provided in the Contract Documents or by law, shall have the rights set forth in Sections 11.2.2 and 11.2.3 below.

**11.2.2** Upon the occurrence of an event set forth in Section 11.2.1 above, Owner may provide written notice to Design-Builder that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Design-Builder's receipt of such notice. If Design-Builder fails to cure, or reasonably commence to cure, such problem, then Owner may give a second written notice to Design-Builder of its intent to terminate within an additional seven (7) day period. If Design-Builder, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then Owner may declare the Agreement terminated for default by providing written notice to Design-Builder of such declaration.

**11.2.3** Upon declaring the Agreement terminated pursuant to Section 11.2.2 above, Owner may enter upon the premises and take possession, for the purpose of completing the Work, of all materials, equipment, scaffolds, tools, appliances and other items thereon, which have been purchased or provided for the performance of the Work, all of which Design-Builder hereby transfers, assigns and sets over to Owner for such purpose, and to employ any person or persons to complete the Work and provide all of the required labor, services, materials, equipment and other items. In the event of such termination, Design-Builder shall not be entitled to receive any further payments under the Contract Documents until the Work shall be finally completed in accordance with the Contract Documents. At such time, if the unpaid balance of the Contract Price exceeds the cost and expense incurred by Owner in completing the Work, such excess shall be paid by Owner to Design-Builder. Notwithstanding the preceding sentence, if the Agreement establishes a Guaranteed Maximum Price, Design-Builder will only be entitled to be paid for Work performed prior to its default. If Owner's cost and expense of completing the Work exceeds the unpaid balance of the Contract Price, then Design-Builder shall be obligated to pay the difference to Owner. Such costs and expense shall include not only the cost of completing the Work, but also losses, damages, costs and expense, including attorneys' fees and expenses, incurred by Owner in connection with the procurement and defense of claims arising from Design-Builder's default, subject to the waiver of consequential damages set forth in Section 10.5 hereof.

**11.2.4** If Owner improperly terminates the Agreement for cause, the termination for cause will be converted to a termination for convenience in accordance with the provisions of Article 8 of the Agreement.

## **11.3 Design-Builder's Right to Stop Work.**

**11.3.1** Design-Builder may, in addition to any other rights afforded under the Contract Documents or at law, stop the Work for the following reasons:

**11.3.1.1** Owner's failure to provide financial assurances as required under Section 3.3 hereof; or

**11.3.1.2** Owner's failure to pay amounts properly due under Design-Builder's Application for Payment.

**11.3.2** Should any of the events set forth in Section 11.3.1 above occur, Design-Builder has the right to provide Owner with written notice that Design-Builder will stop the Work unless said event

is cured within seven (7) days from Owner's receipt of Design-Builder's notice. If Owner does not cure the problem within such seven (7) day period, Design-Builder may stop the Work. In such case, Design-Builder shall be entitled to make a claim for adjustment to the Contract Price and Contract Time(s) to the extent it has been adversely impacted by such stoppage.

#### **11.4 Design-Builder's Right to Terminate for Cause.**

**11.4.1** Design-Builder, in addition to any other rights and remedies provided in the Contract Documents or by law, may terminate the Agreement for cause for the following reasons:

**11.4.1.1** The Work has been stopped for sixty (60) consecutive days, or more than ninety (90) days during the duration of the Project, because of court order, any government authority having jurisdiction over the Work, or orders by Owner under Section 11.1.1 hereof, provided that such stoppages are not due to the acts or omissions of Design-Builder or anyone for whose acts Design-Builder may be responsible.

**11.4.1.2** Owner's failure to provide Design-Builder with any information, permits or approvals that are Owner's responsibility under the Contract Documents which result in the Work being stopped for sixty (60) consecutive days, or more than ninety (90) days during the duration of the Project, even though Owner has not ordered Design-Builder in writing to stop and suspend the Work pursuant to Section 11.1.1 hereof.

**11.4.1.3** Owner's failure to cure the problems set forth in Section 11.3.1 above after Design-Builder has stopped the Work.

**11.4.2** Upon the occurrence of an event set forth in Section 11.4.1 above, Design-Builder may provide written notice to Owner that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Owner's receipt of such notice. If Owner fails to cure, or reasonably commence to cure, such problem, then Design-Builder may give a second written notice to Owner of its intent to terminate within an additional seven (7) day period. If Owner, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then Design-Builder may declare the Agreement terminated for default by providing written notice to Owner of such declaration. In such case, Design-Builder shall be entitled to recover in the same manner as if Owner had terminated the Agreement for its convenience under Article 8 of the Agreement.

#### **11.5 Bankruptcy of Owner or Design-Builder.**

**11.5.1** If either Owner or Design-Builder institutes or has instituted against it a case under the United States Bankruptcy Code (such party being referred to as the "Bankrupt Party"), such event may impair or frustrate the Bankrupt Party's ability to perform its obligations under the Contract Documents. Accordingly, should such event occur:

**11.5.1.1** The Bankrupt Party, its trustee or other successor, shall furnish, upon request of the non-Bankrupt Party, adequate assurance of the ability of the Bankrupt Party to perform all future material obligations under the Contract Documents, which assurances shall be provided within ten (10) days after receiving notice of the request; and

**11.5.1.2** The Bankrupt Party shall file an appropriate action within the bankruptcy court to seek assumption or rejection of the Agreement within sixty (60) days of the institution of the bankruptcy filing and shall diligently prosecute such action.

If the Bankrupt Party fails to comply with its foregoing obligations, the non-Bankrupt Party shall be entitled to request the bankruptcy court to reject the Agreement, declare the Agreement terminated and pursue any other recourse available to the non-Bankrupt Party under this Article 11.

**11.5.2** The rights and remedies under Section 11.5.1 above shall not be deemed to limit the

ability of the non-Bankrupt Party to seek any other rights and remedies provided by the Contract Documents or by law, including its ability to seek relief from any automatic stays under the United States Bankruptcy Code or the right of Design-Builder to stop Work under any applicable provision of these General Conditions of Contract.

## **Article 12**

### **Electronic Data**

#### **12.1 Electronic Data.**

**12.1.1** The parties recognize that Contract Documents, including drawings, specifications and three-dimensional modeling (such as Building Information Models) and other Work Product may be transmitted among Owner, Design-Builder and others in electronic media as an alternative to paper hard copies (collectively "Electronic Data").

#### **12.2 Transmission of Electronic Data.**

**12.2.1** Owner and Design-Builder shall agree upon the software and the format for the transmission of Electronic Data. Each party shall be responsible for securing the legal rights to access the agreed-upon format, including, if necessary, obtaining appropriately licensed copies of the applicable software or electronic program to display, interpret and/or generate the Electronic Data.

**12.2.2** Neither party makes any representations or warranties to the other with respect to the functionality of the software or computer program associated with the electronic transmission of Work Product. Unless specifically set forth in the Agreement, ownership of the Electronic Data does not include ownership of the software or computer program with which it is associated, transmitted, generated or interpreted.

**12.2.3** By transmitting Work Product in electronic form, the transmitting party does not transfer or assign its rights in the Work Product. The rights in the Electronic Data shall be as set forth in Article 4 of the Agreement. Under no circumstances shall the transfer of ownership of Electronic Data be deemed to be a sale by the transmitting party of tangible goods.

#### **12.3 Electronic Data Protocol.**

**12.3.1** The parties acknowledge that Electronic Data may be altered or corrupted, intentionally or otherwise, due to occurrences beyond their reasonable control or knowledge, including but not limited to compatibility issues with user software, manipulation by the recipient, errors in transcription or transmission, machine error, environmental factors, and operator error. Consequently, the parties understand that there is some level of increased risk in the use of Electronic Data for the communication of design and construction information and, in consideration of this, agree, and shall require their independent contractors, Subcontractors and Design Consultants to agree, to the following protocols, terms and conditions set forth in this Section 12.3.

**12.3.2** Electronic Data will be transmitted in the format agreed upon in Section 12.2.1 above, including file conventions and document properties, unless prior arrangements are made in advance in writing.

**12.3.3** The Electronic Data represents the information at a particular point in time and is subject to change. Therefore, the parties shall agree upon protocols for notification by the author to the recipient of any changes which may thereafter be made to the Electronic Data, which protocol shall also address the duty, if any, to update such information, data or other information contained in the electronic media if such information changes prior to Final Completion of the Project.

**12.3.4** The transmitting party specifically disclaims all warranties, expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose, with respect to the media transmitting the Electronic Data. However, transmission of the Electronic Data via electronic means shall not invalidate or negate any duties pursuant to the applicable standard of care with respect to the creation of the Electronic Data, unless such data is materially changed or altered after it is transmitted to the receiving party, and the transmitting party did not participate in such change or alteration.

## **Article 13**

### **Miscellaneous**

#### **13.1 Confidential Information.**

**13.1.1** Confidential Information is defined as information which is determined by the transmitting party to be of a confidential or proprietary nature and: (i) the transmitting party identifies as either confidential or proprietary; (ii) the transmitting party takes steps to maintain the confidential or proprietary nature of the information; and (iii) the document is not otherwise available in or considered to be in the public domain. The receiving party agrees to maintain the confidentiality of the Confidential Information and agrees to use the Confidential Information solely in connection with the Project.

#### **13.2 Assignment.**

**13.2.1** Neither Design-Builder nor Owner shall, without the written consent of the other assign, transfer or sublet any portion or part of the Work or the obligations required by the Contract Documents.

#### **13.3 Successorship.**

**13.3.1** Design-Builder and Owner intend that the provisions of the Contract Documents are binding upon the parties, their employees, agents, heirs, successors and assigns.

#### **13.4 Governing Law.**

**13.4.1** The Agreement and all Contract Documents shall be governed by the laws of the place of the Project, without giving effect to its conflict of law principles.

#### **13.5 Severability.**

**13.5.1** If any provision or any part of a provision of the Contract Documents shall be finally determined to be superseded, invalid, illegal, or otherwise unenforceable pursuant to any applicable Legal Requirements, such determination shall not impair or otherwise affect the validity, legality, or enforceability of the remaining provision or parts of the provision of the Contract Documents, which shall remain in full force and effect as if the unenforceable provision or part were deleted.

**13.6 No Waiver.**

**13.6.1** The failure of either Design-Builder or Owner to insist, in any one or more instances, on the performance of any of the obligations required by the other under the Contract Documents shall not be construed as a waiver or relinquishment of such obligation or right with respect to future performance.

**13.7 Headings.**

**13.7.1** The headings used in these General Conditions of Contract, or any other Contract Document, are for ease of reference only and shall not in any way be construed to limit or alter the meaning of any provision.

**13.8 Notice.**

**13.8.1** Whenever the Contract Documents require that notice be provided to the other party, notice will be deemed to have been validly given (i) if delivered in person to the individual intended to receive such notice, (ii) four (4) days after being sent by registered or certified mail, postage prepaid to the address indicated in the Agreement, or (iii) if transmitted by facsimile, by the time stated in a machine generated confirmation that notice was received at the facsimile number of the intended recipient.

**13.9 Amendments.**

**13.9.1** The Contract Documents may not be changed, altered, or amended in any way except in writing signed by a duly authorized representative of each party.

**CWSRF Debarment Certification**



## MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY

Finance Division

**Certification Regarding Debarment, Suspension, and Other Responsibility Matters**

The prospective participant certifies, to the best of its knowledge and belief, that it and its principals:

- (1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in transactions under federal nonprocurement programs by any federal department or agency;
- (2) Have not, within the three-year period preceding the proposal, had one or more public transactions (federal, state, or local) terminated for cause or default; and
- (3) Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) and have not, within the three-year period preceding the proposal, been convicted of or had a civil judgment rendered against it:
  - (a) For the commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction (federal, state, or local) or a procurement contract under such a public transaction;
  - (b) For the violation of federal or state antitrust statutes, including those proscribing price fixing between competitors, the allocation of customers between competitors, or bid rigging; or
  - (c) For the commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property.

I understand that a false statement on this certification may be grounds for the rejection of this proposal or the termination of the award. In addition, under 18 U.S.C. §1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to five years, or both.

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Name and Title of Authorized Representative

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Name of Participant Agency or Firm

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Signature of Authorized Representative

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Date

☐ I am unable to certify to the above statement. Attached is my explanation.

## **EXHIBIT A**

Project Plan for project CWSRF No. 5907-01 on file with EGLE

## **EXHIBIT B**

Scope of Project

## **EXHIBIT B-**

### **SCOPE OF PROJECT**

General scope of the Wastewater System Improvements, CWSRF Project No. 5907-01 (Also see Exhibit A – SRF Project Plan)

The focus of the proposed project is to improve redundancy, reliability, and performance of the existing systems. The design will include the following components:

- Reconfigure sludge and supernatant piping
- Biosolids removal
- Secondary clarifier improvements
- HMA paving and site demolition
- Standby generator improvements
- Storage building modifications

Upon completion of the design and receipt of bids, the above scope may need to be modified to fit within the overall project budget. FVC will review bids and available cost breakouts during the value engineering tasks outlined in this document. The final scope will be negotiated with the Authority prior to executing Exhibit C – Step 2 of the DBIA Agreement.

Our approach for the PDB process will allow the Authority to control costs and improve the project outcome by participating directly in both design and construction decisions. F&V Engineering staff have been trusted partners, working together with Authority staff and collaborating on important decisions for the long-term reliability of the systems. With F&V Construction (FVC) as the Design-Builder, the Authority will have a single point of responsibility and a performance warranty while still maintaining direct involvement throughout the PDB process.

FVC will utilize the same engineers that work with you during the design to work with the project team during construction. We will engage trade contractors that are both efficient and effective in completing the type of work required. The current project includes elements that would be best developed through design innovation, as well as collaboration, amongst the team. Authority staff are very knowledgeable of their facility and have been working with our engineers to develop many good ideas with regards to the needed improvements. By utilizing the PDB delivery method with FVC, the Authority will have access to actual cost data and be able to make informed decisions with support from the Design-Builder. We offer the following outline of our proposed approach:

#### **Step 1 Preliminary Design and Preconstruction Phase**

The **Step 1** activity includes adequate design development to assemble bid packages for selection of trade contractors, forming a team consisting of the Design-Builder, Owner and Trade Contractors and establishing refined pricing for all elements of the project. Tasks under **Step 1** include:

##### **Task 1 – Basis of Design Preparation**

Our engineers will work closely and collaborate with Authority staff to develop the **Basis of Design** defining the improvements and preliminary design concepts, a process that began during preparation of the SRF Project Plan. The work scope to complete this phase of the project includes:

- 1.1 Hold a pre-design kick-off meeting with Authority staff to review project requirements, work scope, and overall schedule.

- 1.2 Prepare a Basis of Design Report which will include descriptions of the improvements, hydraulic and biological calculations of the proposed system. The report is updated as the design progresses.
- 1.3 Coordinate CWSRF Project requirements.

### **Task 2 – Preliminary Design and Pricing Phase (60% Submittals)**

The Basis of Design Report will serve as the foundation for the **Preliminary Design Phase**. It will define all the components of the project to be built. The Preliminary Design Phase documents consist of preliminary drawings, outline specifications, and preliminary costs.

Authority staff will be directly involved in the preliminary design process. Trade contractors will be assimilated into our design-build team when adequate definition to the project scope and details has been achieved. With the team fully formed, collaboration among the design-builder, owner and trade contractors will result in effective equipment selection and development of efficient construction methods and project sequencing.

The engineering services to complete the preliminary design phase will include:

- 2.1 Review record drawings of the existing Wastewater System.
- 2.2 Obtain utility company information for electric, gas, telephone, and cable TV, as appropriate.
- 2.3 Complete topographic survey of the site.
- 2.4 Obtain soil borings and complete a geotechnical investigation for the proposed improvements.
- 2.5 Prepare AutoCad drafting of the improvements.
- 2.6 Assemble list of the various Trades for the project and begin to contact these subcontractors to determine their interest in the project. The various Trades will be informed of the “American Iron and Steel,” Debarment Certification, and Davis-Bacon Wage Rates as required by the CWSRF program.
- 2.7 The anticipated regulatory permits required for construction of the wastewater system improvements including the following:
  - EGLE Part 41 Construction Permit (Wastewater)
- 2.8 Prepare draft permitting and construction schedule.
- 2.9 Update Design and Construction Costs. As the design details are developed, we will begin to prepare preliminary cost estimates for the various Trades.
- 2.10 Develop concepts for sequencing.
- 2.11 Prepare 60% Design Drawings.
- 2.12 Prepare 60% technical specifications.
- 2.13 Prepare the 60% Design and Construction Costs.
- 2.14 Perform QC of the Preliminary Design.
- 2.15 The 60% Design documents will be shared with the design-build team, Authority and Owner’s Representative. The 60% submittal includes:
  - Basis of Design (Technical Memorandum)
  - Preliminary Drawing Set
  - Outline of Specifications
  - Updated Design and Construction Costs
- 2.16 A meeting will be conducted with the design-build team, Authority staff, Owner’s Representative, EGLE and CWSRF staff to review the 60% Design Submittal.
- 2.17 Meeting minutes will be prepared and distributed.

### **Task 3 – Final Design and Final Pricing Phase**

The collaboration of the design-build team with the Authority staff, Owners Representative, and EGLE staff will continue as the design is finalized. The **Final Design Phase** will incorporate

adjustments through the value engineering process completed through this collaboration process. This task includes final detailing of the design, development of a detailed construction schedule, and establishing a Guaranteed Maximum Price (GMP) for the project.

