

GREAT LAKES WATER AUTHORITY
ORDINANCE NO. 2023-01

**SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF
SEWAGE DISPOSAL SYSTEM REVENUE BONDS IN
AN AGGREGATE AMOUNT NOT TO EXCEED \$105,000,000**

WHEREAS, pursuant to Resolution No. 2015-10-03 adopted by the Board of Directors of the Great Lakes Water Authority (the “Authority”) on October 7, 2015, the Authority Board approved and adopted Master Bond Ordinance No. 2015-02 (as subsequently amended through the date hereof, the “Ordinance”), which authorizes the issuance by the Authority of Sewage Disposal System Revenue Bonds; and

WHEREAS, the Ordinance authorizes the issuance of such Sewage Disposal System Revenue Bonds in one or more Series pursuant to a Series Ordinance authorizing the issuance and sale of such Series; and

WHEREAS, the Authority Board has determined that it is necessary to authorize at this time one or more Series of SRF Junior Lien Bonds (the “2023 SRF-1 Junior Lien Bonds”) to provide moneys to pay the costs of the hereinafter described repairs, extensions, enlargements and improvements to the Regional Sewer System identified in the Capital Improvement Program (the “2023 SRF-1 Project”).

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GREAT LAKES WATER AUTHORITY AS FOLLOWS:

Section 1. Authority for this Series Ordinance. This Series Ordinance (the “2023 SRF-1 Series Ordinance”) is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. Definitions. Except as otherwise provided in this 2023 SRF-1 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2023 SRF-1 Series Ordinance as such terms are given in the Ordinance. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

(a) “2023 SRF-1 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2023 SRF-1 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2023 SRF-1 Project.

(b) “2023 SRF-1 Project” means improvements to the Regional Sewer System, including but not limited to improvements to the existing Pump Station No. 1 located at the Water Resources Recovery Facility. The improvements include but are not limited to rehabilitation of the existing pumping system, piping and valves; HVAC and building improvements; electrical, instrumentation and controls upgrades; project improvements related to restoration (streets, rights-of-way and easements) as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(c) “Authorized Denomination” means any denomination as determined by an Authorized Officer in the Sale Order.

(d) “Authorized Officer” means either the Chief Executive Officer or the Chief Financial Officer. In accordance with Resolution 2021-330 adopted by the Authority Board on August 11, 2021, references herein to Chief Executive Officer shall be deemed to include any duly appointed Interim Chief Executive Officer.

(e) “Interest Payment Date” means except as otherwise set forth in the Sale Order each April 1 and October 1.

(f) “Maturity Date” means such dates of maturity of the 2023 SRF-1 Junior Lien Bonds as determined in the Sale Order.

(g) “MFA” means the Michigan Finance Authority.

(h) “Person” means any natural person, association, corporation, trust, partnership, joint venture, joint-stock company, municipal corporation, public body or other entity, however organized.

(i) “Project Costs” means the costs of acquiring, constructing, equipping, installing and financing the 2023 SRF-1 Project, including Issuance Costs relating to the 2023 SRF-1 Junior Lien Bonds.

(j) “Purchase Contract” means the Purchase Contract between the MFA and the Authority with respect to the purchase by the MFA and the sale by the Authority of a Series of the 2023 SRF-1 Junior Lien Bonds.

(k) “Regional Construction Fund, Series 2023 SRF-1” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2023 SRF-1 Series Ordinance relating to the construction of the 2023 SRF-1 Project to be paid with the proceeds of the 2023 SRF-1 Junior Lien Bonds.

(l) “Regular Record Date” means except as otherwise set forth in the Sale Order the fifteenth day of the calendar month immediately preceding an Interest Payment Date.

(m) “Sale Order” means any one or more Sale Orders of an Authorized Officer authorizing acts consistent with the Ordinance and this 2023 SRF-1 Series Ordinance necessary and appropriate to complete the sale, execution and delivery of the 2023 SRF-1 Junior Lien Bonds and to complete the other transactions contemplated herein.

