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Transcript of Documents in Connection with the Transfer of Bond-Financed Facilities by the City of Pontiac (the "City") to the County of Oakland (the "County") and the City of Pontiac Wastewater Treatment Facility Drainage District (the "Drainage District") and Approval Thereof by the Michigan Finance Authority (the "Authority") and the Michigan Department of Environmental Quality ("DEQ")

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Dated: December 21, 2012

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# Tab 1

Drinking Water Revolving Fund Program

Supplemental Agreement  
Regarding

\$3,425,000

City of Pontiac, Oakland County, Michigan  
Water Supply System Revenue Bond, Series 2010  
(the "Bond")

This Agreement is made as of December 21, 2012, among the County of Oakland, Michigan (the "County"), the Michigan Finance Authority (the "Authority"), and the State of Michigan acting through the Department of Environmental Quality (the "DEQ"), in consideration for the purchase of the above-captioned Bond by the Authority.

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 City of Pontiac (the "City") and the County. Pursuant to the terms of the ordinance authorizing the issuance of the Bond, the City issued the Bond on January 22, 2010, and undertook a Project as described in Exhibit B attached to this Supplemental Agreement (the "Project") which Project is a public water supply project, as defined in Part 54, Safe Drinking Water Assistance of the Natural Resources and Environmental Protection Act, Act 451 of the Public Acts of 1994 ("Part 54"). In order to provide assistance to the City to finance the Project, the Authority purchased the Bond upon certain conditions including receipt by the Authority of an order of approval (the "Order") issued by the DEQ pursuant to the provisions of Part 54. All words and terms defined in Act 227 or Part 54 and not otherwise defined in this Agreement shall have the meanings as defined in those Acts.

The City and the County entered into the City of Pontiac Water Supply System Contract dated as of April 19, 2012 (the "Act 342 Contract"), which contract provides for the transfer by the City to the County of the City's right, title and interest in and to the Project as part of the "City of Pontiac Water Supply System Facilities" as described in the Act 342 Contract. The Contract further provides authorization for the County to establish rates, charges and assessments in amounts necessary for the payment of the Bond and for the County to covenant to the holders of the Bond to make payments of debt service on the Bond in the event such amounts are not sufficient.

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

Section 1. General Covenants. The County represents, warrants and covenants to the DEQ and the Authority as of the date hereof as follows:

- a. Rates and charges for the services of the Project will be established, levied or collected in amounts 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. The County covenants to make timely payments of the principal of and interest on the Bond in the event that such amounts are not sufficient; provided, however, that the total principal amount of the Bond paid pursuant to such covenant shall not exceed \$1,975,000 without approval by resolution of the Board of Commissioners of the County.
- b. The County 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 the City's application and to provide from fiscal resources all moneys in excess of Bond proceeds necessary to complete the Project.
- c. The County will not voluntarily sell, lease, abandon, dispose of or transfer its title to the Project or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrances, without an effective assignment of obligations and the prior written approval of the Authority and the DEQ.
- d. To the extent permitted by law, the County 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 County 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 County will make no use of Bond proceeds which would make the Bond federally guaranteed as provided in Section 149(b) of the Code. The County will keep records of the expenditure and investment of Bond proceeds as required under the Code and the regulations thereunder.
- f. The County will operate and maintain the Project in good repair, working order and operating condition.
- g. The County will maintain complete books and records relating to the construction, operation and financial affairs of the Project in accordance with generally accepted accounting principles (GAAP) and generally accepted government auditing standards (GAGAS). At the conclusion of the Project or upon notification by the DEQ, the County will submit a final Project cost summary with necessary supporting documentation as required by the DEQ. The County 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 County will have an audit of its entire operations prepared by a recognized independent certified public accountant for each year in which the County expended \$500,000 or more in federal assistance. The audit shall be prepared in conformance with the requirements of the Single Audit Act of 1984, as amended (31 USC section 7501 *et. seq.*) and Office of Management and Budget Circular No. A-133. The County 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 County agrees to provide the Authority in a timely manner with all information and documents regarding the County that the Authority, or its bond underwriters need to meet any Securities and Exchange Commission regulation, any industry standard or other federal or state regulation which imposes a disclosure requirement or continuing disclosure requirement relating to any Authority bond issue which was used or is needed to provide monies to the fund used to purchase the Bond. The County also agrees to provide the Authority in a timely manner with all information and documents regarding the County that the Authority or its bond underwriters need to meet any Securities and Exchange Commission regulation, any industry standard or other federal or state regulation which imposes a disclosure requirement or continuing disclosure requirement relating to any other Authority bond issue which was used by the Authority to purchase an obligation of the County. In furtherance of the above the County also agrees that upon the request of the Authority it will promptly execute and deliver a continuing disclosure undertaking in form and substance determined by the Authority to be necessary or desirable to assist the Authority or its underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