The decision as to whether some of the items can be made as a part of the project will be made during the final design and pricing phase. Other Task 3 items include:

- 3.1 Update the Basis of Design based on review meeting comments. This should include near-final hydraulic calculations, pump selections, equipment preference documentation and Instrumentation and Control design.
- 3.2 Refine concepts for operations and construction sequencing of the system when key processes are out of service.
- 3.3 Prepare the 90% Design Drawings.
- 3.4 Prepare 90% technical specifications.
- 3.5 Prepare the 90% Design and Construction Costs. Preliminary costs will be sought from various Trades.
- 3.6 Perform QC of the Design.
- 3.7 Submit permit applications to various regulatory agencies.
- 3.8 The 90% Design Submittal documents will be shared with the design-build team, Authority, Owner's Representative and EGLE for review. This submittal includes:
  - Basis of Design (Technical Memorandum)
  - Pre-Final Drawing Set
  - Outline of Specifications
- 3.9 Pre-Final Design and Construction Costs
- 3.10 The plans and specifications will be released to the various trades for bidding. We will follow the Authority's local bidding requirements where applicable. The goal is to have multiple bids for each trade from acceptable contractors and follow the CWSRF requirements.
- 3.11 A meeting will be conducted with the design-build team, and Authority and Owner's Representative to review the pricing and 90% Design Submittal. Any adjustments to the design requested by the Authority in the 90% review may require some re-pricing by the trade contractors, if needed. Distribute meeting minutes.
- 3.12 Submit preliminary Guaranteed Maximum Price (GMP) to the Authority for review and approval.
- 3.13 Assemble CWSRF Part III application on behalf of Authority for submittal.
- 3.14 Submit Final GMP contract exhibit.
- 3.15 Prepare contract amendment reflecting GMP to the Authority for approval. Our subcontractors' bids and FVC's costs and overhead will be provided to the Authority on an open book basis. The Authority will be able to review each item of work and trade bids in the compilation of the GMP.
- 3.16 If the Authority accepts the GMP, the project proceeds to Task 4. If the Authority would find the GMP not acceptable, they could stop project at this time, cut out parts of the project to reduce cost, or pursue alternate delivery methods.
- 3.17 Assemble final conform to contract design and construction documents.

## Step 2 Construction Phase

The **Step 2** activity includes obtaining permits, development of a detailed construction schedule, and completing construction of the improvements. Tasks under **Step 2** include:

## Task 4 – Construction Phase

Commencement of mobilization and construction activities.

- 4.1 Issue Notices of Award to the various trades.
- 4.2 Schedule pre-construction meeting.
- 4.3 Execute contracts with various Trades and issue Notices to Proceed.
- 4.4 Secure construction permits, insurances and bonds.
- 4.5 Conduct Pre-Construction Meeting and mobilize to the job site.
- 4.6 Review of Trade shop drawings for materials and equipment required for the project to confirm compliance with the project specifications and intent.
- 4.7 Provide Site Superintendent to coordinate Trades.
- 4.8 Resolve contractor questions or construction issues.
- 4.9 Provide materials testing from an independent testing laboratory.
- 4.10 Conduct weekly progress and safety meetings with Trades.
- 4.11 Conduct monthly progress meetings with the design-build team, Owner, and Owner's Representative.
- 4.12 Maintain and update construction progress schedule.
- 4.13 Prepare daily reports, recording hours on the Site, weather conditions, data relative to questions of Change Orders, Field Orders, Work Change Directives, or changed conditions, daily activities, decisions, observations in general and observing test procedures.
- 4.14 Prepare and submit payment applications to Owner. Assist with preparing the CWSRF Disbursement Request applications on behalf of the Authority. The Authority will need to submit to the CWSRF Project Manager.
- 4.15 Oversee equipment and systems startup and prove-in.
- 4.16 Advise Owner's Representative when Substantial Completion has been achieved on the overall project, which marks the beginning of the warranty period.
- 4.17 Prepare and compile the equipment Operations & Maintenance Manuals. Provide Owner with one PDF version and one 3-ring binder.
- 4.18 Maintain "red-line" drawings of improvements at the project site. Prepare Record Drawings showing appropriate record information based on project annotated record (red-line) documents received from the Trades. These record drawings will be provided to the Authority in electronic format at project closeout.
- 4.19 Assist the Authority in preparing CWSRF closeout documentation and final disbursement request.
- 4.20 Update and publish Operation and Maintenance Manual for the Wastewater Treatment Plant that includes the improvements from this project.

## **EXHIBIT C**

Step 1 | Design Phase

Step 2 | Construction Phase

**EXHIBIT C - Step 1 Design**

Client Name: **Kalamazoo Lake Sewer & Water Authority** Estimator: **FVC** Date: **December 2025**

Job Name: **Wastewater System Improvements CWSRF Project No. 5907-01** Design By: **F&V** Bid Date: **TBD**

Location: **6449 Old Allegan Road, P.O. Box 789, Saugatuck, MI** Check By:

Job Number: **PC0273**

Description: **Improvements to the existing wastewater treatment plant.**

Duration: **Construction lasting approximately \_\_\_\_ months to reach Substantial Completion**

| <u>Trade Category</u>                            | <u>Subcontractor / Location</u> | <u>Budget</u>       |
|--------------------------------------------------|---------------------------------|---------------------|
| Contract 1 Site Work & Excavation                | ***Name***                      |                     |
| Contract 2 General Trades                        | ***Name***                      |                     |
| Contract 3 Painting                              | ***Name***                      |                     |
| Contract 4 Mechanical                            | ***Name***                      |                     |
| Contract 5 Electrical, Instrumentation & Control | ***Name***                      |                     |
| Contract 6 Owner's System Integrator             | ***Name***                      |                     |
| Contract 7 Lagoon Cleaning                       | ***Name***                      |                     |
| <b>Total of Trades</b>                           |                                 | <b>TBD</b>          |
| <b>General Conditions - Lump Sum</b>             |                                 | <b>TBD</b>          |
| <b>Sub Total</b>                                 |                                 | <b>TBD</b>          |
| <b>Design Builder's Fee - Lump Sum</b>           |                                 | <b>TBD</b>          |
| <b>Sub Total</b>                                 |                                 | <b>TBD</b>          |
| <b>Design Phase Services - Lump Sum</b>          |                                 | <b>\$349,600.00</b> |
| <b>Construction Phase Services - Lump Sum</b>    |                                 | <b>TBD</b>          |
| <b>Sub-Total Cost</b>                            |                                 | <b>TBD</b>          |
| <b>Design-Builder's Contingency Allowance</b>    |                                 | <b>TBD</b>          |
| <b>Total</b>                                     |                                 | <b>TBD</b>          |
| <u>Initial</u>                                   |                                 | <u>Date</u>         |
| OWNER: <i>BUM/SL</i>                             |                                 | <i>3/26/26</i>      |
| FVC: <i>RWW</i>                                  |                                 | <i>3/25/26</i>      |

## EXHIBIT C - Step 2 Construction

|                                                                                               |                           |                                |
|-----------------------------------------------------------------------------------------------|---------------------------|--------------------------------|
| Client Name: <b>Kalamazoo Lake Sewer &amp; Water Authority</b>                                | Estimator: <b>CBT</b>     | Date: <b>July 2026</b>         |
| Job Name: <b>Wastewater System Improvements CWSRF Project No. 5907-01</b>                     | Design By: <b>F&amp;V</b> | Bid Date: <b>June 22, 2026</b> |
| Location: <b>6449 Old Allegan Road, P.O. Box 789, Saugatuck, MI</b>                           | Check By: <b>RWW</b>      |                                |
| Job Number: <b>1247   858991</b>                                                              |                           |                                |
| Description: <b>Improvements to the existing wastewater treatment plant.</b>                  |                           |                                |
| Duration: <b>Construction lasting approximately 15 months to reach Substantial Completion</b> |                           |                                |

| Trade Category                                   | Subcontractor / Location                   | Budget         |
|--------------------------------------------------|--------------------------------------------|----------------|
| Contract 1 Site Work & Excavation                | Compton Inc.   South Haven, MI             | \$258,664.00   |
| Contract 2 Lagoon Cleaning*                      | Biotech Agronomics   Beulah, MI            | \$720,250.00   |
| Contract 3 General Trades                        | First Peninsula   Grand Rapids, MI         | \$108,005.00   |
| Contract 4 Painting                              | Murray Painting   Freeland, MI             | \$219,844.00   |
| Contract 5 Mechanical                            | JK of Michigan   Jackson, MI               | \$715,000.00   |
| Contract 6 Electrical, Instrumentation & Control | Bazen Electric Company   Grand Rapids, MI  | \$401,263.00   |
| Contract 7 Owner's System Integrator             | West Michigan Instrumentation   Nunica, MI | \$20,000.00    |
| Gas Utility Allowance                            |                                            | \$15,000.00    |
| Soil Disposal Allowance                          |                                            | \$50,000.00    |
| Total of Trades                                  |                                            | \$2,508,026.00 |
| General Conditions - Lump Sum                    |                                            | \$276,007.00   |
| Sub Total                                        |                                            | \$2,784,033.00 |
| Design Builder's Fee - Lump Sum                  |                                            | \$236,643.00   |
| Sub Total                                        |                                            | \$3,020,676.00 |
| Design Phase Services - Lump Sum                 |                                            | \$349,600.00   |
| Construction Phase Services - Lump Sum           |                                            | \$476,200.00   |
| Sub-Total Cost                                   |                                            | \$3,846,476.00 |
| Design-Builder's Contingency Allowance           |                                            | \$192,324.00   |
| Total                                            |                                            | \$4,038,800.00 |

\*Contracts that are unit price. See attached schedule for estimated quantities and pricing. Final costs will be based on actual quantities placed.

|                 |               |
|-----------------|---------------|
| Initial         | Date          |
| OWNER: _____    | _____         |
| FVC: <u>RWW</u> | <u>7/2/26</u> |



| Contract 2 - Lagoon Cleaning                       |         |                    |             |                     |
|----------------------------------------------------|---------|--------------------|-------------|---------------------|
| Biotech Agronomics                                 |         |                    |             |                     |
| Bid Item                                           | Unit    | Estimated Quantity | Unit Price  | Amount              |
| General Conditions, Mobilization, Bonds, Insurance | LS      | 1                  | \$34,000.00 | \$34,000.00         |
| Sludge Removal                                     | Gallons | 3,050,000          | \$0.225     | \$686,250.00        |
| <b>Total</b>                                       |         |                    |             | <b>\$720,250.00</b> |

## **EXHIBIT D**

Conform to Contract Documents

## EXHIBIT E - INSURANCE REQUIREMENTS & LIMITATIONS

### 1 Design Builder's Liability Insurance

1.1 The Design-Builder shall purchase and maintain such insurance that shall protect the Design-Builder from the claims set forth below that may arise out of or result from the Design-Builder's performance of Services pursuant to this Agreement:

1.1.1 Claims under Workers' compensation, disability benefits and other similar employee benefits acts that are applicable to the work performed;

1.1.2 Claims for damages because of bodily injury, occupational sickness or disease or death of Design-Builder's employees under any applicable employer's liability law;

1.1.3 Claims for damages because of bodily injury or death of any person other than Design-Builder's employees;

1.1.4 Claims for damages insured by usual personal injury liability coverage that are sustained (1) by any person as a result of an offense directly related to the employment of such person by the Design-Builder or (2) by any other person;

1.1.5 Claims for damages, other than to the work itself, because of injury to or destruction of tangible property, including loss or use therefrom; or

1.1.6 Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle.

1.2 The comprehensive General and Automobile Liability Insurance shall be written for not less than the following limits of liability:

#### a. Comprehensive General Liability

|                                                                                                                       |              |
|-----------------------------------------------------------------------------------------------------------------------|--------------|
| 1. General Aggregate:                                                                                                 | \$2,000,000  |
| 2. Products - Completed Operations Aggregate:                                                                         | \$2,000,000  |
| 3. Personal and Advertising Injury:                                                                                   | \$1,000,000  |
| 4. Each Occurrence (Bodily Injury and Property Damage                                                                 | \$1,000,000  |
| 5. Property Damage liability insurance shall provide Explosion, Collapse and Underground coverages, where applicable. |              |
| 6. Excess or Umbrella Liability:                                                                                      |              |
| a. General Aggregate:                                                                                                 | \$10,000,000 |
| b. Each Occurrence:                                                                                                   | \$10,000,000 |

#### b. Automobile Liability

1. Combined Single Limit (Bodily Injury and Property Damage):

|                |             |
|----------------|-------------|
| Each Accident: | \$1,000,000 |
|----------------|-------------|

1.3 Comprehensive General Liability insurance may be arranged under a single policy for the full Limits required or by a combination of underlying policies with the balance provided by an excess or umbrella liability policy.

- 1.4 Professional Liability Insurance. Design-Builder shall obtain, furnish, and maintain in full force and effect without interruption during and throughout the term of this Agreement, at its sole cost, professional liability insurance covering liability arising out of or based upon any negligent design, engineering, planning, consulting or Design Services.
- 1.4.1 Limitation of Liability. Design-Builder shall not be liable for any claim, damage, cost, expense or other liability not directly and solely caused by negligent acts, errors or omissions of Design-Builder. The total liability of Design-Builder under any legal theory whatsoever, in the aggregate, as well as any claimed liability of Design-Builder's officers, directors, employees, or agents or consultants, for any claims arising out of the Agreement, shall not exceed the total amount of available insurance proceeds in response to Owner's claim. Design-Builder currently maintains an annual per claim Liability policy in the amount of \$5.0 million and an aggregate insurance policy for Professional Errors and Omissions in the amount of \$7.0 million.
- 1.5 The foregoing policies shall contain a provision that coverages afforded under the policies shall not be cancelled or expire until at least thirty (30) days written notice has been given to the Owner and shall include either a Liability endorsement covering this Agreement or an endorsement making the Owner an additional insured under the policies. Certificates of insurance showing such coverages to be in force shall be filed with the Owner prior to commencement of the Design-Builder's services.
- 2 Builder's Risk Insurance
- 2.1 The Design-Builder shall be responsible for purchasing and maintaining insurance to protect the Project from perils of physical loss. The insurance shall provide for the cost of replacement of the insurable assets at the time of loss. The builder's risk policy shall insure against loss from the perils of fire and coverage for physical loss or damage due to theft, vandalism, collapse, malicious mischief, transit, or testing. The Design-Builder shall increase the coverage limits as necessary to reflect changes in the estimated replacement cost.
- 3 Property Insurance
- 3.1 If the Owner occupies or uses a part or parts of the Project prior to substantial completion thereof, such occupancy shall not occur until the Owner obtains property insurance for the structure and until all insurance companies providing insurance for the Project consent to such occupancy by endorsement to the insurance policies.
- 4 Owner's Insurance
- 4.1 The Design-Builder shall be named as an additional insured in any insurance policy for the Project that may be obtained by the Owner.

## **Performance & Payment Bonds**

## **Certificate of Insurance**



# MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY

Finance Division

## DRINKING WATER STATE REVOLVING FUND, CLEAN WATER STATE REVOLVING FUND, AND STRATEGIC WATER QUALITY INITIATIVES FUND REQUEST FOR DISBURSEMENT OF FUNDS

*As required under authority of Parts 52, 53, and 54 of NREPA, 1994 PA 451, as amended.*

### General Information

You must complete the information on pages 1 and 2 for each request for disbursement of funds that is submitted to the State Revolving Funds (SRF). A separate form is required for each assigned SRF project number. Detailed instructions can be found at the end of this document. Email this completed request along with cost supporting documentation (invoices) to your [EGLE project manager](#).