(n) “Supplemental Agreement” means the Supplemental Agreement among the Authority, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, with respect to the 2023 SRF-1 Junior Lien Bonds.

(o) “Taxable 2023 SRF-1 Junior Lien Bonds” means any 2023 SRF-1 Junior Lien Bonds other than Tax-Exempt 2023 SRF-1 Junior Lien Bonds.

(p) “Tax-Exempt 2023 SRF-1 Junior Lien Bonds” means any 2023 SRF-1 Junior Lien Bonds that are Tax-Exempt Bonds.

Section 3. Approval of 2023 SRF-1 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Regional Sewer System to acquire, construct and undertake the 2023 SRF-1 Project, and the 2023 SRF-1 Project is hereby approved and accepted.

Section 4. Estimated Cost and Period of Usefulness of 2023 SRF-1 Project. The Project Costs are estimated by the Authority Board to be \$103,819,561 and the Project Costs are hereby approved and confirmed. The period of usefulness of the 2023 SRF-1 Project is estimated to be not less than 40 years.

Section 5. Authorization of 2023 SRF-1 Junior Lien Bonds.

(a) Authorization of Borrowing. The Authority may borrow an amount not in excess of \$105,000,000, as is finally determined in the Sale Order, and issue the 2023 SRF-1 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2023 SRF-1 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2023 SRF-1 Junior Lien Bonds authorized in this Section 5(a) shall include the amount of the net original issue premium, if any.

(b) Purpose of 2023 SRF-1 Junior Lien Bonds. The 2023 SRF-1 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Project Costs.

(c) Priority of Lien. The 2023 SRF-1 Junior Lien Bonds shall be issued as SRF Junior Lien Bonds.

(d) Insufficient Proceeds. To the extent that proceeds of SRF-1 Junior Lien Bonds are insufficient to pay Project Costs, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Regional Sewer System on hand and legally available therefor, as determined by the Authority Board.

(e) Taxable and Tax-Exempt 2023 SRF-1 Junior Lien Bonds. The 2023 SRF-1 Junior Lien Bonds may be issued as Taxable 2023 SRF-1 Junior Lien Bonds or Tax-Exempt 2023 SRF-1 Junior Lien Bonds, or as separate subseries of both, as set forth in the Sale Order.

(f) Source of Payment and Security. The 2023 SRF-1 Junior Lien Bonds shall be payable and secured as provided in Section 8.

(g) Applicability of Ordinance. Except as otherwise provided in this 2023 SRF-1 Series Ordinance or in the Sale Order, all of the provisions of the Ordinance shall apply to the 2023 SRF-1 Junior Lien Bonds as if set forth in full in this 2023 SRF-1 Series Ordinance, the purpose of this 2023 SRF-1 Series Ordinance being to supplement the Ordinance to authorize the issuance of 2023 SRF-1 Junior Lien Bonds for the purposes set forth herein.

Section 6. 2023 SRF-1 Junior Lien Bond Details.

(a) Designation.

- (1) The 2023 SRF-1 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2023-SRF-1 and shall include such other designations, including, without limitation, designations for multiple subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2023 SRF-1 Series Ordinance.
- (2) If the 2023 SRF-1 Junior Lien Bonds are not issued in 2023, an Authorized Officer is authorized in her discretion to re-designate the year and Series designation of such Series of 2023 SRF-1 Junior Lien Bonds and the various funds and accounts established hereunder to correspond with the year of issuance of such Series of 2023 SRF-1 Junior Lien Bonds. Furthermore, an Authorized Officer is authorized to establish designations within the various funds and accounts established hereunder if necessary in order to differentiate such funds and accounts from other similarly named funds and accounts related to other Bonds.

(b) Numbering. The 2023 SRF-1 Junior Lien Bonds shall be numbered in such manner as shall be determined in the Sale Order.