i. The County 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 County will notify the DEQ and the Authority within 30 days of the occurrence of any event which, in the judgment of the County, will cause a material adverse change in the financial condition of the Project, or, if the County 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 County 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 County 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 the DEQ, all consistent with the provisions set forth in 40 CFR Part 33.

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

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

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

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

p. The County will, upon request, provide the DEQ, 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 County will require similar authorizations from all contractors, consultants, or agents with which the County negotiates an agreement.

q. All pertinent records shall be retained and available to the DEQ, 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.

r. If the Project is segmented as provided in Section 5406 of Part 54, the County agrees that the remaining segments shall be completed with or without additional financial assistance from the Drinking Water Revolving Loan Fund.

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

t. The County 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 County certifies that goods, services, and materials for the Project will not be procured from a supplier on the List of Violating Facilities published by the U.S. Environmental Protection Agency.

u. The County 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 County will not discriminate on

the basis of race, color, national origin, sex, handicap, or age in any activity related to the Project.

v. If the Project involves the acquisition of an interest in real property or the displacement of any person, business, or farm operation, the County 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 County will follow procedures set forth in 49 CFR Part 24. In addition, the County shall provide written evidence that the land acquired for the Project was, or is to be, acquired from a willing seller at fair market value.

w. The County agrees to comply with the Hatch Act (5 USC section 1501 *et. seq.*) whereby the County will ensure that employees whose principal employment activities are funded in whole or in part with moneys from the Drinking Water Revolving Loan Fund comply with the prohibitions set forth in 5 CFR Part 151. The County 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 County to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

x. The County 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.

y. The County agrees to comply with Subpart C of 40 CFR Part 32, entitled "Responsibilities of Participants Regarding Transactions." The County 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 County is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. The County 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.

z. The County 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 County agrees to immediately contact the State Historic Preservation Officer and the DEQ. The County 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 the Project construction, the County agrees to immediately contact the State Police.



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

cc. The County certifies that the Project is not primarily to accommodate future development or primarily for fire protection.

dd. The County 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 County will comply with all applicable requirements of all other state and federal laws, executive orders, policies, and regulations governing the program pursuant to which the Order was issued.

Section 2. Further Covenants. The County agrees to the covenants, if any, set forth in Exhibit C attached to this Agreement. The County also agrees to comply with the requirements relating to the American Recovery and Reinvestment Act of 2009 ("ARRA") as set forth in Exhibit D to the Order and to take such action as necessary to maintain the principal forgiveness with respect to the Bond as provided under ARRA.

Section 3. Statutory Compliance of Project. Based on the information supplied to the DEQ by the County, the DEQ hereby certifies that the Project complies with the statutory requirements established by Part 54 for a project eligible for assistance.

Section 4. Advancement of Funds. Upon receipt by the DEQ from the County of a Disbursement Request in the form to be provided by the DEQ, the DEQ shall, after processing such Disbursement Request, notify the Authority of the amount of the Disbursement Request. The Authority shall withdraw from the Drinking Water Revolving Loan Fund established pursuant to Act 227 moneys necessary to purchase principal installments of the Bond from the County in the amount processed by the DEQ.