SRF Project Number: \_\_\_\_\_ Request #: \_\_\_\_\_ Request Type: ☐ Partial ☐ Final

Period Covered by Request (M/D/Y): \_\_\_\_\_ to \_\_\_\_\_ Loan Amount: \_\_\_\_\_

Loan Recipient's Name: \_\_\_\_\_ Recipient's EIN: \_\_\_\_\_

Address: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Recipient's Bank Name: \_\_\_\_\_

Address: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Account Name: \_\_\_\_\_ ABA #: \_\_\_\_\_ Account #: \_\_\_\_\_

Special Instructions: \_\_\_\_\_

**You must complete the information above along with page 2 for your request to be processed.**

### FOR EGLE USE ONLY

Amount this request from SRF loan (including BIL supplemental): \_\_\_\_\_

Amount this request from BIL EC: \_\_\_\_\_

Amount this request from BIL LSLR: \_\_\_\_\_

Amount this request from Grants ARP: \_\_\_\_\_ DWI: \_\_\_\_\_

Amount this request from Booker/WIFTA: \_\_\_\_\_

| Budget Items (all amounts to the penny)                           | Approved Amount Incurred this Period | Approved Amount Incurred to Date |
|-------------------------------------------------------------------|--------------------------------------|----------------------------------|
| 1. Asset Management Program/Fiscal Sustainability Costs           |                                      |                                  |
| 2. Planning Costs                                                 |                                      |                                  |
| 3. Rate Methodology Development Costs                             |                                      |                                  |
| 4. Design Engineering Costs                                       |                                      |                                  |
| 5. Legal/Financial Service Fees                                   |                                      |                                  |
| 6. Administrative Costs                                           |                                      |                                  |
| 7. Bond Counsel Fees                                              |                                      |                                  |
| 8. Bond Advertisement Costs                                       |                                      |                                  |
| 9. Bid Advertisement Costs                                        |                                      |                                  |
| 10. Capitalized Interest                                          |                                      |                                  |
| 11. Land Acquisition/Relocation Costs                             |                                      |                                  |
| 12. Land Purchase Costs                                           |                                      |                                  |
| 13. Construction Engineering Costs                                |                                      |                                  |
| 14. Construction Costs (Bid Contracts)                            |                                      |                                  |
| 15. Construction Costs (Force Account)                            |                                      |                                  |
| 16. Equipment Costs                                               |                                      |                                  |
| 17. Other Project Costs                                           |                                      |                                  |
| 18. Adjustments Due to Other Funding                              |                                      |                                  |
| 19. Reimbursement from SRF-associated grant (ARP-SRF, DWI, Other) |                                      |                                  |
| 20. Total Amount Incurred This Period                             | \$0.00                               |                                  |
| 21. Total Cumulative Amount Incurred to Date                      |                                      | 0                                |
| 22. Amount Previously Disbursed                                   |                                      |                                  |
| 23. Amount Requested for Loan Disbursement                        |                                      | \$0.00                           |

I certify that I am an authorized representative of the recipient and am authorized to make the following certifications on behalf of the recipient: (i) there is no pending litigation or event which will materially and adversely affect the project, the prospects for its completion, or the recipient's ability to make timely repayments on the obligation issued in connection with this project; (ii) the representations, warranties and covenants contained in the supplemental agreement for the obligations pursuant to which this request for disbursement is submitted continue to be true and accurate in all material respects as of the date hereof; (iii) to the best of my knowledge and belief, the costs above were incurred in accordance with the terms of the supplemental agreement and the application for assistance for this project; and (iv) the amount requested for disbursement represents the loan amount due, which has not previously been requested.

Authorized Representative Name: \_\_\_\_\_ Title: \_\_\_\_\_

Authorized Representative Signature: \_\_\_\_\_ Date: \_\_\_\_\_

#### FOR EGLE USE ONLY

Approved by EGLE Project Manager: \_\_\_\_\_ Date: \_\_\_\_\_

## Instructions for Completing the Request for Disbursement of Funds

- Provide the SRF project number that was assigned by EGLE.
- Identify the number of this disbursement request.
- Check whether this is a partial or the final disbursement request. All requests are partial, except for the final request.
- Identify the calendar period covered by this disbursement request. This should align with the period costs were incurred and period of work completed for which reimbursement is sought.
- Enter the loan amount as shown in the Order of Approval. Do not include grant dollars in this amount.
- Enter the loan recipient's (bond issuer) name, address, and telephone number. This information must match data on file with EGLE. If changes have occurred, please inform your EGLE project manager when submitting the request.
- Provide the loan recipient's federal employer identification number (EIN).
- Enter the loan recipient's bank's name, address, telephone number, ABA routing number, the account name and number, and any special instructions for the wire transfer to that account. This information must match data on file with EGLE. If changes have occurred, please inform your EGLE project manager when submitting the request.
- For each budget item, enter the amount requested for the period covered by this request in the approved amount incurred this period column, and then the cumulative amount to date from project inception in the approved amount incurred to date column. The approved amount incurred to date includes previous reimbursed costs plus the amount requested this period. Entries in this section must be left to the penny and not rounded. If costs have been incurred for a budget item that was not shown in the EGLE Order of Approval, please inform your EGLE project manager when submitting the request.
  1. Enter the costs invoiced and/or paid for services directly associated with municipality's Asset Management Program and/or Fiscal Sustainability Costs. Include salaries of municipal employees, if applicable.
  2. Enter the costs invoiced and/or paid for planning (do not include costs of tangible assets such as pilot facilities and test wells).
  3. Enter the costs invoiced and/or paid for services directly associated with the development and enactment of the municipality's rate methodology and any related ordinances.
  4. Enter the costs invoiced and/or paid for project design work required prior to actual construction.
  5. Enter the costs invoiced and/or paid for legal or financial services **except** costs associated with the issuance of bonds related to this project. Treasury filing fees should be included on this line.
  6. Enter the costs incurred for salaries and indirect costs of the water supplier or municipal employees involved in the project administration.
  7. Enter the costs invoiced and/or paid for bond counsel services associated with the issuance of bonds related to this project.
  8. Enter the costs invoiced and/or paid to publish legal notices related to the sale of bonds related to this project.
  9. Enter the costs invoiced and/or paid to publish advertisements for bids for the project construction contracts.
  10. Enter only the amount of capitalized interest invoiced and/or paid for the period covered by this request.
  11. Enter the costs invoiced and/or paid for services related to compliance with the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (49 CFR Part 24).

12. Enter the costs invoiced and/or paid for the purchase of property which was deemed eligible and included in the Supplemental Agreement.
13. Enter the costs invoiced and/or paid for project construction engineering services.
14. Enter the costs invoiced and/or paid under the project construction contracts. If construction costs are included in your request, a completed form [EQP1455 Davis-Bacon Act Compliance Certification](#) must also be included.
15. Enter the costs incurred for salaries and indirect costs of the water supplier or municipal employees involved in the project construction labor (\$50,000 limit).
16. Enter the costs invoiced and/or paid for equipment purchased as part of this project.
17. Enter other costs invoiced and/or paid for miscellaneous items that were approved by EGLE for inclusion in this project. If new items have been procured, please inform your EGLE project manager when submitting the request.
18. Enter adjustment which arises from reimbursements by other funding sources outside of EGLE SRF grants (USDA-RD, other grant, etc.) or the use of cash on hand. This number must be entered as a negative number for the request. Ex. -140,000.
19. Enter adjustment which arises from reimbursements of American Rescue Plan – State Revolving Fund (ARP-SRF) grant funds, Drinking Water Infrastructure (DWI) grant funds, or another SRF-associated grant. Costs will be shown as a deduct for the SRF loan but will be reimbursed through the grant. This number must be entered as a negative number for the request. Ex. -140,000.
22. Enter the total amount of funds previously paid (Line 21 Total Cumulative Amount Incurred to Date on the previous disbursement request).
  - The provided form will automatically add the amounts listed in both columns 1 and 2. These totals will be shown on lines 20 and 21. Upon entering the amount on line 22, the amount requested for disbursement will automatically show on line 23.

### Additional Information

- Requests for Disbursement of Funds for loan dollars are processed weekly on Wednesdays. Ensure submittal to your EGLE project manager early in the week to allow for timely reimbursement in the following week.
- Up to two Requests for Disbursement of Funds can be processed each calendar month for each loan. Please note that you must submit the first loan disbursement request within 90 days of loan closing and continue submitting disbursement requests no less than quarterly throughout the project until the initiation of operations (I/O) date.
- Your [EGLE project manager](#) can assist you in completing this form. Any questions or issues using the form can be directed to your EGLE project manager.

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If you need this information in an alternate format, contact [EGLE-Accessibility@Michigan.gov](mailto:EGLE-Accessibility@Michigan.gov) or call 800-662-9278.

EGLE does not discriminate on the basis of race, sex, religion, age, national origin, color, marital status, disability, political beliefs, height, weight, genetic information, or sexual orientation in the administration of any of its programs or activities, and prohibits intimidation and retaliation, as required by applicable laws and regulations.

This form and its contents are subject to the Freedom of Information Act and may be released to the public.

## **Typical CWSRF Disbursement Form**

## **Typical Certificate of Substantial Completion**



## CERTIFICATE OF SUBSTANTIAL COMPLETION

---

OWNER: **Kalamazoo Lake Sewer & Water Authority**

DESIGN BUILDER: **F&V Construction**

Project: **Wastewater System Improvements CWSRF Project No. 5907-01**

Project No.: **PC0273**

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This **partial/definitive** Certificate of Substantial Completion applies to:

- ☐ All Work under the Contract Documents:
- ☐ The following specified portions of the Work:

Date of Substantial Completion: \_\_\_\_\_

The Work to which this Certificate applies has been inspected by authorized representatives of OWNER AND DESIGN BUILDER and found to be substantially complete. The date of Substantial Completion of the Project or portion thereof designated above is hereby declared and is also the date of commencement of applicable warranties required by the Contract Documents, except as stated below.

---

This certificate does not constitute an acceptance of Work not in accordance with the Contract Documents nor is it a release of DESIGN BUILDER'S obligation to complete the Work in accordance with the Contract Documents.

---

Executed by DESIGN BUILDER

\_\_\_\_\_ Date

Accepted by OWNER

\_\_\_\_\_ Date

# MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY

## Certification Regarding Debarment, Suspension, and Other Responsibility Matters

The prime contractor must provide a completed *Certification Regarding Debarment, Suspension, and Other Responsibility Matters Form* with its bid or proposal package to the owner.

The prospective participant certifies, to the best of its knowledge and belief, that it and its principals:

- (1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in transactions under federal nonprocurement programs by any federal department or agency;
- (2) Have not, within the three-year period preceding the proposal, had one or more public transactions (federal, state, or local) terminated for cause or default; and
- (3) Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) and have not, within the three-year period preceding the proposal, been convicted of or had a civil judgment rendered against it:
  - (a) For the commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction (federal, state, or local) or a procurement contract under such a public transaction;
  - (b) For the violation of federal or state antitrust statutes, including those proscribing price fixing between competitors, the allocation of customers between competitors, or bid rigging; or
  - (c) For the commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property.

I understand that a false statement on this certification may be grounds for the rejection of this proposal or the termination of the award. In addition, under 18 U.S.C. §1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to five years, or both.

Robert W. Wilcox, PE, Vice President

\_\_\_\_\_  
Name and Title of Authorized Representative

F&V Construction

\_\_\_\_\_  
Name of Participant Agency or Firm



\_\_\_\_\_  
Signature of Authorized Representative

6/30/26

\_\_\_\_\_  
Date

☐ I am unable to certify to the above statement. Attached is my explanation.

**A RESOLUTION TO TENTATIVELY AWARD  
A CONSTRUCTION CONTRACT  
FOR WASTEWATER SYSTEM IMPROVEMENTS**

**WHEREAS**, the **Kalamazoo Lake Sewer and Water Authority** wishes to construct improvements to its existing wastewater treatment system; and

**WHEREAS**, the wastewater system improvements project formally adopted on April 19, 2023 will be funded through Michigan's Clean Water State Revolving Fund (CWSRF) program; and

**WHEREAS**, Kalamazoo Lake Sewer and Water Authority has sought and received construction bids for the proposed improvements and has received a guaranteed maximum price for construction in the amount not to exceed \$4,038,800.00 from F&V Construction; and

**WHEREAS**, the Owner's Advisor, Robert Miller, Jr., has recommended awarding the contract to F&V Construction.

**NOW THEREFORE BE IT RESOLVED**, that the Kalamazoo Lake Sewer and Water Authority tentatively awards the contract for construction of the proposed wastewater system improvements project to F&V Construction, contingent upon successful financial arrangements with the CWSRF program.

Yeas:

Nays:

Abstain:

Absent:

I certify that the above Resolution was adopted by the Kalamazoo Lake Sewer and Water Authority on

\_\_\_\_\_.

BY:

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

# Memo

**To:** *Kalamazoo Lake Sewer & Water Authority (the “Authority”)*  
**From:** *Andy Campbell, CPA, Registered Municipal Advisor*  
**Date:** *July 9, 2026*  
**Re:** *2026 Clean Water State Revolving Fund Bond Issue (“2026 CWSRF”)  
Financials*

This memo is being written to give the council updates on the 2026 Clean Water State Revolving Fund bond issue and potential user rates needed to cover the debt. It is important to note that this memo is only a general overview of the budget and debt payments, not a full rate study at this time. A full rate study will be performed after completion of the contract discussions so that the Authority can account for all contract responsibilities.

Project Assumptions:

- Contract 1 (includes construction, engineering and contingency) - \$4,099,320
- Bond Costs of Issuance - \$60,520
- Total 2026 CWSRF Project Costs - \$4,099,320

The Authority Board’s main decisions are approving the project as bid (with the details above) and then what principal term to choose for the bond issue (20 or 30 years).

The current 2012 CWSRF bond issue payments are just under \$300,000/year. This bond issue is paid off in the 2033/34 fiscal year (see page 3 of this memo). We will be structuring the 2026 CWSRF bond issue around the 2012 CWSRF bond issue as much as possible to avoid major increased overlap payments. You will see on pages 6 and 8 that the structure for the 2026 CWSRF bond issue will be the same for the overlapping years. The total bond payments will rise over time to about \$450,000/year in 2033/34. This overlapping will mean that the Authority will have to raise the debt charge rate 5%/year for the next four fiscal years to cover the debt payments.

After the overlapping payment years, the differences between the two term options show. On page 6, for the 30-year option, you will see that the yearly payments drop to about \$217,000/year. On page 8, for the 20-year option, you will see that the yearly payments drop to about \$309,000/year.

One of the main pros to selecting the 20-year principal repayment option (pages 7-8) is interest savings. The interest rate is slightly lower at 2.50% and the total estimated interest rate savings over time is \$785,000.



The 30-year principal repayment (pages 4-6) option has a slightly higher interest rate of 2.75%. The main pro of this option will be that after the debt charge rates are increased to cover the overlapping debt payment years, the drop in payments is more significant (down to \$217,000/year) and would allow for the layering in of a larger project without having to change the debt rate further.

Overall, since the debt charge rate increases must be the same, the decision comes down to saving interest costs and paying off the debt 10 years earlier with the 20-year principal repayment option vs. having more budget flexibility for future projects later with the 30-year principal repayment option.

Let me know if you have any questions or would like to see anything further at this time.



**KALAMAZOO LAKE SEWER AND WATER AUTHORITY**  
**COUNTY OF ALLEGAN, STATE OF MICHIGAN**  
Debt Service Schedule of:  
2012 CWSRF Bonds - Issued through Allegan County

| Date               | Interest<br>Rate | Principal<br>Payments | Interest<br>Payments | Total Principal<br>and Interest | Fiscal Year<br>Total | Fiscal Year |
|--------------------|------------------|-----------------------|----------------------|---------------------------------|----------------------|-------------|
| 04/01/26           | 2.500%           | \$245,000             | \$26,938.63          | \$271,938.63                    |                      |             |
| 10/01/26           |                  |                       | 23,876.13            | 23,876.13                       | \$295,814.76         | 2026/27     |
| 04/01/27           | 2.500%           | 255,000               | 23,876.13            | 278,876.13                      |                      |             |
| 10/01/27           |                  |                       | 20,688.63            | 20,688.63                       | 299,564.76           | 2027/28     |
| 04/01/28           | 2.500%           | 260,000               | 20,688.63            | 280,688.63                      |                      |             |
| 10/01/28           |                  |                       | 17,438.63            | 17,438.63                       | 298,127.26           | 2028/29     |
| 04/01/29           | 2.500%           | 265,000               | 17,438.63            | 282,438.63                      |                      |             |
| 10/01/29           |                  |                       | 14,126.13            | 14,126.13                       | 296,564.76           | 2029/30     |
| 04/01/30           | 2.500%           | 270,000               | 14,126.13            | 284,126.13                      |                      |             |
| 10/01/30           |                  |                       | 10,751.13            | 10,751.13                       | 294,877.26           | 2030/31     |
| 04/01/31           | 2.500%           | 280,000               | 10,751.13            | 290,751.13                      |                      |             |
| 10/01/31           |                  |                       | 7,251.13             | 7,251.13                        | 298,002.26           | 2031/32     |
| 04/01/32           | 2.500%           | 285,000               | 7,251.13             | 292,251.13                      |                      |             |
| 10/01/32           |                  |                       | 3,688.63             | 3,688.63                        | 295,939.76           | 2032/33     |
| 04/01/33           | 2.500%           | 295,090               | 3,688.63             | 298,778.63                      | 298,778.63           | 2033/34     |
| Total Outstanding: |                  |                       |                      | \$2,377,669.45                  | \$2,377,669.45       |             |



**KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
 COUNTY OF ALLEGAN, STATE OF MICHIGAN**

Debt Service Schedule of:

2026 CWSRF Revenue Bonds - 30-Year Repayment - ESTIMATED

| Date     | Interest Rate | Principal Payments | Interest Payments | Total Principal and Interest | Fiscal Year Total | Fiscal Year |
|----------|---------------|--------------------|-------------------|------------------------------|-------------------|-------------|
| 04/01/27 |               |                    | \$25,000.00       | \$25,000.00                  |                   |             |
| 10/01/27 |               |                    | 50,000.00         | 50,000.00                    | \$75,000.00       | 2027/28     |
| 04/01/28 |               |                    | 56,365.65         | 56,365.65                    |                   |             |
| 10/01/28 |               |                    | 56,365.65         | 56,365.65                    | 112,731.30        | 2028/29     |
| 04/01/29 | 2.750%        | \$24,320           | 56,365.65         | 80,685.65                    |                   |             |
| 10/01/29 |               |                    | 56,031.25         | 56,031.25                    | 136,716.90        | 2029/30     |
| 04/01/30 | 2.750%        | 25,000             | 56,031.25         | 81,031.25                    |                   |             |
| 10/01/30 |               |                    | 55,687.50         | 55,687.50                    | 136,718.75        | 2030/31     |
| 04/01/31 | 2.750%        | 45,000             | 55,687.50         | 100,687.50                   |                   |             |
| 10/01/31 |               |                    | 55,068.75         | 55,068.75                    | 155,756.25        | 2031/32     |
| 04/01/32 | 2.750%        | 45,000             | 55,068.75         | 100,068.75                   |                   |             |
| 10/01/32 |               |                    | 54,450.00         | 54,450.00                    | 154,518.75        | 2032/33     |
| 04/01/33 | 2.750%        | 45,000             | 54,450.00         | 99,450.00                    |                   |             |
| 10/01/33 |               |                    | 53,831.25         | 53,831.25                    | 153,281.25        | 2033/34     |
| 04/01/34 | 2.750%        | 110,000            | 53,831.25         | 163,831.25                   |                   |             |
| 10/01/34 |               |                    | 52,318.75         | 52,318.75                    | 216,150.00        | 2034/35     |
| 04/01/35 | 2.750%        | 115,000            | 52,318.75         | 167,318.75                   |                   |             |
| 10/01/35 |               |                    | 50,737.50         | 50,737.50                    | 218,056.25        | 2035/36     |
| 04/01/36 | 2.750%        | 115,000            | 50,737.50         | 165,737.50                   |                   |             |
| 10/01/36 |               |                    | 49,156.25         | 49,156.25                    | 214,893.75        | 2036/37     |
| 04/01/37 | 2.750%        | 120,000            | 49,156.25         | 169,156.25                   |                   |             |
| 10/01/37 |               |                    | 47,506.25         | 47,506.25                    | 216,662.50        | 2037/38     |
| 04/01/38 | 2.750%        | 125,000            | 47,506.25         | 172,506.25                   |                   |             |
| 10/01/38 |               |                    | 45,787.50         | 45,787.50                    | 218,293.75        | 2038/39     |
| 04/01/39 | 2.750%        | 130,000            | 45,787.50         | 175,787.50                   |                   |             |
| 10/01/39 |               |                    | 44,000.00         | 44,000.00                    | 219,787.50        | 2039/40     |
| 04/01/40 | 2.750%        | 130,000            | 44,000.00         | 174,000.00                   |                   |             |
| 10/01/40 |               |                    | 42,212.50         | 42,212.50                    | 216,212.50        | 2040/41     |
| 04/01/41 | 2.750%        | 135,000            | 42,212.50         | 177,212.50                   |                   |             |
| 10/01/41 |               |                    | 40,356.25         | 40,356.25                    | 217,568.75        | 2041/42     |
| 04/01/42 | 2.750%        | 140,000            | 40,356.25         | 180,356.25                   |                   |             |
| 10/01/42 |               |                    | 38,431.25         | 38,431.25                    | 218,787.50        | 2042/43     |
| 04/01/43 | 2.750%        | 140,000            | 38,431.25         | 178,431.25                   |                   |             |
| 10/01/43 |               |                    | 36,506.25         | 36,506.25                    | 214,937.50        | 2043/44     |
| 04/01/44 | 2.750%        | 145,000            | 36,506.25         | 181,506.25                   |                   |             |
| 10/01/44 |               |                    | 34,512.50         | 34,512.50                    | 216,018.75        | 2044/45     |
| 04/01/45 | 2.750%        | 150,000            | 34,512.50         | 184,512.50                   |                   |             |
| 10/01/45 |               |                    | 32,450.00         | 32,450.00                    | 216,962.50        | 2045/46     |



**KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
COUNTY OF ALLEGAN, STATE OF MICHIGAN**

Debt Service Schedule of:

2026 CWSRF Revenue Bonds - 30-Year Repayment - ESTIMATED

| Date               | Interest Rate | Principal Payments | Interest Payments     | Total Principal and Interest | Fiscal Year Total     | Fiscal Year |
|--------------------|---------------|--------------------|-----------------------|------------------------------|-----------------------|-------------|
| (Continued)        |               |                    |                       |                              |                       |             |
| 04/01/46           | 2.750%        | 155,000            | 32,450.00             | 187,450.00                   |                       |             |
| 10/01/46           |               |                    | 30,318.75             | 30,318.75                    | 217,768.75            | 2046/47     |
| 04/01/47           | 2.750%        | 160,000            | 30,318.75             | 190,318.75                   |                       |             |
| 10/01/47           |               |                    | 28,118.75             | 28,118.75                    | 218,437.50            | 2047/48     |
| 04/01/48           | 2.750%        | 165,000            | 28,118.75             | 193,118.75                   |                       |             |
| 10/01/48           |               |                    | 25,850.00             | 25,850.00                    | 218,968.75            | 2048/49     |
| 04/01/49           | 2.750%        | 165,000            | 25,850.00             | 190,850.00                   |                       |             |
| 10/01/49           |               |                    | 23,581.25             | 23,581.25                    | 214,431.25            | 2049/50     |
| 04/01/50           | 2.750%        | 170,000            | 23,581.25             | 193,581.25                   |                       |             |
| 10/01/50           |               |                    | 21,243.75             | 21,243.75                    | 214,825.00            | 2050/51     |
| 04/01/51           | 2.750%        | 175,000            | 21,243.75             | 196,243.75                   |                       |             |
| 10/01/51           |               |                    | 18,837.50             | 18,837.50                    | 215,081.25            | 2051/52     |
| 04/01/52           | 2.750%        | 180,000            | 18,837.50             | 198,837.50                   |                       |             |
| 10/01/52           |               |                    | 16,362.50             | 16,362.50                    | 215,200.00            | 2052/53     |
| 04/01/53           | 2.750%        | 185,000            | 16,362.50             | 201,362.50                   |                       |             |
| 10/01/53           |               |                    | 13,818.75             | 13,818.75                    | 215,181.25            | 2053/54     |
| 04/01/54           | 2.750%        | 190,000            | 13,818.75             | 203,818.75                   |                       |             |
| 10/01/54           |               |                    | 11,206.25             | 11,206.25                    | 215,025.00            | 2054/55     |
| 04/01/55           | 2.750%        | 195,000            | 11,206.25             | 206,206.25                   |                       |             |
| 10/01/55           |               |                    | 8,525.00              | 8,525.00                     | 214,731.25            | 2055/56     |
| 04/01/56           | 2.750%        | 200,000            | 8,525.00              | 208,525.00                   |                       |             |
| 10/01/56           |               |                    | 5,775.00              | 5,775.00                     | 214,300.00            | 2056/57     |
| 04/01/57           | 2.750%        | 205,000            | 5,775.00              | 210,775.00                   |                       |             |
| 10/01/57           |               |                    | 2,956.25              | 2,956.25                     | 213,731.25            | 2057/58     |
| 04/01/58           | 2.750%        | 215,000            | 2,956.25              | 217,956.25                   | 217,956.25            | 2058/59     |
| Total Outstanding: |               | <u>\$4,099,320</u> | <u>\$2,235,371.95</u> | <u>\$6,334,691.95</u>        | <u>\$6,334,691.95</u> |             |

**KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
COUNTY OF ALLEGAN, STATE OF MICHIGAN**

*Schedule of Revenues, Expenditures, Debt Service Requirements and Coverage - 30-Year Repayment*

| Fiscal<br>Year End | Rate<br>Revenues [1] | Debt Charge<br>Revenues | Other<br>Revenues | Expenses [2]   | Net<br>Cash Flow | 2012 CWSRF<br>Debt<br>Payments | 2026 CWSRF<br>Debt<br>Payments | Rate<br>Coverage |
|--------------------|----------------------|-------------------------|-------------------|----------------|------------------|--------------------------------|--------------------------------|------------------|
| 2026/27            | \$1,669,729.89       | \$374,378.00            | \$95,000.00       | \$1,789,319.00 | \$349,788.89     | \$295,814.76                   | -                              | 1.18             |
| 2027/28            | 1,736,519.09 [3]     | 393,096.90 [4]          | 95,000.00         | 1,842,998.57   | 381,617.42       | 299,564.76                     | \$75,000.00                    | 1.02             |
| 2028/29            | 1,805,979.85         | 412,751.75              | 95,000.00         | 1,898,288.53   | 415,443.07       | 298,127.26                     | 112,731.30                     | 1.01             |
| 2029/30            | 1,878,219.04         | 433,389.33              | 95,000.00         | 1,955,237.18   | 451,371.19       | 296,564.76                     | 136,716.90                     | 1.04             |
| 2030/31            | 1,953,347.80         | 455,058.80 [4]          | 95,000.00         | 2,013,894.30   | 489,512.31       | 294,877.26                     | 136,718.75                     | 1.13             |
| 2031/32            | 2,031,481.72         | 455,058.80              | 95,000.00         | 2,074,311.13   | 507,229.39       | 298,002.26                     | 155,756.25                     | 1.12             |
| 2032/33            | 2,112,740.99         | 455,058.80              | 95,000.00         | 2,136,540.46   | 526,259.32       | 295,939.76                     | 154,518.75                     | 1.17             |
| 2033/34            | 2,197,250.62         | 455,058.80              | 95,000.00         | 2,200,636.68   | 546,672.75       | 298,778.63                     | 153,281.25                     | 1.21             |
| 2034/35            | 2,285,140.65         | 455,058.80              | 95,000.00         | 2,266,655.78   | 568,543.67       | -                              | 216,150.00                     | 2.63             |
| 2035/36            | 2,376,546.28         | 455,058.80              | 95,000.00         | 2,334,655.45   | 591,949.63       | -                              | 218,056.25                     | 2.71             |
| 2036/37            | 2,471,608.13         | 455,058.80              | 95,000.00         | 2,404,695.11   | 616,971.81       | -                              | 214,893.75                     | 2.87             |
| 2037/38            | 2,570,472.45         | 455,058.80              | 95,000.00         | 2,476,835.97   | 643,695.29       | -                              | 216,662.50                     | 2.97             |
| 2038/39            | 2,673,291.35         | 455,058.80              | 95,000.00         | 2,551,141.04   | 672,209.10       | -                              | 218,293.75                     | 3.08             |
| 2039/40            | 2,780,223.00         | 455,058.80              | 95,000.00         | 2,627,675.28   | 702,606.53       | -                              | 219,787.50                     | 3.20             |
| 2040/41            | 2,891,431.92         | 455,058.80              | 95,000.00         | 2,706,505.53   | 734,985.19       | -                              | 216,212.50                     | 3.40             |
| 2041/42            | 3,007,089.20         | 455,058.80              | 95,000.00         | 2,787,700.70   | 769,447.30       | -                              | 217,568.75                     | 3.54             |
| 2042/43            | 3,127,372.77         | 455,058.80              | 95,000.00         | 2,871,331.72   | 806,099.85       | -                              | 218,787.50                     | 3.68             |
| 2043/44            | 3,252,467.68         | 455,058.80              | 95,000.00         | 2,957,471.67   | 845,054.81       | -                              | 214,937.50                     | 3.93             |
| 2044/45            | 3,382,566.39         | 455,058.80              | 95,000.00         | 3,046,195.82   | 886,429.36       | -                              | 216,018.75                     | 4.10             |
| 2045/46            | 3,517,869.04         | 455,058.80              | 95,000.00         | 3,137,581.70   | 930,346.14       | -                              | 216,962.50                     | 4.29             |
| 2046/47            | 3,658,583.80         | 455,058.80              | 95,000.00         | 3,231,709.15   | 976,933.46       | -                              | 217,768.75                     | 4.49             |
| 2047/48            | 3,804,927.16         | 455,058.80              | 95,000.00         | 3,328,660.42   | 1,026,325.53     | -                              | 218,437.50                     | 4.70             |
| 2048/49            | 3,957,124.24         | 455,058.80              | 95,000.00         | 3,428,520.24   | 1,078,662.81     | -                              | 218,968.75                     | 4.93             |
| 2049/50            | 4,115,409.21         | 455,058.80              | 95,000.00         | 3,531,375.84   | 1,134,092.17     | -                              | 214,431.25                     | 5.29             |
| 2050/51            | 4,280,025.58         | 455,058.80              | 95,000.00         | 3,637,317.12   | 1,192,767.26     | -                              | 214,825.00                     | 5.55             |
| 2051/52            | 4,451,226.60         | 455,058.80              | 95,000.00         | 3,746,436.63   | 1,254,848.77     | -                              | 215,081.25                     | 5.83             |
| 2052/53            | 4,629,275.67         | 455,058.80              | 95,000.00         | 3,858,829.73   | 1,320,504.74     | -                              | 215,200.00                     | 6.14             |
| 2053/54            | 4,814,446.70         | 455,058.80              | 95,000.00         | 3,974,594.62   | 1,389,910.87     | -                              | 215,181.25                     | 6.46             |
| 2054/55            | 5,007,024.56         | 455,058.80              | 95,000.00         | 4,093,832.46   | 1,463,250.90     | -                              | 215,025.00                     | 6.81             |
| 2055/56            | 5,207,305.55         | 455,058.80              | 95,000.00         | 4,216,647.43   | 1,540,716.91     | -                              | 214,731.25                     | 7.18             |
| 2056/57            | 5,415,597.77         | 455,058.80              | 95,000.00         | 4,343,146.86   | 1,622,509.71     | -                              | 214,300.00                     | 7.57             |
| 2057/58            | 5,632,221.68         | 455,058.80              | 95,000.00         | 4,473,441.26   | 1,708,839.21     | -                              | 213,731.25                     | 8.00             |
| 2058/59            | 5,857,510.55         | 455,058.80              | 95,000.00         | 4,607,644.50   | 1,799,924.84     | -                              | 217,956.25                     | 8.26             |

[1] Projected revenues come from the Authority's fiscal year 2025/26 budget.

[2] Projected expenses come from the Authority's fiscal year 2025/26 budget.

[3] Assumes a 4.00% increase every year starting in fiscal year 2027/28.

[4] Assumes a 5.00% increase every year starting in fiscal year 2027/28 through 2030/31.



**KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
COUNTY OF ALLEGAN, STATE OF MICHIGAN**

Debt Service Schedule of:

2026 CWSRF Revenue Bonds - 20-Year Repayment - ESTIMATED

| Date               | Interest Rate | Principal Payments | Interest Payments | Total Principal and Interest | Fiscal Year Total | Fiscal Year |
|--------------------|---------------|--------------------|-------------------|------------------------------|-------------------|-------------|
| 04/01/27           |               |                    | \$25,000.00       | \$25,000.00                  |                   |             |
| 10/01/27           |               |                    | 50,000.00         | 50,000.00                    | \$75,000.00       | 2027/28     |
| 04/01/28           |               |                    | 51,241.50         | 51,241.50                    |                   |             |
| 10/01/28           |               |                    | 51,241.50         | 51,241.50                    | 102,483.00        | 2028/29     |
| 04/01/29           | 2.500%        | \$24,320           | 51,241.50         | 75,561.50                    |                   |             |
| 10/01/29           |               |                    | 50,937.50         | 50,937.50                    | 126,499.00        | 2029/30     |
| 04/01/30           | 2.500%        | 25,000             | 50,937.50         | 75,937.50                    |                   |             |
| 10/01/30           |               |                    | 50,625.00         | 50,625.00                    | 126,562.50        | 2030/31     |
| 04/01/31           | 2.500%        | 60,000             | 50,625.00         | 110,625.00                   |                   |             |
| 10/01/31           |               |                    | 49,875.00         | 49,875.00                    | 160,500.00        | 2031/32     |
| 04/01/32           | 2.500%        | 60,000             | 49,875.00         | 109,875.00                   |                   |             |
| 10/01/32           |               |                    | 49,125.00         | 49,125.00                    | 159,000.00        | 2032/33     |
| 04/01/33           | 2.500%        | 60,000             | 49,125.00         | 109,125.00                   |                   |             |
| 10/01/33           |               |                    | 48,375.00         | 48,375.00                    | 157,500.00        | 2033/34     |
| 04/01/34           | 2.500%        | 215,000            | 48,375.00         | 263,375.00                   |                   |             |
| 10/01/34           |               |                    | 45,687.50         | 45,687.50                    | 309,062.50        | 2034/35     |
| 04/01/35           | 2.500%        | 220,000            | 45,687.50         | 265,687.50                   |                   |             |
| 10/01/35           |               |                    | 42,937.50         | 42,937.50                    | 308,625.00        | 2035/36     |
| 04/01/36           | 2.500%        | 225,000            | 42,937.50         | 267,937.50                   |                   |             |
| 10/01/36           |               |                    | 40,125.00         | 40,125.00                    | 308,062.50        | 2036/37     |
| 04/01/37           | 2.500%        | 230,000            | 40,125.00         | 270,125.00                   |                   |             |
| 10/01/37           |               |                    | 37,250.00         | 37,250.00                    | 307,375.00        | 2037/38     |
| 04/01/38           | 2.500%        | 240,000            | 37,250.00         | 277,250.00                   |                   |             |
| 10/01/38           |               |                    | 34,250.00         | 34,250.00                    | 311,500.00        | 2038/39     |
| 04/01/39           | 2.500%        | 245,000            | 34,250.00         | 279,250.00                   |                   |             |
| 10/01/39           |               |                    | 31,187.50         | 31,187.50                    | 310,437.50        | 2039/40     |
| 04/01/40           | 2.500%        | 250,000            | 31,187.50         | 281,187.50                   |                   |             |
| 10/01/40           |               |                    | 28,062.50         | 28,062.50                    | 309,250.00        | 2040/41     |
| 04/01/41           | 2.500%        | 255,000            | 28,062.50         | 283,062.50                   |                   |             |
| 10/01/41           |               |                    | 24,875.00         | 24,875.00                    | 307,937.50        | 2041/42     |
| 04/01/42           | 2.500%        | 265,000            | 24,875.00         | 289,875.00                   |                   |             |
| 10/01/42           |               |                    | 21,562.50         | 21,562.50                    | 311,437.50        | 2042/43     |
| 04/01/43           | 2.500%        | 270,000            | 21,562.50         | 291,562.50                   |                   |             |
| 10/01/43           |               |                    | 18,187.50         | 18,187.50                    | 309,750.00        | 2043/44     |
| 04/01/44           | 2.500%        | 280,000            | 18,187.50         | 298,187.50                   |                   |             |
| 10/01/44           |               |                    | 14,687.50         | 14,687.50                    | 312,875.00        | 2044/45     |
| 04/01/45           | 2.500%        | 285,000            | 14,687.50         | 299,687.50                   |                   |             |
| 10/01/45           |               |                    | 11,125.00         | 11,125.00                    | 310,812.50        | 2045/46     |
| 04/01/46           | 2.500%        | 290,000            | 11,125.00         | 301,125.00                   |                   |             |
| 10/01/46           |               |                    | 7,500.00          | 7,500.00                     | 308,625.00        | 2046/47     |
| 04/01/47           | 2.500%        | 300,000            | 7,500.00          | 307,500.00                   |                   |             |
| 10/01/47           |               |                    | 3,750.00          | 3,750.00                     | 311,250.00        | 2047/48     |
| 04/01/48           | 2.500%        | 300,000            | 3,750.00          | 303,750.00                   | 303,750.00        | 2048/49     |
| Total Outstanding: |               | \$4,099,320        | \$1,448,974.50    | \$5,548,294.50               | \$5,548,294.50    |             |



**KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
COUNTY OF ALLEGAN, STATE OF MICHIGAN**

**Schedule of Revenues, Expenditures, Debt Service Requirements and Coverage - 20-Year Repayment**

| Fiscal<br>Year End | Rate<br>Revenues [1] | Debt Charge<br>Revenues | Other<br>Revenues | Expenses [2]   | Net<br>Cash Flow | 2012 CWSRF<br>Debt<br>Payments | 2026 CWSRF<br>Debt<br>Payments | Rate<br>Coverage |
|--------------------|----------------------|-------------------------|-------------------|----------------|------------------|--------------------------------|--------------------------------|------------------|
| 2026/27            | \$1,669,729.89       | \$374,378.00            | \$95,000.00       | \$1,789,319.00 | \$349,788.89     | \$295,814.76                   | -                              | 1.18             |
| 2027/28            | 1,736,519.09 [3]     | 393,096.90 [4]          | 95,000.00         | 1,842,998.57   | 381,617.42       | 299,564.76                     | \$75,000.00                    | 1.02             |
| 2028/29            | 1,805,979.85         | 412,751.75              | 95,000.00         | 1,898,288.53   | 415,443.07       | 298,127.26                     | 102,483.00                     | 1.04             |
| 2029/30            | 1,878,219.04         | 433,389.33              | 95,000.00         | 1,955,237.18   | 451,371.19       | 296,564.76                     | 126,499.00                     | 1.07             |
| 2030/31            | 1,953,347.80         | 455,058.80 [4]          | 95,000.00         | 2,013,894.30   | 489,512.31       | 294,877.26                     | 126,562.50                     | 1.16             |
| 2031/32            | 2,031,481.72         | 455,058.80              | 95,000.00         | 2,074,311.13   | 507,229.39       | 298,002.26                     | 160,500.00                     | 1.11             |
| 2032/33            | 2,112,740.99         | 455,058.80              | 95,000.00         | 2,136,540.46   | 526,259.32       | 295,939.76                     | 159,000.00                     | 1.16             |
| 2033/34            | 2,197,250.62         | 455,058.80              | 95,000.00         | 2,200,636.68   | 546,672.75       | 298,778.63                     | 157,500.00                     | 1.20             |
| 2034/35            | 2,285,140.65         | 455,058.80              | 95,000.00         | 2,266,655.78   | 568,543.67       | -                              | 309,062.50                     | 1.84             |
| 2035/36            | 2,376,546.28         | 455,058.80              | 95,000.00         | 2,334,655.45   | 591,949.63       | -                              | 308,625.00                     | 1.92             |
| 2036/37            | 2,471,608.13         | 455,058.80              | 95,000.00         | 2,404,695.11   | 616,971.81       | -                              | 308,062.50                     | 2.00             |
| 2037/38            | 2,570,472.45         | 455,058.80              | 95,000.00         | 2,476,835.97   | 643,695.29       | -                              | 307,375.00                     | 2.09             |
| 2038/39            | 2,673,291.35         | 455,058.80              | 95,000.00         | 2,551,141.04   | 672,209.10       | -                              | 311,500.00                     | 2.16             |
| 2039/40            | 2,780,223.00         | 455,058.80              | 95,000.00         | 2,627,675.28   | 702,606.53       | -                              | 310,437.50                     | 2.26             |
| 2040/41            | 2,891,431.92         | 455,058.80              | 95,000.00         | 2,706,505.53   | 734,985.19       | -                              | 309,250.00                     | 2.38             |
| 2041/42            | 3,007,089.20         | 455,058.80              | 95,000.00         | 2,787,700.70   | 769,447.30       | -                              | 307,937.50                     | 2.50             |
| 2042/43            | 3,127,372.77         | 455,058.80              | 95,000.00         | 2,871,331.72   | 806,099.85       | -                              | 311,437.50                     | 2.59             |
| 2043/44            | 3,252,467.68         | 455,058.80              | 95,000.00         | 2,957,471.67   | 845,054.81       | -                              | 309,750.00                     | 2.73             |
| 2044/45            | 3,382,566.39         | 455,058.80              | 95,000.00         | 3,046,195.82   | 886,429.36       | -                              | 312,875.00                     | 2.83             |
| 2045/46            | 3,517,869.04         | 455,058.80              | 95,000.00         | 3,137,581.70   | 930,346.14       | -                              | 310,812.50                     | 2.99             |
| 2046/47            | 3,658,583.80         | 455,058.80              | 95,000.00         | 3,231,709.15   | 976,933.46       | -                              | 308,625.00                     | 3.17             |
| 2047/48            | 3,804,927.16         | 455,058.80              | 95,000.00         | 3,328,660.42   | 1,026,325.53     | -                              | 311,250.00                     | 3.30             |
| 2048/49            | 3,957,124.24         | 455,058.80              | 95,000.00         | 3,428,520.24   | 1,078,662.81     | -                              | 303,750.00                     | 3.55             |

[1] Projected revenues come from the Authority's fiscal year 2025/26 budget.

[2] Projected expenses come from the Authority's fiscal year 2025/26 budget.

[3] Assumes a 4.00% increase every year starting in fiscal year 2027/28.

[4] Assumes a 5.00% increase every year starting in fiscal year 2027/28 through 2030/31.

**KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
COUNTY OF ALLEGAN  
STATE OF MICHIGAN**

Minutes of a regular meeting of the Kalamazoo Lake Sewer and Water Authority, County of Allegan, Michigan, held in the Authority offices in Saugatuck, Michigan on the 20th day of July 2026, at 10:00 a.m. Local Time.

PRESENT: Members: \_\_\_\_\_

ABSENT: Members: \_\_\_\_\_

The following preamble and resolution were offered by Member \_\_\_\_\_ and supported by Member \_\_\_\_\_:

**RESOLUTION TO AUTHORIZE ISSUANCE OF  
JUNIOR LIEN SEWER REVENUE BONDS, SERIES 2026**

WHEREAS, pursuant to and in accordance with the provisions of Act 233 of the Public Acts of Michigan of 1955, as amended (“Act 233”) and the Articles of Incorporation of the Kalamazoo Lake Sewer and Water Authority (the “Authority”), the Authority operates a sanitary sewer system (the “Sewer System”) in the City of Saugatuck, the City of the Village of Douglas, and the Township of Saugatuck, Allegan County, Michigan; and

WHEREAS, the Authority Commission (the “Board”), by resolution dated April 20, 2026, determined that it was necessary for the public health, safety and welfare of the users of the Authority’s Sewer System to make improvements to the Sewer System (the “Project”); and

WHEREAS, the cost of the Project, based on the receipt of construction bids, including contingency, engineering, and financing costs, is \$4,099,320 (the “Project Cost”); and

WHEREAS, the Authority has been advised that the Project is eligible for funding assistance through the Michigan Finance Authority’s Clean Water State Revolving Loan Fund (“CWSRF”) to pay all or part of the Project Cost by means of a long-term, low-interest loan in the not to exceed the amount of \$4,099,320; and

WHEREAS, to finance a portion of the Project Cost and to evidence the loan offered to the Authority by the Michigan Finance Authority, the Authority Board deems it necessary to borrow an amount not to exceed the sum of Four Million Ninety-Nine Thousand Three Hundred Twenty Dollars (\$4,099,320) and to issue its sanitary sewer revenue bonds therefore in accordance with Act 94 of the Public Acts of Michigan of 1933, as amended (“Act 94”); and

WHEREAS, notice of the Authority’s intent to issue its revenue bonds to finance a portion of the cost of the Project was published in the *Commercial Record* on April 29, 2026, in accordance with Act 94.

NOW, THEREFORE, BE IT RESOLVED BY THE AUTHORITY, as follows:

1. **Definitions.** Whenever used in this Resolution, except when otherwise indicated by the context, the following terms shall have the following meanings:

- A. “Act 34” means Act 34 of the Public Acts of Michigan of 2001, as amended.
- B. “Additional Bonds” means any additional bonds of equal standing with the Series 2026 Bonds issued pursuant to Section 18 of this Resolution.
- C. “Authority” and “Issuer” means the Kalamazoo Lake Sewer and Water Authority, Allegan County, Michigan.
- D. “Authority Board” means the Authority Commission.
- E. “Bond Registrar” means the Secretary/Treasurer of the Authority who shall initially act on behalf of the Authority as paying, registration and bond registrar with respect to the Bonds, or a bank or trust company qualified to act as a paying agent and registrar in the State of Michigan and designated by resolution of the Authority Board.
- F. “Bond Reserve Requirement” means generally an amount equal to the lesser of (i) 10% of the stated principal amount of the Bonds, after taking into account CWSRF Loan Program principal forgiveness, if any, (ii) an amount equal to the maximum annual principal and interest requirements on the Bonds, after taking into account CWSRF Loan Program principal forgiveness, if any, or (c) 125 percent (125%) of the average annual principal and interest requirements on the Bonds, after taking into account CWSRF Loan Program principal forgiveness, if any.
- G. “Bonds” means the Series 2026 Bonds and the Series 2012 Bonds, including the bonds delivered to the initial purchaser thereof, and any individual bonds exchanged therefor, and when issued and delivered, any Additional Bonds.

H. “Code” means the Internal Revenue Code of 1986, as amended.

I. “Consulting Engineers” means the engineer or engineering firm or firms appointed from time to time, and having a favorable reputation for skill and experience in the design and operation of municipal sanitary sewer systems, at the time retained by the Authority Board to perform the acts and carry out the duties provided for such Consulting Engineers in the Resolution.

J. “CWSRF Loan Program” means the State of Michigan Clean Water State Revolving Fund a.k.a. State Revolving Fund Loan Program.

K. “Depository” shall mean Huntington Bank, Saugatuck, Michigan, or such other bank as shall be qualified under Section 15 of Act 94 and designated to act as depository pursuant to this Resolution by the Commission.

L. “Government Obligations” means direct obligations of (including obligations issued or held in book entry form on the books of) the United States of America.

M. “Investment Obligations” means the investments permitted by Section 24 of Act 94.

N. “Net Revenues” means the Revenues remaining after deducting the reasonable expenses of administration, operation, and maintenance of the System.

O. “Outstanding Bonds” means Bonds authenticated and delivered under this Resolution except:

(1) Bonds canceled by the Bond Registrar at or prior to such date;

(2) Bonds (or portions of Bonds) for the payment or redemption of which moneys or Government Obligations, equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under this Resolution, subject to Section 31 of this Resolution, and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in this Resolution or provision satisfactory to the Bond Registrar shall have been made for the giving of such notice; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered hereunder.

P. “Project” includes the improvements to the System to be funded from proceeds of the Series 2026 Bonds, including improvements to the Authority’s wastewater treatment plant to improve redundancy, reliability, and performance of the existing wastewater treatment system, including, but not limited to, reconfiguring the sludge and supernatant piping; biosolids removal; secondary clarifier improvements; HMA paving and site demolition; standby generator improvements; storage building modifications; legal, engineering, financing, and contingency costs; and related appurtenances.

Q. “Registered Owner” means the owner of a Bond as shown by the registration records kept by the Bond Registrar.

R. “Resolution” means this Resolution and any other resolution amendatory to or supplemental to this Resolution and shall include any resolution authorizing the issuance and sale of Additional Bonds.

S. “Revenues” means the income derived from the rates charged for the services, facilities and commodities furnished by the System, including without limitation, fees for connection to and use of the System and income derived by reason of future improvements, enlargements, extensions or repairs to the System. Revenues shall include earnings on investment of funds and accounts of the System required to be deposited in the Receiving Fund pursuant to the Resolution and other revenues derived from or pledged to operation of the System.

T. “Series 2012 Bonds” means the County of Allegan’s Sanitary Sewage Disposal System Bonds, Series 2012 in the amount of \$3,070,000, dated as of October 1, 2012, which pledged Revenues of the Sewer System for the repayment thereof.

U. “Series 2012 Bond Resolution” means the resolution authorizing the issuance of the Series 2012 Bonds.

V. “Series 2026 Bonds” means the Authority’s Junior Lien Sewer Revenue Bonds, Series 2026 in the amount of \$4,099,320 authorized by this Resolution.

W. “Sewer Operations Contract” means that certain “Sewer System Operations” dated as of July 1, 2012, by and between the Authority, and the City of the Village of Douglas, the City of Saugatuck, and the Township of Saugatuck, all located in Allegan County, Michigan.

X. “Sufficient Government Obligations” means direct obligations of the United States of America or obligations the principal of and interest on which are fully guaranteed by the United States of America, the principal and interest payments upon which without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the interest as it comes due on the Bonds (or portions of the Bonds) and the principal and redemption premium, if any, on the Bonds (or portions of the Bonds) as it comes due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations shall be placed in trust with a bank or trust company, and if any of the Bonds (or portions of the Bonds) are to be called for redemption prior to maturity, irrevocable instructions to call such Bonds for redemption shall be given to the Bond Registrar.

Y. “System” means the complete sanitary sewer system of the Authority intended to serve the Authority, its service district, and its contract customers, including the improvements to the System made as part of the Project together with all plants, works, instrumentalities and properties, used or useful in connection with the transportation and treatment of sanitary sewage and all additions, extensions and improvements existing or hereafter acquired.

2. **Necessity; Approval of Plans and Specification.** It is hereby determined to be a necessary public purpose of the Authority to acquire and construct the Project in accordance with

the plans and specifications presented to the Commission by the Consulting Engineers, which plans and specifications are hereby approved.

3. **Cost and Period of Usefulness of Project.** The total as-bid cost of the Project is Four Million Ninety-Nine Thousand Three Hundred Twenty Dollars (\$4,099,320), including the payment of incidental expenses as specified in Section 4 of this Resolution, is hereby approved and confirmed, and the period of usefulness of the Project to be defrayed by the Series 2026 Bonds is estimated to be not less than thirty (30) years.

4. **Payment of Cost of Project; Bonds Authorized.** To pay the cost of acquiring and constructing the Project, including payment of legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2026 Bonds, the Authority shall borrow the sum of Four Million Ninety-Nine Thousand Three Hundred Twenty Dollars (\$4,099,320) and issue therefor its Series 2026 Bonds in one or more series pursuant to the provisions of Act 94 to evidence one or more loans from the CWSRF Loan Program. The remaining cost of the Project shall be defrayed from investment earnings on bond proceeds, and Issuer funds on hand and legally available for such use, if any.