(c) Principal. The 2023 SRF-1 Junior Lien Bonds shall be issued in the form of Serial Bonds or Term Bonds, or any combination of Serial Bonds and Term Bonds, in any Authorized Denomination, and the principal thereof shall mature on October 1, or such other date as set forth in the Sale Order, in such years and amounts, and shall be or not be subject to redemption prior to maturity, all as shall be determined in the Sale Order subject to the following limitations:

- (1) No 2023 SRF-1 Junior Lien Bonds shall mature later than 40 years after the date of issuance thereof.
- (2) The 2023 SRF-1 Junior Lien Bonds shall only be issued with annual principal and interest installments permitted by the Ordinance, including Section 207 thereof.

(d) Interest. 2023 SRF-1 Junior Lien Bonds or portions thereof shall bear interest at a rate or rates as set forth in the Sale Order not in excess of 2.50% per annum. Interest on 2023 SRF-1 Junior Lien Bonds shall be payable on each Interest Payment Date.

(e) Payment of Principal and Interest. The principal of, premium, if any, and interest on the 2023 SRF-1 Junior Lien Bonds shall be payable in lawful money of the United States. Except as otherwise provided in the Sale Order, so long as the 2023 SRF-1 Junior Lien Bonds are owned by the MFA, the 2023 SRF-1 Junior Lien Bonds are payable as to principal, redemption 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 the MFA (the MFA's Depository"), and the Authority agrees that it will deposit with the MFA's Depository payments of the principal of,

premium, if any, and interest on the 2023 SRF-1 Junior Lien 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. If the 2023 SRF-1 Junior Lien Bonds are not registered in the name of the MFA, the principal of and premium, if any, on the 2023 SRF-1 Junior Lien Bonds are payable upon the surrender thereof at the corporate trust office of the Trustee and the interest is payable by check or draft drawn on the Trustee and mailed to the registered owners as of the immediately preceding Regular Record Date at their address shown on the registration books of the Authority maintained by the Trustee.

(f) Dating. The 2023 SRF-1 Junior Lien Bonds shall be dated such date as determined in the Sale Order.

(g) Reserve Requirement. There shall be no Reserve Requirement with respect to the 2023 SRF-1 Junior Lien Bonds.

(h) Exchange. The registered owner of any 2023 SRF-1 Junior Lien Bond may exchange such 2023 SRF-1 Junior Lien Bond for a new 2023 SRF-1 Junior Lien Bond or Bonds of the same interest rate, maturity and Priority of Lien in an equal aggregate principal amount in one or more of the Authorized Denominations by surrendering such 2023 SRF-1 Junior Lien Bond to be exchanged at the designated office of the Trustee together with an assignment duly executed by the registered owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. As provided in Section 206 of the Ordinance, the Trustee shall be responsible for the registration, transfer and exchange of 2023 SRF-1 Junior Lien Bonds and shall indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2023 SRF-1 Junior Lien Bonds.

(i) Execution and Delivery of 2023 SRF-1 Junior Lien Bonds. The 2023 SRF-1 Junior Lien Bonds shall be executed in the name of the Authority by manual or facsimile signature of the Chief Executive Officer of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority Board, and shall have the Authority's seal or facsimile thereof affixed or printed thereon. The Chief Financial Officer is authorized to deliver the 2023 SRF-1 Junior Lien Bonds to the MFA upon receiving the purchase price therefor in lawful money of the United States.

