

**KAREGNONDI WATER AUTHORITY
ACTING IN LAPEER COUNTY, MICHIGAN**

RESOLUTION NO. 2017-01

**A RESOLUTION APPROVING A TRANSFER OF UP TO \$4 MILLION
DOLLARS FROM THE KWA OPERATIONS AND MAINTENANCE ACCOUNT
TO THE KWA CONSTRUCTION ACCOUNT**

At a meeting of the Karegnondi Water Authority Board, acting in Lapeer County, Michigan, held on May 17, 2017, at 2:00 p.m., local time.

PRESENT: Jamie Curtis, Larry Green, Ted Henry (by proxy), Micki Hoffman
Dale Kerbyson, Eric Mays, Laura Sullivan, Joseph Suma, Thomas
Svrcek, Karen Weaver, Paula Zelenko, Greg Alexander

ABSENT: Marsha Binelli, Richard Hammel, Sheldon Neeley

The following preamble and resolution were offered by Jamie Curtis and seconded by Ted Henry:

PREAMBLE

WHEREAS, the Karegnondi Water Authority (“KWA”) was created pursuant to Act 233 of the Michigan Public Acts of 1955, as amended;

WHEREAS, in 2014, the KWA issued approximately \$220 million dollars in bonds to begin construction of the KWA pipeline;

WHEREAS, in 2016, the KWA issued approximately \$74 million dollars in bonds to complete the construction of the KWA pipeline;

WHEREAS, the 2016 borrowing was a short-term private placement with JP Morgan Chase, which required the KWA to deposit approximately \$3.1 million dollars more than expected into the bond reserve account;

WHEREAS, the KWA intends to finalize payment on all of the construction contracts by the third quarter of 2017;

WHEREAS, due to the additional deposit of \$3.1 million dollars into the bond reserve account for the 2016 bond issue, there is a short fall of revenue in the KWA Construction Account of approximately \$4 million dollars;

WHEREAS, the 2016 bond issue is required to be refinanced no earlier than November 1, 2017;

WHEREAS, once the 2016 bond issue is refinanced, the KWA will reimburse the KWA Operations and Maintenance Account the total amount transferred, not to exceed \$4 million dollars, from moneys released from the bond reserve account and/or from the proceeds of additional bonds to be issued by the KWA to pay the costs of completing the construction of the KWA pipeline;

NOW, THEREFORE, BE IT RESOLVED THAT: All of the matters stated in the recitals of this Resolution are true and correct and are hereby incorporated into the body of this Resolution as though fully set forth in their entirety herein.

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT: The Karegnondi Water Authority Board approves the transfer of up to \$4 million dollars from the KWA Operations and Maintenance Account (1000-001) to the KWA Construction Account (2400-002).

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT: The KWA Treasurer or Deputy Treasurer is authorized by the KWA Board to transfer up to \$4 million dollars from the KWA Operations and Maintenance Account to the KWA Construction Account as authorized by this Resolution.

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT: The KWA Treasurer or Deputy Treasurer is authorized by the KWA Board to reimburse the KWA Operations and Maintenance Account for the actual amount transferred from the KWA Operations and Maintenance Account to the KWA Construction Account, not to exceed \$4 million dollars, once the \$74 million 2016 bond issue has been refinanced. Said reimbursement shall be made from moneys released from the bond reserve account for the 2016 bond issue and/or from the proceeds of additional bonds to be issued by the KWA to pay the costs of completing the construction of the KWA pipeline.

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT: This resolution is intended to comply with the reimbursement rules of U.S. Treasury Regulation Section 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended.

VOICE VOTE: Motion carried on unanimous voice vote.

RESOLUTION 2017-01 DECLARED ADOPTED.



Printed Name: Greg Alexander
Its: Chairperson

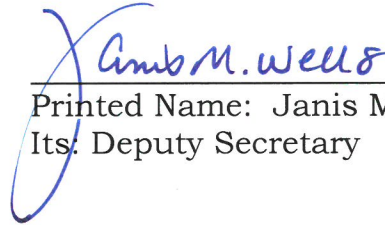
Printed Name: Janis M. Wells
Its: Deputy Secretary

STATE OF MICHIGAN }
 } ss
COUNTY OF GENESEE }

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Karegnondi Water Authority Board and Incorporating Board, acting in Lapeer County, at a regular meeting held on May 17, 2017, and that public notice of said meeting was given pursuant to Act 267 of the

Michigan Public Acts of 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 on the 17th day of May, 2017.



Printed Name: Janis M. Wells
Its: Deputy Secretary