5. **Bond Details, Registration and Execution.**

A. **Details of Series 2026 Bonds.** The Series 2026 Bonds shall be issued in the amount of \$4,099,320 and shall be designated JUNIOR LIEN SEWER REVENUE BONDS, SERIES 2026, substantially in the form attached to this Resolution as Exhibit A. The Series 2026 Bonds shall be sold to the Michigan Finance Authority (the “MFA”) in accordance with Section 23 pursuant to the terms of a Purchase Contract by and between MFA and the Authority (the “Purchase Contract”), the form of which has been approved by the Commission, and a Supplemental Agreement by and between the Authority, MFA and the State of Michigan acting through the Department of Environment, Great Lakes and Energy (the “Supplemental Agreement”). The Series 2026 Bonds shall be dated as of the date of delivery to the Authority; shall bear interest at the not to exceed rate of 2.75% per annum, payable on April 1, 2027, and semi-annually thereafter on each October 1 and April 1 until payment of the principal of the Series 2026 Bonds has been made or duly provided for. The Series 2026 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 Series 2026 Bonds, shall be numbered from R-1 upwards in order of authentication, shall be fully registered and shall be designated Series 2026. The Series 2026 Bonds shall mature serially on April 1 in each year in the amounts as follows:

| <u>Date</u> | <u>Principal<br/>Maturity</u> | <u>Date</u> | <u>Principal<br/>Maturity</u> | <u>Date</u> | <u>Principal<br/>Maturity</u> |
|-------------|-------------------------------|-------------|-------------------------------|-------------|-------------------------------|
| 2029        | \$24,320                      | 2039        | \$130,000                     | 2049        | \$165,000                     |
| 2030        | \$25,000                      | 2040        | \$130,000                     | 2050        | \$170,000                     |
| 2031        | \$45,000                      | 2041        | \$135,000                     | 2051        | \$175,000                     |
| 2032        | \$45,000                      | 2042        | \$140,000                     | 2052        | \$180,000                     |
| 2033        | \$45,000                      | 2043        | \$140,000                     | 2053        | \$185,000                     |
| 2034        | \$110,000                     | 2044        | \$145,000                     | 2054        | \$190,000                     |
| 2035        | \$115,000                     | 2045        | \$150,000                     | 2055        | \$195,000                     |
| 2036        | \$115,000                     | 2046        | \$155,000                     | 2056        | \$200,000                     |
| 2037        | \$120,000                     | 2047        | \$160,000                     | 2057        | \$205,000                     |

|      |           |      |           |      |           |
|------|-----------|------|-----------|------|-----------|
| 2038 | \$125,000 | 2048 | \$165,000 | 2058 | \$215,000 |
|------|-----------|------|-----------|------|-----------|

The Series 2026 Bonds shall not be sold for less than 100% of par value.

Interest on the Series 2026 Bonds shall be payable by check or draft mailed to each Registered Owner at the registered address, as shown on the registration books of the Authority maintained by the Bond Registrar. Interest shall be payable to the Registered Owner of record as of the fifteenth day of the month prior to the payment date for each interest payment. The principal of the Series 2026 Bonds shall be payable by the Bond Registrar at the principal office of the Bond Registrar upon presentation and surrender thereof.

Principal of and interest on the Series 2026 Bonds shall be payable in lawful money of the United States.

The Series 2026 Bonds may be subject to redemption prior to maturity by the Authority only with the prior written consent of MFA and on such terms as may be required by MFA.

Notwithstanding the foregoing or any other provision of this Resolution:

(a) The Chair and Secretary/Treasurer of the Authority are hereby authorized and directed to approve the final terms of the sale of the Series 2026 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 \$6,500,000; the principal amount and annual maturity dates of individual maturities; the rate or rates of interest payable on the Series 2026 Bonds, which shall not exceed 2.75% per annum; the term of the Series 2026 Bonds, which shall not exceed 30 years; minimum principal denominations; the series designation; the date of the first interest payment; the commencement dates of the required set asides in the Redemption Fund and the Bond Reserve Account; and other matters necessary to issue the Series 2026 Bonds, subject in all respects to the limitations of Act 94.

(b) The Series 2026 Bonds may be delivered in one or more installments of principal in accordance with the Purchase Contract and the Supplemental Agreement.

(c) The Authority promises to pay to MFA the principal amount of the Series 2026 Bonds or so much thereof as shall have been advanced to the Authority pursuant to the Purchase Contract between the Authority and MFA, and 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.

(d) So long as the MFA is the owner of the Series 2026 Bonds, (i) the Series 2026 Bonds shall be 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 Authority by MFA (the "Authority's Depository"); (ii) the Authority agrees that it will deposit with MFA's Depository payments of the principal of, premium, if any, and interest on the Series 2026 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 MFA's Depository has not received the Authority's deposit by 12:00 noon on the scheduled day, the Authority shall immediately pay to MFA as invoiced by MFA an amount to

recover MFA's administrative costs and lost investment earnings attributable to that late payment; and (iii) written notice of any redemption of the Series 2026 Bonds shall be given by the Authority and received by MFA'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 Series 2026 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 MFA's cost of providing funds (as determined by MFA) to make payment on the bonds of MFA issued to provide funds to purchase the Series 2026 Bonds but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until MFA has been fully reimbursed for all costs incurred by MFA (as determined by MFA) as a consequence of the Authority's default. Such additional interest shall be payable on the interest payment date following demand of MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by MFA) the investment of amounts in the reserve account established by MFA for the bonds of MFA issued to provide funds to purchase the Series 2026 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 MFA issued to fund such account, the Authority shall and hereby agrees to pay on demand only the Authority's pro rata share (as determined by MFA) of such deficiency as additional interest on the Series 2026 Bonds.

(f) It is understood and agreed by the Authority that during the time funds are being drawn down by the Authority, 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 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 2026 Bonds.

(g) To the extent that the Authority is eligible for forgiveness by the CWSRF Loan Program of a portion of the principal amount of the Series 2026 Bonds, the Authority agrees to accept such principal forgiveness provided by the CWSRF Loan Program.

**B. Registration and Execution of Series 2026 Bonds.** The Series 2026 Bonds shall be signed by the original or facsimile signature of the Chair of the Commission and countersigned by the original or facsimile signature of the Commission Secretary/Treasurer. The Bonds shall have the corporate seal of the Authority affixed thereto or printed thereon in facsimile form, if any. No Bond shall be valid until authenticated by the Bond Registrar. Executed blank Bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Bond Registrar for safekeeping.

Any Bond, upon surrender of the Bond to the Bond Registrar by the Registered Owner thereof, accompanied by delivery of a duly executed written instrument of transfer satisfactory to the Bond Registrar, may be exchanged for Bonds of any other authorized denominations of the same aggregate principal amount, maturity date and interest rate as the surrendered Bond.

Any Bond may be transferred upon the books of the Authority maintained by the Bond Registrar by the Registered Owner thereof, in person or by his duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. Whenever any Bond or Bonds shall be surrendered for transfer, the Bond Registrar shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount, maturity, interest rate and series. The Bond Registrar shall require the payment by the Registered Owner requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

The Authority shall have the right to designate a successor to the Bond Registrar and, in such event, a notice shall be mailed to the Registered Owners by the Bond Registrar not less than sixty (60) days prior to the change in Bond Registrar.

6. **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 Authority 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 Authority in connection therewith. Any bond delivered pursuant to the provisions of this Section 6 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.

7. **Payment of Bonds; Creation and Priority of Lien; Defeasance.** The Series 2026 Bonds and the interest thereon shall be payable solely from the Net Revenues, subject to the first priority statutory lien upon the Net Revenues for payment of the Series 2012 Bonds in accordance with the Series 2012 Bond Resolution. To secure payment of the Series 2026 Bonds, there is hereby created a statutory lien upon the Net Revenues junior and subordinate to the payment of the Series 2012 Bonds. Pursuant to provisions of Act 94 and subject to the lien of the Series 2012 Bonds, the Authority hereby pledges the Net Revenues to the repayment of the principal of, redemption premium, if any, and interest on the Series 2026 Bonds. The lien and pledge provided by this Resolution shall continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all principal and interest on Bonds of a series then outstanding to maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any. Upon deposit of cash or Sufficient Government Obligations, as provided in the preceding sentence, the statutory lien shall be terminated with respect to that series of Bonds, the holders of that series shall have no further rights under this Resolution except for payment from the funds so deposited, and the Bonds of that series shall be considered to be defeated and shall no longer be considered to be outstanding under this Resolution.

The Series 2026 Bonds shall have equal standing with any Additional Bonds, as defined in this Resolution, issued in accordance with this Resolution.

8. **No Pledge of Authority Full Faith and Credit as Additional Security for Series 2026 Bonds.** The full faith and credit of the Authority has not been pledged as security for the payment of the principal and interest on the Series 2026 Bonds and the Series 2026 Bonds do not constitute a general obligation of the Authority.

9. **Management.** The operation, repair and management of the System and the acquisition and construction of the Project shall be under the supervision and control of the Commission of the Authority. The Authority may employ such person or persons in such capacity or capacities as it deems advisable to carry on the efficient administration of the System. The Authority may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System.

10. **Rates.** The rates to be charged for service furnished by the System and the methods of collection and enforcement of the collection of the rates including late payment fees and penalties applicable to users of the System who fail to pay, in a timely fashion, the rates and charges that have been billed for the use of the System, shall be those permitted by law and established by the Authority Commission on or before the date of adoption of this Resolution and thereafter as established by the Authority Commission. In the event that a user of the System does not timely pay the rates and charges that have been billed to such user, the Authority Commission shall take the necessary action to add such delinquent rates and charges to the user's ad valorem property tax bills.

11. **No Free Service.** No free service shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality, including the Authority.

12. **Rate Covenant.** The rates charged in accordance with Section 10 of this Resolution are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, and when taken together with Net Revenues, to provide for (i) an amount equal to the annual principal and interest requirements on all of the Bonds and any other indebtedness payable from Net Revenues, as the same become due and payable, (ii) the maintenance of the Bond Reserve Account, as required by this Resolution, and (iii) all other obligations, expenditures and funds for the System required by law, the Series 2012 Bond Resolution, the Series 2012 Bond Contract, and this Resolution. In addition, the Authority covenants that the rates shall be set from time to time so that there shall be produced, in each fiscal year of the Authority, Net Revenues, based upon the Authority's reasonable expectations and historical operating trends, in an amount equal to 100% of the principal of and interest coming due in each fiscal year on the Bonds, and all other indebtedness payable from Net Revenues. The rates shall be fixed and revised from time to time as may be necessary to produce these amounts, and the Authority hereby covenants and agrees to fix and maintain rates in accordance with Act 94 for services furnished by the System at all times sufficient to provide for the foregoing.

13. **Operating Year.** The System shall be operated on the basis of an operating year which corresponds to the fiscal year of the Authority which currently commences on March 1 and ends on the last day of the following February.

14. **Funds and Accounts, Flow of Funds.** All Revenues of the System shall be set aside as collected and credited to the Common Fund established with the Depository in the manner provided in the Sewer Operations Contract, provided:

A. **BOND AND INTEREST REDEMPTION FUND – SUBACCOUNT FOR SERIES 2026 BONDS.** There shall be established and maintained in the BOND AND INTEREST REDEMPTION FUND (the “Redemption Fund”) a separate subaccount for the Series 2026 Bonds.

Out of the Net Revenues remaining in the Receiving Fund, after provision for the credit or deposit to the Operation and Maintenance Account, there shall next be set aside, quarterly on the first day of each March, June, September and December, commencing December 1, 2026, and deposited in the Redemption Fund, for payment of interest on the Series 2026 Bonds, a sum equal to at least one-half of the amount of the interest due on the next ensuing interest payment date plus, commencing March 1, 2028 for payment of principal on the Series 2026 Bonds, a sum equal to not less than one-quarter of the principal maturing on the next ensuing principal payment date in each year, subject to any credit therefore from investment earnings transferred from the Bond Reserve Account. Notwithstanding the foregoing, the payment to be set aside on December 1, 2026, with respect to the interest on the Series 2026 Bonds shall equal the interest payment due on the Series 2026 Bonds on April 1, 2027. If there shall be any deficiency in the amount previously required to be set aside, then the amount of such deficiency shall be added to the next succeeding monthly requirement. If there shall be any deficiency in the amount previously required to be set aside, then the amount of such deficiency shall be added to the next succeeding quarterly requirement.

The Bond Reserve Account is hereby established as a separate account in the Redemption Fund. The Bond Reserve Account shall be funded by the Authority commencing March 1, 2029 by the deposit of surplus monies in the Receiving Fund or Net Revenues remaining, if any, after the set aside into the Redemption Fund of a sufficient sum for current principal and interest payments on the Bonds as provided in the preceding paragraph. The Bond Reserve Account shall be funded, to the extent of such available monies, in the amount of one-tenth of the Bond Reserve Requirement annually until an amount equal to the Bond Reserve Requirement has been accumulated. All investment earnings in the Bond Reserve Account shall be transferred to the Redemption Fund and allocably set aside in each subaccount maintained for the payment of current principal and interest on the Bonds. If at any time it shall be necessary to use moneys credited to the Bond Reserve Account for the payment of principal and interest on any of the Bonds, then the moneys so used shall be replaced over a period of not more than 5 years from the Net Revenues first received thereafter which are not required for current principal and interest requirements on the Bonds. If at any time there is any excess in the Bond Reserve Account over the Bond Reserve Requirement, such excess may be transferred to such fund or account as the Authority Commission shall direct. No proceeds of the Series 2026 Bonds shall be used to fund the Bond Reserve Account.

No further payments need be made into the Redemption Fund subaccount for a particular series of Bonds after enough principal on said series of Bonds has been paid so that the amount then held in the Redemption Fund subaccount together with the amount then held in the Bond Reserve Account for said series of Bonds is equal to the entire amount of principal and interest which will be payable at the time of maturity of said series of Bonds and the monies so held shall

be used solely to pay the principal of and interest on said series of Bonds, including redemption premium, if any, as the series of Bonds become due.

15. **Proceeds of Series 2026 Bonds; Construction Fund.** The proceeds of the sale of the Series 2026 Bonds shall be deposited in the Construction Fund as a separate depository account at the Depository. Proceeds of the Series 2026 Bonds shall be advanced to the Authority in installments of principal in accordance with the terms of the Purchase Contract and Supplemental Agreement.

Money in the Construction Fund shall be applied solely in payment of the cost of the Project, including any engineering, legal and other expenses incident thereto and to the financing thereof. No proceeds of the Series 2026 Bonds shall be used to pay capitalized interest. Payment for construction, either on account or otherwise, shall not be made unless the Consulting Engineer shall file with the Authority Commission a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that the work was done pursuant to and in accordance with the contract therefor (including properly authorized change orders), that such work is satisfactory and that such work has not been previously paid for.

Any unexpended balance in the Construction Fund from the proceeds of the Series 2026 Bonds remaining after completion of the Project may, at the discretion of the Authority, be used for such further improvements, enlargements and extensions of the System, if, at the time of such expenditures, such use is approved by the CWSRF Loan Program or the Michigan Department of Treasury, if such approval is then required by the CWSRF Loan Program or by law. Any remaining balance after such expenditure shall be paid to the Series 2026 Subaccount of the Redemption Fund and may be used for the purpose of purchasing Series 2026 Bonds on the open market at not more than the fair market value thereof, redeeming Series 2026 Bonds or paying principal of the Series 2026 Bonds upon maturity. The foregoing is subject to the terms and conditions of the Purchase Contract and the Supplemental Agreement.

After completion of the Project financed by the Series 2026 Bonds and disposition of remaining proceeds, if any, of the Series 2026 Bonds pursuant to the provisions of this Section, the Construction Fund shall be closed.

16. **Investments.** Moneys in the funds and accounts established herein may be invested by the Authority Secretary/Treasurer on behalf of the Authority in Investment Obligations. Investment of moneys in the Redemption Fund being accumulated for payment of the next maturing principal or interest payment on the Bonds shall be limited to Government Obligations bearing maturity dates prior to the date of the next maturing principal or interest payment respectively on the Bonds or a money market fund with daily liquidity invested exclusively in Government Obligations and which maintains a net asset value of \$1.00 per share. Investments of moneys in any other funds or accounts, including moneys derived from the proceeds of sale of the Bonds, shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than the time estimated by the Authority when the moneys represented by such investments will be required. Earnings or profits on any investment of funds in any fund or account established in this Resolution shall be deposited in or credited to the fund or account to which the investment belongs unless otherwise provided in this Resolution.

17. **Covenants.** The Authority covenants and agrees with the Registered Owners of the Bonds that so long as any of the Bonds are Outstanding Bonds and unpaid as to either principal or interest:

A. The Authority will maintain the System in good repair and working order and will operate the same efficiently and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Michigan and this Resolution.

B. The Authority will keep proper books of record and account separate from all other records and accounts of the Authority, in which shall be made full and correct entries of all transactions relating to the System. The Authority shall have an annual audit of the books of record and account of the System for the preceding operating year made each year by an independent certified public accountant. The audit shall be completed and made available not later than six (6) months after the close of each operating year.

C. The Authority will maintain and carry, for the benefit of the holders of the Bonds, insurance on all insurable physical properties of the System and liability insurance, of the kinds and in the amounts normally carried by municipalities engaged in the operation of sanitary sewer 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 redeeming or purchasing Bonds, payable from Net Revenues.

D. The Authority will not sell, lease or dispose of the System, or any substantial part, until all of the Bonds have been paid in full, both as to principal and interest, or provision made therefor, as herein provided. The Authority will operate the System as economically as possible, will make all repairs and replacements necessary to keep the System in good repair and working order, and will not do or suffer to be done any act which would affect the System in such a way as to have a material adverse effect on the security for the Bonds.

E. The Authority will not grant any franchise or other rights to any person, firm or corporation to operate a sanitary sewer system that will compete with the System and the Authority will not operate a sanitary sewer system that will compete with the System.

F. The Authority will cause the Project to be acquired and constructed promptly and in accordance with the plans and specifications therefore.

G. With respect to the Series 2026 Bonds, the Authority shall comply with all terms and conditions of the Purchase Contract, and the Supplemental Agreement.

18. **Additional Bonds.** The Authority shall not issue Additional Bonds payable from Net Revenues of the System that have equal standing and priority of lien on the Net Revenues of the System with the Series 2026 Bonds except for the following purposes and under the following terms and conditions:

A. To complete the Project, in accordance with the plans and specifications therefor. Such Additional Bonds shall not be authorized unless the Consulting Engineers in charge of construction shall execute a certificate evidencing the fact that additional funds are needed to complete the Project in accordance with the plans and specifications therefor and stating the amount that will be required to complete the Project.