(j) Form of 2023 SRF-1 Junior Lien Bonds. The 2023 SRF-1 Junior Lien Bonds shall be in substantially the following form, subject to such changes, additions or deletions as determined by the Chief Executive Officer within the parameters of this 2023 SRF-1 Series Ordinance:

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**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB, OAKLAND AND WAYNE
GREAT LAKES WATER AUTHORITY
SEWAGE DISPOSAL SYSTEM REVENUE BOND,
SERIES 2023-SRF-1**

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: \$_____

INTEREST RATE: _____%

ORIGINAL ISSUE DATE:

The Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan (the “Issuer”), upon authorization from the Board of Directors of the Issuer (the “Board”), has issued this Bond. The Issuer, for value received, promises to pay, in lawful money of the United States of America, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above, or so much thereof as shall have been advanced to the Issuer and not prepaid or reduced pursuant to a Purchase Contract between the Issuer and the Michigan Finance Authority (the “MFA”), a Supplemental Agreement by and among the Issuer, the MFA and State of Michigan acting through the Department of Environment, Great Lakes, and Energy and the Order of Approval issued by the Department of Environment, Great Lakes, and Energy. The Principal Amount shall be payable on the dates and in the principal installments set forth in Schedule A attached hereto.

In the event less than the Principal Amount of this Bond is disbursed by the MFA, any portion of the Principal Amount is prepaid as provided herein, or any serial principal payment becomes due before the Issuer has received proceeds from corresponding purchased principal installments of at least a like amount, then the MFA may prepare a new serial principal installment repayment schedule which shall be presented to the Issuer and be effective upon receipt as provided in the Purchase Contract.

Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate set forth above, only on that portion of installments of the Principal Amount which have been disbursed by the MFA, shall be payable on _____, 20__ and semiannually on each April 1 and October 1 thereafter (each an “Interest Payment Date”).

If the MFA is not the registered owner of this Bond, principal of this Bond is payable upon presentation and surrender at the designated office of U.S. Bank Trust Company, National Association, as Trustee under the Ordinance (as defined below) or such other trustee as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any Interest Payment Date (the “Trustee”).

Interest on this Bond is payable to the registered owner of record as of the close of business on the 15th day of the month immediately preceding any Interest Payment Date as shown on the registration books kept by the Trustee by check or draft mailed by the Trustee to the registered owner at the registered address. Interest on this Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months. During the time funds are being drawn down by the Issuer under this Bond, the MFA will periodically provide the Issuer with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided, that no failure on the part of the MFA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced [(subject to any principal forgiveness as provided for herein)], all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

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 that is two percent above the MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds that may be made available for such purpose) to pay the interest on outstanding bonds of the MFA issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the MFA) of such deficiency as additional interest on this Bond.

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

This Bond is one of a series of bonds designated "Sewage Disposal System Revenue Bonds, Series 2023-SRF-1" and is issued pursuant to the provisions of (i) Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), (ii) Master Bond Ordinance No. 2015-02 adopted by the Board on October 7, 2015, as

amended (the “Bond Ordinance”), (iii) the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$105,000,000, adopted by the Board on _____, 2023 (the “Series Ordinance”), and (iv) a Sale Order of the Chief Executive Officer of the Issuer dated _____, 2023 (the “Sale Order,” and, collectively with the Bond Ordinance and the Series Ordinance, the “Ordinance”). This Bond is issued for the purposes set forth in the Series Ordinance and the Sale Order.

For the prompt payment of the principal of and interest on this Bond, and other bonds issued by the Issuer pursuant to the Bond Ordinance, the Issuer has irrevocably pledged the Pledged Assets (as defined in the Bond Ordinance), which includes the revenues of the Sewer System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Sewer System (the “Net Revenues”), and a statutory lien on the Net Revenues and Pledged Assets is hereby recognized and acknowledged. Such lien is a third lien, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first or second lien on the Pledged Assets. This Bond is of equal standing on a parity with all other obligations heretofore and hereafter issued or incurred under the Bond Ordinance and secured by a third lien on the Pledged Assets.

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 (as defined in the Bond Ordinance) of senior or equal standing and Additional Bonds of junior standing may hereafter be issued and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Bond Ordinance.

This Bond is subject to redemption prior to maturity at the option of the Issuer and with the prior written consent of and upon such terms as may be required by the MFA. That portion of this Bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Trustee to redeem the same.