In the event the County receives disbursements for costs which, at the time of final disbursement or at the submission of final Project cost documentation or at any other time, are determined by the DEQ to be ineligible for financing from the Fund, the County agrees to repay the Fund all such amounts. The DEQ shall notify the County in writing of any and all such ineligible costs (the "Repayment Amount"). The County agrees to repay the Authority the Repayment Amount within 30 days following the receipt of written notice from the DEQ (the "Repayment Date"). If such amount is not received by the Authority by the Repayment Date, the County 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 the DEQ to the County. Such Additional Interest is in addition to the interest rate on

the Bond. The Additional Interest shall continue to accrue until the Authority has been fully reimbursed for the Repayment Amount. Upon receipt by the Authority of the Repayment Amount, the Authority shall prepare a new payment schedule for the Bond which shall be effective upon receipt by the County.

Section 5. Termination of Assistance. In the event the DEQ issues an order under Section 5313 or 5314 of Part 54 recommending that assistance to the County be terminated for the Project, the Authority shall cease to advance funds to the County pursuant to Section 4 of this Agreement. Any termination of assistance under this Agreement shall not excuse or otherwise affect the County's obligation to repay principal installments of the Bond previously disbursed to the City or the County or interest or premiums due thereon. If as a result of termination of assistance less than the principal amount of assistance approved by the DEQ is disbursed, the Authority shall prepare a new payment schedule, which maintains the existing level of principal installments but shortens the term of the Bond, which schedule shall be effective upon receipt by the County. Any termination of assistance under this Agreement shall not relieve the County of any requirements that may exist under state or federal law to construct the Project.

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

No failure by the Authority or the DEQ to insist upon strict performance of any covenant, warranty or representation in these Sections, nor any failure on the part of the Authority or the DEQ to declare a breach, shall constitute a waiver of any such breach or a relinquishment for the future of the right to insist upon and to enforce by any appropriate legal remedy strict compliance with all of the covenants, warranties or representations, or of the right to exercise any such right or remedies, if any breach of the County continues or is repeated.

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

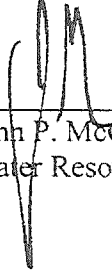
Section 7. Applicable Law and Nonassignability. This Agreement shall be governed by the laws of the State of Michigan. This Agreement shall not be assigned by the County.

Section 8. Severability. If any clause, provision or section of this Agreement be ruled invalid or unenforceable by any court or competent jurisdiction, the invalidity or

unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

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

COUNTY OF OAKLAND  
(the "County")

By:  \_\_\_\_\_  
John P. McCulloch  
Its: Water Resources Commissioner

MICHIGAN FINANCE AUTHORITY  
(the "Authority")

By: \_\_\_\_\_  
Its: Authorized Officer

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

By: \_\_\_\_\_  
Its: Authorized Officer

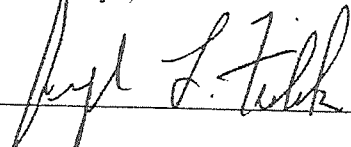
Supplemental Agreement  
City of Pontiac, Oakland County, Michigan  
Water Supply System Revenue Bond, Series 2010

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

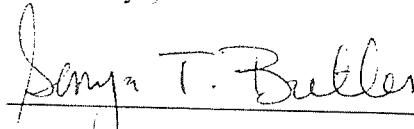
COUNTY OF OAKLAND  
(the "County")

By: \_\_\_\_\_  
John P. McCulloch  
Its: Water Resources Commissioner

MICHIGAN FINANCE AUTHORITY  
(the "Authority")

By:   
Its: Authorized Officer

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

By:   
Its: Authorized Officer

Supplemental Agreement  
City of Pontiac, Oakland County, Michigan  
Water Supply System Revenue Bond, Series 2010

State Revolving Fund

**EXHIBIT A**

Cost Summary identifying design, construction and administrative costs.