B. For subsequent repairs, extensions, enlargements and improvements to the System or for the purpose of refunding all or any portion of the then outstanding Bonds and paying costs of issuing such Additional Bonds, including deposits, if any, which may be required to be made to the Bond Reserve Account. Bonds for such purposes shall not be issued pursuant to this subparagraph B. unless the lesser of (1) the Adjusted Net Revenues of the System for the last preceding twelve-month operating year or (2) the average of the Adjusted Net Revenues for the last two (2) preceding twelve-month operating years shall be equal to at least one hundred twenty percent (120%) of the maximum amount of principal and interest thereafter maturing in any operating year on the then outstanding Bonds, and on the Additional Bonds then being issued. If the Additional 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 the fiscal years next following the annual principal and interest requirements of any bonds to be refunded from the proceeds of the Additional Bonds proposed to be issued. For purposes of this subparagraph B., the Authority may elect to use as the last preceding operating year any operating year ending not more than sixteen months prior to the date of delivery of the Additional Bonds and as the next to the last preceding operating year, any operating year ending not more than twenty-eight months from the date of delivery of the Additional Bonds. Determination by the Authority as to existence of conditions permitting the issuance of Additional Bonds shall be conclusive. No Additional Bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in this subparagraph if the Authority shall then be in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

Notwithstanding the foregoing, the Authority may issue bonds secured by Net Revenues of the System, which shall be junior and subordinate to the Bonds.

19. **Appointment of Receiver and Statutory Rights.** In the event of a default in the punctual payment of principal of and interest on the Bonds when due, any Court having jurisdiction in any proper action may appoint a receiver of the System in accordance with the provisions of Act 94. The Registered Owners of Bonds representing in the aggregate principal amount not less than twenty percent (20%) of all Outstanding Bonds, may protect and enforce the statutory lien and pledge of the funds and accounts and Net Revenues created by Act 94, and enforce and compel the performance of all duties of the officials of the Authority and the Commission, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of Revenues, and the proper application of Revenues. In addition to the rights conferred to Registered Owners by the Resolution, the Registered Owners shall have all the rights conferred by Act 94. The statutory lien upon the Net Revenues, however, shall not be construed to compel the sale of the System or any part thereof.

20. **Remedies Not Exclusive.** No remedy by the terms of the Resolution conferred upon or reserved to the Registered Owners is intended to be exclusive of any other remedy, but

each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of the Resolution.

21. **Effect of Waiver and Other Circumstances.** No delay or omission of any Registered Owner to exercise any right or power arising upon the happening of an event of default shall impair any right or power or shall be construed to be a waiver of any such event of default or be an acquiescence therein and every power and remedy given by this Resolution to the Registered Owners may be exercised from time to time and as often as may be deemed expedient by the Registered Owners.

22. **Covenant Regarding Tax Exempt Status of the Series 2026 Bonds.**

A. The Authority covenants to comply with all requirements of the Code necessary to assure that the interest on the Series 2026 Bonds, if any, will be and will remain excludable from gross income for federal income tax purposes (as opposed to alternative minimum or other indirect taxation). The Authority hereby covenants that the Authority will make no use of the proceeds of the Series 2026 Bonds, if any, which if such use had been reasonably expected on the date of issuance of the Series 2026 Bonds, would have caused the Series 2026 Bonds to be "arbitrage bonds", as defined in Section 148 of the Code. In addition, the Authority covenants to comply with all applicable provisions of the Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds, if any, in order that the interest on the Series 2026 Bonds be excluded (or continue to be excluded) from gross income within the meaning of Section 103(a) of the Code.

B. The Authority hereby designates the Series 2026 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 qualified tax exempt obligations which will be issued by the Authority and all subordinate entities to the Authority shall not exceed \$10,000,000 during calendar year 2026.

C. The Series 2026 Bonds and the interest, if any, on the Series 2026 Bonds shall be exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan.

23. **Negotiated Sale of Series 2026 Bonds.** The Chair and the Secretary/Treasurer of the Authority are hereby authorized to sell the Series 2026 Bonds at a negotiated sale to MFA, 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 Series 2026 Bonds in accordance with the provisions of this Resolution. The Series 2026 Bonds shall be sold at a negotiated sale instead of a competitive sale to take advantage of the terms and conditions of the CWSRF Loan Program, including the not to exceed fixed rate of interest of 2.75 % per annum for all maturities of the Series 2026 Bonds, which is below prevailing open market interest rates, and CWSRF Loan Program principal forgiveness, if any.

24. **Disclosure of Information.** The Authority agrees to provide MFA in a timely manner with all information and documents regarding the Authority and the Series 2026 Bonds, including an official statement that MFA 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 Series 2026 Bonds or relating to any other Authority bond issue which was used by MFA to purchase an obligation of the Authority. In furtherance of the above, the Authority also agrees that upon the request of MFA it will promptly execute and deliver a continuing disclosure undertaking in form and substance determined by MFA to be necessary or desirable to assist MFA 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 Chair and the Secretary/Treasurer.

25. **Michigan Department of Treasury.** The Authority, acting with the assistance of Bond Counsel for the Project, shall obtain approval from the Michigan Department of Treasury for the issuance of the Series 2026 Bonds either by filing a municipal finance qualifying statement or submitting a prior approval application in accordance with Act 34, and the Chair, Secretary/Treasurer of the Authority, and/or Authority Administrator are hereby authorized and directed to file any required documents.

26. **Delivery of Series 2026 Bonds.** The Series 2026 Bonds shall be executed in the manner provided by Section 5 in substantially the form approved with such necessary variations, omissions, corrections and insertions as the Chair and Secretary/Treasurer of the Authority deem appropriate and are required for and on behalf of the Authority. Upon execution of the Series 2026 Bonds, the Secretary/Treasurer of the Authority is hereby authorized and directed to deliver or cause to be delivered the Series 2026 Bonds to the Bond Registrar for authentication and, in turn to the purchaser thereof, upon receipt of the purchase price therefor. The proceeds of the Series 2026 Bonds shall be deposited into the Construction Fund as provided in Section 15, above.

The Chair and Secretary/Treasurer of the Authority are authorized and directed to execute and deliver on behalf of the Authority such other certificates, affidavits, investment agreements or other documents or instruments as may be required by the purchaser of the Series 2026 Bonds or bond counsel or convenient to effectuate the execution and delivery of the Series 2026 Bonds.

The Authority shall furnish the Series 2026 Bonds ready for execution without expense to the purchaser. The Authority shall also furnish without expense to the purchaser at the time of delivery of the Series 2026 Bonds, the approving opinion of Mika Meyers PLC, Attorneys, Grand Rapids, Michigan, approving the legality of the Series 2026 Bonds. The Series 2026 Bonds will be delivered at the expense of the Authority in the manner and at the location as agreed upon with the purchaser thereof.

27. **Absence or Disability.** In the absence or disability of the Chair, the Vice Chair shall act hereunder in his stead. In the absence or disability of the Secretary/Treasurer of the Authority, the Authority Administrator (if any) shall act hereunder in her stead.

28. **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 Authority and the Registered Owners from time to time of the Bonds and the lien and pledge made in this Resolution and the covenants and agreements herein set forth to be performed on behalf of the Authority 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.

29. **Severability and Paragraph Headings.** If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provisions shall not affect any of the other provisions of this Resolution. The paragraph headings in this Resolution are furnished for convenience of reference only and shall not be considered to be a part of this Resolution.

30. **Publication and Recordation.** This Resolution shall be published in full in the *Commercial Record*, a newspaper of general circulation in the Authority's service district qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the records of the Authority and such recording authenticated by the signature of the Secretary/Treasurer of the Authority.

31. **Effective Date.** In accordance with Act 94, this Resolution shall become effective immediately upon its adoption.

Passed and adopted by the Authority Commission, County of Allegan, Michigan, on July 13, 2026.

YEAS:           Members: \_\_\_\_\_

NAYS:           Members: \_\_\_\_\_

ABSTAIN:       Members: \_\_\_\_\_

RESOLUTION DECLARED ADOPTED.

\_\_\_\_\_  
Jennifer Ludwick, Secretary/Treasurer  
Kalamazoo Lake Sewer and Water Authority

STATE OF MICHIGAN     )  
                                           ) ss.  
 COUNTY OF ALLEGAN    )

I, Jennifer Ludwick, the duly qualified and acting Secretary/Treasurer of the Kalamazoo Lake Sewer and Water Authority, County of Allegan, Michigan, does hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Authority Board at a regular meeting thereof held on the 20th day of July 2026, 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 July 2026.

---

Jennifer Ludwick, Secretary/ Treasurer  
 Kalamazoo Lake Sewer and Water Authority

REGISTERED

REGISTERED

## EXHIBIT A

(FORM OF REGISTERED BOND FOR SERIES 2026 BONDS)

UNITED STATES OF AMERICA

STATE OF MICHIGAN

COUNTY OF ALLEGAN

KALAMAZOO LAKE SEWER AND WATER AUTHORITY

JUNIOR LIEN SEWER REVENUE BONDS,  
SERIES 2026

No. R-\_\_\_\_

REGISTERED OWNER: United States of America

PRINCIPAL AMOUNT: \$\_\_\_\_\_

INTEREST RATE: \_\_\_\_\_ percent (\_\_\_\_%) 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 Kalamazoo Lake Sewer and Water Authority, County of Allegan, State of Michigan (the "Authority" or the "Issuer"), 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 Authority Secretary/Treasurer, Saugatuck, 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 April 1, 202\_\_ and semi-annually thereafter and principal is payable on the first day of April commencing April 1, 202\_\_ (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 Issuer promises to pay to the Michigan Finance Authority the principal amount of the Bond or so much thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Michigan Finance Authority and a Supplemental Agreement by and

among the Issuer, the Michigan Finance Authority and the State of Michigan acting through the Department of Environment, Great Lakes and Energy, less the principal amount of such Bond, if any, that is subject to principal forgiveness.

During the time funds are being drawn down by the Issuer under this Bond, the Michigan Finance Authority will periodically provide the Issuer a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Michigan Finance Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond. The Issuer acknowledges that in the event the principal amount of the loan evidenced by the Bonds is reduced by the Michigan Finance Authority in accordance with Schedule I attached hereto or the Supplemental Agreement, the Michigan Finance Authority will prepare a revised Schedule I to this 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 Issuer.

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

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

Notwithstanding any other provision of this Bond, so long as the Michigan Finance Authority is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association or at such other place as shall be designated in writing to the Issuer by the Michigan Finance Authority (the “Michigan Finance Authority’s Depository”); (b) the Issuer agrees that it will deposit with the Michigan Finance 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 Michigan Finance 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 Michigan Finance Authority as invoiced by the Michigan Finance Authority an amount to recover the Michigan Finance 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 Authority and received by the Michigan Finance Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

This bond is issued pursuant to a bond authorizing resolution (the "Resolution"), duly adopted by the Authority Commission on July 20, 2026, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94 of the Public Acts of Michigan of 1933, as amended, for the purpose of paying the cost of acquisition and construction of improvements to the Authority's Sewer System (the "System").

The revenues of 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, exclusive of depreciation (the "Net Revenues"), are irrevocably pledged for the prompt payment of principal and interest on this Bond.

This bond is a self-liquidating bond and is not a general obligation of the Authority and does not constitute an indebtedness of the Authority 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 first priority statutory lien on the Net Revenues of the System on a parity basis with bonds of equal good standing, and junior and subordinate to the payment of principal and interest on the County of Allegan, Michigan's \$3,070,000 Sanitary Sewage Disposal System Bonds, issued on behalf of the Authority, and dated as of October 1, 2012.

The Authority has covenanted and agreed, and does hereby covenant and agree to fix and maintain at all times while any bonds payable from the Net Revenues of the System 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 on the bonds of this issue and any other bonds payable from the Net Revenues as and when the same shall become due and payable, and to maintain a bond reserve fund therefor, 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.

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 standing may hereafter be issued, the rights and limitations on the owners of the bonds and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Resolution.

This Bond has been designated as a "qualified tax exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

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

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond and the series of bonds of which this is one have been done and performed in regular and due time and form as required by law.

This bond is not valid or obligatory for any purpose until the Certificate of Authentication and Registration on this bond has been executed by the Bond Registrar.

IN WITNESS WHEREOF, the Kalamazoo Lake Sewer and Water Authority, County of Allegan, State of Michigan, by its Commission, has caused this bond to be executed by its Authority Chair and Authority Secretary/Treasurer and its corporate seal to be affixed on this bond all as of the Date of Original Issue and Registration.

KALAMAZOO LAKE SEWER AND WATER  
AUTHORITY

By \_\_\_\_\_  
Greg Freeman  
Its Chair

[SEAL]

By \_\_\_\_\_  
Jennifer Ludwick  
Its Secretary/Treasurer

**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.

KALAMAZOO LAKE SEWER AND WATER  
AUTHORITY SECRETARY/TREASURER  
as Bond Registrar

Date of  
Authentication: \_\_\_\_\_

By \_\_\_\_\_  
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.

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

The Bond Registrar will not affect 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 OF  
 OTHER IDENTIFYING NUMBER OF TRANSFeree

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

## 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 Environment, Great Lakes and Energy (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Issuer and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

| Due<br>Date | Amount of Principal<br>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 2.75% [as shown in the applicable fiscal year intended use plan] per annum, payable \_\_\_\_\_, 20\_\_, and semi-annually thereafter.

The Issuer agrees that it will deposit with U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the Authority (the "Authority's Depository") 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.

## **CERTIFICATE OF SECRETARY/TREASURER**

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Kalamazoo Lake Sewer and Water Authority, County of Allegan, State of Michigan, at a regular meeting held on July 20, 2026, and that public notice of said meeting was given pursuant to the Open Meetings Act, being 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 said meeting.

I further certify that said Resolution has been recorded in the *Commercial Record* and such recording has been authenticated by the signature of the Secretary/Treasurer.

---

Jennifer Ludwick  
Secretary/Treasurer  
Kalamazoo Lake Sewer and Water Authority

### **CERTIFICATE OF PUBLICATION**

I, Jennifer Ludwick, Secretary/Treasurer of the Kalamazoo Lake Sewer and Water Authority, County of Allegan, State of Michigan, hereby certify that the Resolution was published in *Commercial Record* on \_\_\_\_\_, 2026.

---

Jennifer Ludwick  
Secretary/Treasurer  
Kalamazoo Lake Sewer and Water Authority

**KALAMAZOO LAKE SEWER AND WATER AUTHORITY  
COUNTY OF ALLEGAN  
STATE OF MICHIGAN**

Minutes of a regular meeting of the Kalamazoo Lake Sewer and Water Authority, County of Allegan, Michigan, held in the Authority offices in Saugatuck, Michigan on the 20th day of July 2026, at 10:00 a.m. Local Time.

PRESENT: Members: \_\_\_\_\_

ABSENT: Members: \_\_\_\_\_

The following preamble and resolution were offered by Member \_\_\_\_\_ and supported by Member \_\_\_\_\_:

**RESOLUTION TO APPROVE STATE CLEAN WATER  
REVOLVING FUND AGREEMENTS AND DOCUMENTS IN  
CONNECTION WITH PROPOSED ISSUANCE OF KALAMAZOO LAKE SEWER  
AND WATER AUTHORITY JUNIOR LIEN SEWER REVENUE BONDS, SERIES 2026  
TO EVIDENCE A STATE CLEAN WATER REVOLVING FUND LOAN**

WHEREAS, the Kalamazoo Lake Sewer and Water Authority (the “Authority”) is proposing to sell Junior Lien Sewer Revenue Bonds, Series 2026 in accordance with Act 94 of the Public Acts of Michigan of 1933, as amended, (the “Bonds”) in the maximum amount of \$4,099,320, to evidence a State of Michigan Clean Water Revolving Fund loan (the “CWSRF Loan”) to fund improvements to the Authority Sewer System; and

WHEREAS, the proposed Bonds are to be sold to the Michigan Finance Authority in accordance with the terms of a Purchase Contract by and between the Authority and the Michigan Finance Authority (the “Purchase Contract”) in substantially the form set forth in Exhibit A attached hereto, and a Supplemental Agreement by and between the Authority, the Michigan Finance Authority and the State of Michigan acting through the Department of Environment, Great Lakes and Energy (the “Supplemental Agreement”) in substantially the form set forth in Exhibit B attached hereto; and

WHEREAS, the Authority will also be required to execute and deliver an Issuer's Certificate (the "Issuer's Certificate") to the Michigan Finance Authority in substantially the form set forth in Exhibit C attached hereto.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. The Purchase Contract, the Supplemental Agreement, and the Issuer's Certificate are hereby each approved in the forms attached hereto as Exhibits A, B, and C, respectively. The Chair of the Authority Commission and the Authority Secretary/Treasurer are hereby authorized and directed to execute on behalf of the Authority, and deliver to the Michigan Finance Authority, the Purchase Contract, the Supplemental Agreement and the Issuer's Certificate in substantially the forms approved with such additions and deletions as are consistent with the terms of the Bonds and in the best interest of the Authority.

2. In the absence or disability of the Chair, the Vice Chair of the Commission shall act in his stead. In the event of the absence or disability of the Authority Secretary/Treasurer, the Authority Administrator (if any) shall act in her stead.