Planning Costs	\$60,000
User Charge System Development Costs	\$0
Design Engineering Cost	\$295,498
Legal/Financial Service Fees	\$19,000
Administrative Costs	\$0
Bond Counsel Fees	\$13,400
Bond Advertisement Fees	\$4,042
Bid Advertisement Costs	\$1,608
Capitalized Interest	\$0
Land Acquisition/Relocation Costs	\$0
Land Purchase Costs	\$0
Construction Engineering Costs	\$203,380
Construction Costs (bid contracts)	\$2,635,800
Construction Costs (force account)	\$0
Equipment Costs	\$0
Other Project Costs	\$0
Contingencies	\$192,272
LESS other Sources of Funding	(\$0)
<b>TOTAL PROJECT COSTS APPROVED</b> <b>(rounded to nearest \$5,000)</b>	<b>\$3,425,000</b>

Drinking Water Revolving Fund

**EXHIBIT B**

Project description, referencing the permit required by 1976 PA 399, Section 4.

Permit Numbers:      094230 Issued on October 22, 2009  
                             094231 Issued on October 22, 2009

Project Description:

The water supply distribution system will be improved through upgrades to main pumping station and the replacement of 12 butterfly valves and 9 air release valves.

### EXHIBIT C

Additional special conditions.

1. Financial assistance authorized by this Order of Approval is conditioned upon receipt by the Michigan Finance Authority (the "Authority") by January 11, 2010, or such other date approved by the Authority, of all documentation necessary to satisfy the Authority's municipal obligation purchase requirements as set forth in the Shared Credit Rating Act, 1985 PA 227, as amended.
2. Financial assistance authorized by this Order of Approval is conditioned upon issuance, by the applicant or owner, of a Notice to Proceed, to the successful bidder(s) on the project construction contract(s) on or before February 17, 2010.
3. Since the project is the result of a partitioned environmental review, the applicant agrees that the remaining project planning will be completed and subsequent project phases will be constructed with or without additional financial assistance from the Drinking Water Revolving Fund in accordance with the schedule contained in the project plan approved by the Department of Environmental Quality or as incorporated in applicable permits, orders, and agreements.
4. Financial assistance authorized by this Order of Approval is in part supported by funding from the American Recovery and Reinvestment Act of 2009 and includes loan principal forgiveness which will equal 40 percent of the final allowable project costs, but not to exceed \$1,370,000.



# Tab 2

Drinking Water Revolving Fund Program

CERTIFICATE FOR BONDS FINANCED  
THROUGH THE DRINKING WATER REVOLVING FUND  
OF THE STATE OF MICHIGAN

This Certificate is delivered by the undersigned on behalf of the County of Oakland, Michigan (the "County") in connection with the issuance by the City of Pontiac, Oakland County, Michigan (the "City") of its Water Supply Revenue Bond, Series 2010 (the "Bond") on January 22, 2010 and the sale of the Bond to the Michigan Finance Authority (the "Authority"). The project financed by the proceeds of the Bond (the "Project") has been certified by the Department of Environmental Quality (the "DEQ") as eligible for financing from the State Drinking Control Revolving Fund.

The City and the County entered into the City of Pontiac Water Supply System Contract dated as of April 19, 2012 (the "Act 342 Contract"), which contract provides for the transfer by the City to the County of the City's right, title and interest in and to the Project as part of the "City of Pontiac Water Supply System Facilities" as described in the Act 342 Contract. The Contract further provides authorization for the County to establish rates, charges and assessments in amounts necessary for the payment of the Bond and for the County to covenant to the holders of the Bond to make payments of debt service on the Bond in the event such amounts are not sufficient.

The County represents and warrants to, and agrees with, the Authority and the DEQ as of the date of this Certificate:

1. The County is duly organized and existing under the laws of the State of Michigan. The undersigned is on the date hereof the duly elected or appointed, acting and qualified incumbent of the office of the County set below his name.
2. The County has full legal right, power and authority to enter into the Act 342 Contract, and the County has duly authorized and approved the execution and delivery of and the performance by the County of its obligations contained in the Act 342 Contract.
3. No further authorization or approval is required for the execution and delivery of the Act 342 Contract on behalf of the County by its governing body, and the Act 342 Contract constitutes a legal, valid and binding obligation of the County, 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 County of its obligations thereunder.
4. The County 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 the 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).

5. Proceeds of the Bond will be applied to (i) the financing of the Project or a portion thereof as set forth in the ordinance authorizing the issuance of the Bond or (ii) to reimburse the City for a portion of the cost of the Project which was incurred in anticipation of Bond proceeds and which is eligible for reimbursement in accordance with Treasury Regulation 1.150-2. The County 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.

6. To the extent permitted by law, the County 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.

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

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

IN WITNESS WHEREOF, I have signed this Certificate on December 21, 2012.

COUNTY OF OAKLAND

By:   
John P. McCulloch  
Its: Water Resources Commissioner

# Tab 3



2600 WEST BIG BEAVER ROAD, SUITE 300  
TROY, MI 48064-3312  
TELEPHONE: (248) 433-7200  
FACSIMILE: (248) 433-7274  
<http://www.dickinsonwright.com>

December 21, 2012

Michigan Finance Authority  
Lansing, Michigan

**Re: \$3,425,000 City of Pontiac Water Supply System Revenue Bond,  
Series 2010 (the "Bond")**

We are providing this opinion letter to you in connection with the transfer by the City of Pontiac (the "City") of its right, title and interest in and to the water supply system facilities financed with the proceeds of the Bond (the "Facilities") to the County of Oakland (the "County") pursuant to the City of Pontiac Water Supply System Contract between the City and the County dated as of April 19, 2012 (the "Act 342 Contract"). The Bond was issued by the City and delivered to the Michigan Municipal Bond Authority on January 22, 2010 (the "Issuance Date"). The County has covenanted to make timely payments of the principal of and interest on the Bond, in certain circumstances and within certain limitations, pursuant to the Supplemental Agreement dated as of December 21, 2012 among the County, the Michigan Finance Authority and the State of Michigan acting through the Department of Environmental Quality (the "Supplemental Agreement").

In rendering this opinion, we have reviewed (i) the Act 342 Contract, (ii) the Supplemental Agreement and (iii) such other documents as we deem appropriate or necessary to enable us to render this opinion.

For purposes of this opinion, we have, with your permission, assumed, without investigation, verification or inquiry, the following:

- (a) the legal capacity of all natural persons; the genuineness of all signatures; the authenticity and completeness of all documents submitted to us as originals; the conformity to original documents of all documents submitted to us as certified, telecopied, facsimile or photostatic copies; the authenticity and completeness of the originals of such copies; and the absence of any understandings, waivers, or amendments which would vary the terms of any of the documents which we have examined or which would have an effect on the opinions rendered herein;
- (b) as of the Issuance Date, under existing statutes, regulations, rulings and judicial decisions, (i) the interest on the Bond was excluded from gross income for federal income tax purposes and (ii) the Bond and the interest thereon were exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof; and

Michigan Finance Authority  
December 21, 2012  
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(c) no facts, acts or changed circumstances (other than the transfer of ownership of the Facilities to the County or the County's covenant to make timely payments of the principal of and interest on the Bond as described herein) have occurred since the Issuance Date which would adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes or the exemption of the Bond and the interest thereon from all taxation in the State of Michigan (except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof).

Based upon the foregoing and subject to the qualifications stated herein, it is our opinion that the transfer by the City of its right, title and interest in and to the Facilities to the County pursuant to the Act 342 Contract and the covenant by the County to make timely payments of the principal of and interest on the Bond as described herein pursuant to the Supplemental Agreement do not, in and of themselves, adversely affect (i) the exclusion of the interest on the Bond from the gross income of the holders thereof for federal income tax purposes or (ii) the exemption of the Bond and the interest thereon from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. We express no opinion whether, as of this date, the interest on the Bond is excluded from the gross income of the holders thereof for federal income tax purposes or the Bond and the interest thereon are exempt from taxation in the State of Michigan.

This letter is intended for the information solely of the party to whom it is addressed and is not to be quoted in whole or part or otherwise referred to in any document or to be filed with any governmental or other administrative agency or other person for any purpose without the prior written consent of the undersigned, except as required by law or regulatory authority.

Very truly yours

*Richard Wright PLLC*

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