3. All resolutions or portions thereof inconsistent with the provisions of this resolution are hereby rescinded.

YEAS: Members: \_\_\_\_\_

\_\_\_\_\_

NAYS: Members: \_\_\_\_\_

ABSTAIN: Members: \_\_\_\_\_

RESOLUTION DECLARED ADOPTED

\_\_\_\_\_  
Jennifer Ludwick, Secretary/ Treasurer  
Kalamazoo Lake Sewer and Water Authority

STATE OF MICHIGAN     )  
                                          ) ss.  
COUNTY OF ALLEGAN    )

I, Jennifer Ludwick, the duly qualified and acting Secretary/Treasurer of the Kalamazoo Lake Sewer and Water Authority, County of Allegan, Michigan, does hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Authority Board at a regular meeting thereof held on the 20th day of July 2026, 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 July 2026.

\_\_\_\_\_  
Jennifer Ludwick, Secretary/ Treasurer  
Kalamazoo Lake Sewer and Water Authority

**EXHIBIT A**

**Purchase Contract**

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

State Revolving Fund

## PURCHASE CONTRACT

The Michigan Finance 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 Environment, Great Lakes and Energy.

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 FINANCE AUTHORITY

By: \_\_\_\_\_  
Authorized Officer

Accepted and Agreed to this  
[\_\_\_\_\_] day of [\_\_\_\_\_]

*(Legal Name of Municipality)* (“Issuer”)

By: \_\_\_\_\_

Title: \_\_\_\_\_

EGLE Project No.  
 EGLE 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 Environment, Great Lakes and Energy (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Issuer and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

| Due<br>Date | Amount of Principal<br>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 \_\_% [as shown in the applicable fiscal year intended use plan] per annum, payable \_\_\_\_\_, 20\_\_, and semi-annually thereafter.

The Issuer agrees that it will deposit with U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the Authority (the "Authority's Depository") 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.



**EXHIBIT B**

**Supplemental Agreement**

## State Revolving Fund Program

Supplemental Agreement  
Regarding

\$ \_\_\_\_\_

of

\_\_\_\_\_ County of \_\_\_\_\_  
State of Michigan

(the "Bond")

This Agreement is made as of \_\_\_\_\_, 20\_\_ among the \_\_\_\_\_ of \_\_\_\_\_, County of \_\_\_\_\_ (the "Issuer"), the Michigan Finance Authority (the "Authority"), and the State of Michigan acting through the Department of Environment, Great Lakes and Energy ("EGLE"), 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 Issuer contained in the Ordinance or Resolution authorizing the Bond (the "Resolution").

## PREMISES:

Executive Order No. 2010-2 (the "Executive Order") created the Authority as an autonomous public body corporate and politic within the Michigan Department of Treasury and transferred powers, duties, obligations, and functions from various entities (including those of the Michigan Municipal Bond Authority established under 1985 PA 227, as amended ("Act 227")) to the Authority and the Authority is empowered, among other things, to purchase obligations from Governmental Units within the State of Michigan such as the Issuer. Pursuant to the terms of the Resolution, the Issuer intends to issue its Bond and 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 Issuer 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 EGLE 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 Issuer, the Authority, and EGLE agree as follows:

Section 1. General Representations. The Issuer represents and warrants to, and agrees with, the Authority and EGLE, as of the date hereof as follows:

a. 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.

b. The Issuer has full legal right, power and authority to (i) sell and deliver the Bond to the Authority as provided in this Agreement and the Resolution, and (ii) execute this Agreement, and to consummate all transactions contemplated by this Agreement, the Bond, the Resolution, and any and all other agreements relating thereto. The Issuer has duly authorized and approved the execution and delivery of this Agreement, the performance by the Issuer of its obligations contained in this Agreement, and this Agreement 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.

c. 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.

d. 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.

e. The information submitted to the Authority and EGLE 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.

f. Except as may have been disclosed in writing to the Authority and EGLE before the date hereof and as set forth in Exhibit D 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 in this Agreement herein; and no right of any member of the governing body of the Issuer to his or her office is being contested.

g. The execution and delivery of this Agreement by the Issuer, and the fulfillment of the terms and conditions of, and the carrying out of the transactions contemplated by the Resolution and this Agreement 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 this Agreement.

h. 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 Agreement 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.

i. 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 Regulations 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.

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

k. 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).

Section 2. General Covenants. The Issuer also represents, warrants and covenants to EGLE 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 Issuer 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 Issuer 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 EGLE.

d. 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.

e. The Issuer 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 Issuer will make no use of Bond proceeds which would make the Bond federally guaranteed as provided in Section 149(b) of the Code. The Issuer will keep records of the expenditure and investment of Bond proceeds as required under the Code and the regulations thereunder.

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

g. The Issuer 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 EGLE, the Issuer will submit a final Project cost summary with necessary supporting documentation as required by EGLE. The Issuer 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 Issuer will have an audit of its entire operations prepared by a recognized independent certified public accountant for each year in which the Issuer expended \$750,000 or more in federal assistance. The audit shall be prepared in conformance with the requirements of 2 CFR 200 (Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards) and Office of Management and Budget Circular No. A-133. The Issuer will mail a copy of such audit and its annual financial audit to the Local Audit and Finance Division of the Michigan Department of Treasury and the Authority. The provision of federal assistance detailed in this Supplemental Agreement can be traced to Catalog of Federal Domestic Assistance (CFDA) Program No. 66.458: Capitalization Grants for Clean Water State Revolving Funds. In addition, the Issuer agrees to provide the Authority in a timely manner with all information and documents regarding the Issuer 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 or relating to any other Authority bond issue which was used by the Authority to purchase an obligation of the Issuer. In furtherance of the above the Issuer 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.

i. The Issuer 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 Issuer will notify EGLE and the Authority within 30 days of the occurrence of any event which, in the judgment of the Issuer, will cause a material adverse change in the financial condition of the Project, or, if the Issuer 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 Issuer agrees to comply with the disadvantaged business participation provisions of Executive Order 11625 (October 13, 1971) and Executive

Order 12138 (May 18, 1979), as amended by Executive Order 12608 (September 9, 1987), whereby the Issuer will employ the six affirmative steps in its procurement efforts and assure its first tier contractors also employ these steps (40 CFR 33.301), maintain a bidders list (40 CFR 33.501), and report on its efforts to utilize Minority Business Enterprises (MBEs) and Women's Business Enterprises (WBEs) (40 CFR 33.502-503), on the forms and in the manner prescribed by EGLE, all consistent with the provisions set forth in 40 CFR Part 33.

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

m. The Issuer 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.

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

o. The Issuer will, upon request, provide EGLE, the United States Environmental Protection Agency (the "USEPA") and the Authority with access to the physical plant of the Project and all operational or financial records of the Project, and the Issuer will require similar authorizations from all contractors, consultants, or agents with which the Issuer negotiates an agreement.

p. All pertinent records shall be retained and available to EGLE, the USEPA and the Authority for a minimum of 3 years after actual initiation of the operation of the Project and 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.

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

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

s. The Issuer will comply with the procurement prohibitions of Section 306 of the Clean Air Act Amendments of 1970 (42 USC section 7606) and Section 508 of the Federal Water Pollution Control Act Amendments of 1972 (33 USC section 1368), as implemented by Executive Order 11738 (September 10, 1973) whereby the

Issuer 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.

t. The Issuer agrees to comply with the anti-discrimination provisions of Section 602, Title VI of the Civil Rights Act of 1964 (42 USC 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 USC section 794), and Section 303, Title III of the Age Discrimination Act of 1975 (42 USC section 6102) whereby the Issuer will not discriminate on the basis of race, color, national origin, sex, handicap, or age in any activity related to the Project.

u. If the Project involves the acquisition of an interest in real property or the displacement of any person, business, or farm operation, the Issuer 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 USC section 4601 *et seq*) whereby the Issuer will follow procedures set forth in 49 CFR Part 24.

v. The Issuer agrees to comply with the Hatch Act (5 USC section 1501 *et seq*) whereby the Issuer 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. The Issuer also agrees to comply with provisions of 40 CFR Part 34, New Restrictions on Lobbying, and understands, in accordance with the Byrd Anti-Lobbying Amendment, making a prohibited expenditure under 40 CFR Part 34 or failing to file the required certification or lobbying forms shall subject the Issuer to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

w. The Issuer agrees to comply with the Davis-Bacon Act and related Acts (40 USC section 276a; 29 CFR Parts 1, 3, 5, 6 and 7). These Acts apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public building or public works.

x. The Issuer agrees to comply with Subpart C of 40 CFR Part 32, entitled “Responsibilities of Participants Regarding Transactions.” The Issuer is responsible for ensuring that any lower tier covered transaction, as described in Subpart B of 40 CFR Part 32, entitled “Covered Transactions,” includes a term or condition requiring compliance with Subpart C. The Issuer is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. The Issuer acknowledges that failing to disclose the information required under 40 CFR 32.335 may result in the delay or negation of this Agreement, or pursuance of legal remedies, including suspension and debarment.

y. The Issuer 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 Issuer will comply with all applicable requirements of all other states and federal laws, executive orders, policies, and regulations governing the program pursuant to which the Order was issued.

z. The Issuer 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), and supplemented by United States Department of Labor regulations (41 CFR Part 60).

aa. If historic or archeological artifacts or remains are discovered during Project construction, the Issuer agrees to immediately contact the State Historic Preservation Officer and EGLE. The Issuer 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 Issuer agrees to immediately contact the State Police.

bb. The Issuer will provide written notification to EGLE 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.

cc. The Issuer agrees to comply with Section 436 of the Consolidated Appropriations Act, 2014 (Pub. L. 113-76) which requires that all of the iron and steel products used in the Project be produced in the United States (“Use of American Iron and Steel Requirement”), unless (i) the Issuer has requested and obtained a waiver from the USEPA pertaining to the Project or (ii) EGLE has otherwise advised the Issuer in writing that the American Iron and Steel Requirement is not applicable to the Project.

dd. The Issuer agrees that a fiscal sustainability plan has been developed and implemented that includes the minimum requirements per 33 UCS § 1383 for treatment works by the loan closing.

Section 3. Further Covenants. The Issuer agrees to the covenants, if any, set forth in Exhibit C attached to this Agreement.

Section 4. Statutory Compliance of Project. Based on the information supplied to EGLE by the Issuer, EGLE hereby certifies that the Project complies with the statutory requirements established by Part 53 for a project eligible for assistance.

Section 5. Advancement of Funds to Issuer. Upon receipt by EGLE from the Issuer of a Disbursement Request in the form to be provided by EGLE, EGLE shall, after processing such Disbursement Request, notify the Authority of the amount of the Disbursement Request. The Authority shall withdraw from the State Water Pollution Control Revolving Fund established pursuant to Act 227 moneys necessary to purchase principal installments of the Bond from the Issuer in the amount processed by EGLE.

In the event the Issuer 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 EGLE to be ineligible for financing from the Fund, the Issuer agrees to repay the Fund all such amounts. EGLE shall notify the Issuer in writing of any and all such ineligible costs (the "Repayment Amount"). The Issuer agrees to repay the Authority the Repayment Amount within 30 days following the receipt of written notice from EGLE (the "Repayment Date"). If such amount is not received by the Authority by the Repayment Date, the Issuer agrees 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 EGLE to the Issuer. 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 Issuer.

Section 6. Termination of Assistance. In the event EGLE issues an order under Section 5312 or 5313 of Part 53 recommending that assistance to the Issuer be terminated for the Project, the Authority shall cease to advance funds to the Issuer pursuant to Section 5 of this Agreement. Any termination of assistance under this Agreement shall not excuse or otherwise affect the Issuer's obligation to repay principal installments of the Bond previously disbursed to the Issuer or interest or premiums due thereon. If as a result of termination of assistance, less than the principal amount of assistance approved by EGLE 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 Issuer. Any termination of assistance under this Agreement shall not relieve the Issuer of any requirements that may exist under state or federal law to construct the Project.

Section 7. Breach of Agreement. In regard to Section 1 through 3 of this Agreement, if any of the representations or warranties are untrue, or if the Issuer 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 EGLE to insist upon strict performance of any covenant, warranty or representation in these Sections, nor any failure on the part of the Authority or EGLE 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 Issuer continues or is repeated.

Upon any such breach in addition to any other legal remedy EGLE or the Authority may have, EGLE can provide written notice to the Authority of such breach and the Authority shall cease to advance funds to the Issuer pursuant to Section 5 of this Agreement. Any termination of assistance under this Agreement shall not excuse or otherwise affect the Issuer's obligation to repay principal installments of the Bond previously disbursed to the Issuer plus interest and premiums due thereon. If as a result of termination of assistance, less than the principal amount of assistance approved by EGLE 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 Issuer. Any termination of assistance under this Agreement shall not relieve the Issuer of any requirements that may exist under state or federal law to construct the Project.

Section 8. 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 Issuer.

Section 9. 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 10. 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.

Section 11. Consent to Execution by Electronic Signature. The parties hereto consent and agree that the Authority and EGLE may execute this Agreement by manual or facsimile signature or by electronic signature via OneSpan Sign, DocuSign, or similar software. The parties agree that electronic signatures shall be valid and binding against the party providing such electronic signature.

This consent is valid only for the execution of this Agreement and will not be used as evidence of consent for any future agreement.

\_\_\_\_\_ OF \_\_\_\_\_  
(the “Issuer”)

By: \_\_\_\_\_

Its: \_\_\_\_\_

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURES  
CONTINUE ON NEXT PAGE)

MICHIGAN FINANCE AUTHORITY  
(the “Authority”)

By:\_\_\_\_\_

Its: Authorized Officer

DEPARTMENT OF ENVIRONMENT, GREAT  
LAKES AND ENERGY OF THE STATE OF  
MICHIGAN (“EGLE”)

By:\_\_\_\_\_

Its: Authorized Officer

## EXHIBIT A

### Summary of Estimated Project Costs

## EXHIBIT B

### Project Description

## EXHIBIT C

### Additional Covenants of the Issuer

## EXHIBIT D

### Summary of Litigation

## **EXHIBIT C**

### **Issuer's Certificate**

## State Revolving Fund Program

\$ \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_  
 County of \_\_\_\_\_  
 State of Michigan

(the "Bond")

## ISSUER'S CERTIFICATE

This Certificate is delivered by the undersigned on behalf of the \_\_\_\_\_ of \_\_\_\_\_ (the "Issuer") in connection with the issuance of its above-captioned bond (the "Bond") on even date herewith and the sale of such Bond to the Michigan Finance Authority (the "Authority"). This Certificate is being delivered to the Authority pursuant to a certain Purchase Contract between the Authority and the Issuer (the "Purchase Contract"). The Issuer represents and warrants to, and agrees with, the Authority, as of the date hereof as follows:

1. 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.
2. The Issuer has full legal right, power and authority to enter into the Purchase Contract, and the Issuer has duly authorized and approved the execution and delivery of and the performance by the Issuer of its obligations contained in the Purchase Contract.
3. No further authorization or approval is required for the execution and delivery of the Purchase Contract on behalf of the Issuer by its governing body, and the Purchase Contract constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms except as such 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; and, except as may be required under the blue sky or

securities laws of any state (as to which no representation or warranty is given) no further authorization or approval is required for the performance by the Issuer of its obligations thereunder.

4. The execution and delivery of the Purchase Contract by the Issuer, and the fulfillment of the terms and conditions of, and the carrying out of the transactions contemplated by the Purchase Contract 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 Constitution of the State), 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.

5. Any certificate or copy of any certificate signed by any official of the Issuer and delivered to the Authority pursuant to the Authority's purchase of the Bond shall be deemed a representation by the Issuer to the Authority as to the truth of the statements therein made.

6. The Issuer is not in default in the payment of principal of, or premium, if any, or interest on any bonds, notes, or contract payments pledged for the payment of notes or bonds.

7. The Issuer agrees that it will not purchase bonds from the Authority in an amount related to the principal amount of the Bond.

8. The Issuer is a political subdivision of the State of Michigan which qualifies as a "governmental unit" within the meaning of Sections 141(b)(6)(A) and 141(c)(1) 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").

9. The Issuer hereby covenants and agrees for the benefit of the Authority as the holder of the Bond that it will comply with the applicable requirements of Section 149 of the Code.

10. Except as required by law, the Issuer will at no time take any action or omit to take any action which, by commission or omission, would cause the Bond to be an "arbitrage bond" as defined in Section 148 of the Code including failing to satisfy the arbitrage rebate requirements of such Section.

11. The Issuer will not permit at any time or times any of the proceeds of the Bond (or the property financed with the proceeds of the Bonds) or any other funds of

the Issuer to be used directly or indirectly in a manner which would result in the exclusion of any bonds of the Issuer from the treatment afforded by Section 103(a) of the Code, as from time to time amended, by reason of the classification of such bonds as “private activity bonds” within the meaning of Section 141(a) of the Code, or as obligations guaranteed by the United States of America, as provided in Section 149(b) of the Code; or cause interest on the Bond to be includable in gross income for federal income tax purposes.

12. The Issuer has executed the standard documents required by 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\_\_.

\_\_\_\_\_  
(the “Issuer”)

By:\_\_\_\_\_

—

Its:\_\_\_\_\_

—

By:\_\_\_\_\_

—

Its:\_\_\_\_\_

—