THIS BOND IS ISSUED UNDER ACT 233 AND ACT 94. IT IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE ISSUER AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS OF THE SEWER SYSTEM. THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY A STATUTORY LIEN ON THE PLEDGED ASSETS AS DESCRIBED HEREIN.

The Issuer has covenanted and agreed, and hereby covenants and agrees, to fix and maintain, or cause to be fixed and maintained, at all times while any bonds payable from the Pledged Assets of the Sewer System shall be outstanding, such rates for service furnished by the Sewer System as shall be sufficient to provide for payment of the interest upon and the principal of this Bond and all other Bonds (as defined in the Bond Ordinance) assumed or issued and to be issued under the Bond Ordinance as and when the same shall become due and payable, to create and maintain a bond redemption fund therefor, including a bond reserve for Bonds other than this Bond, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Sewer 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 Sewer System, all as are required by the Bond Ordinance.

This Bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Trustee 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 Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds of the same type, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance 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 have been done and performed by regular and due time and form as required by law.

This Bond is not valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon has been executed by the Trustee.

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IN WITNESS WHEREOF, the Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan, has caused this Bond to be signed in its name by the facsimile signatures of its Chief Executive Officer and its Secretary of the Board and its corporate seal or a facsimile thereof to be printed, impressed or otherwise reproduced hereon, all as of the Original Issue Date.

GREAT LAKES WATER AUTHORITY

By: _____
Chief Executive Officer

Countersigned:

By: _____
Secretary, Board of Directors

[Seal]

CERTIFICATE OF AUTHENTICATION

This Bond is authenticated as the bond designated by the Issuer as “Sewage Disposal System Revenue Bond, Series 2023-SRF-1”.

U.S. Bank Trust Company, National Association,
Trustee

By:_____

Date of Authentication: _____, 2023

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ this Bond and all rights hereunder and hereby irrevocably appoints _____ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

Schedule A

The principal amounts and maturity dates applicable to the Bond to which this Schedule A is attached are as follows:

Date

Amount

Based on the schedule provided above unless revised as provided in this paragraph, repayment of the Principal Amount shall be made according to such schedule until the full Principal Amount disbursed to the Issuer is repaid; provided, however, that the Issuer shall have no obligation to repay any serial principal installment for which the Issuer did not receive a disbursement of Principal Amount by the date such serial principal installment is due. 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, the MFA shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule described above provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the MFA or (3) of prepayment [or principal forgiveness] of the Bond, the MFA shall prepare a new payment schedule that shall be effective upon receipt by the Issuer.

END OF BOND FORM

Section 7. Concerning the Securities Depository.

(a) As used herein:

“Beneficial Owner” means any Person who indirectly owns 2023 SRF-1 Junior Lien Bonds pursuant to the indirect ownership system maintained by a securities depository (the “Securities Depository”) and its Participants, commonly known as the “Book-Entry Only System.”

“Participant” means any Person whose ownership of 2023 SRF-1 Junior Lien Bonds is shown on books of the Securities Depository.

(b) The 2023 SRF-1 Junior Lien Bonds will initially be registered in the name of the MFA, or such other purchasers as designated in the Sale Order. In the event 2023 SRF-1 Junior Lien Bonds are later to be registered in the name of a Securities Depository or its nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or to any Beneficial Owner with respect to any matter, including the following:

- (1) the accuracy of the records of the Securities Depository, its nominee or any Participant with respect to any ownership interest in 2023 SRF-1 Junior Lien Bonds,
- (2) the delivery to any Participant, Beneficial Owner or any other Person other than the Securities Depository of any notice with respect to: any 2023 SRF-1 Junior Lien Bonds, including any notice of redemption, or
- (3) the payment to any Participant, Beneficial Owner or any other Person, other than the Securities Depository of any amount with respect to the principal (and premium, if any) of or interest on any 2023 SRF-1 Junior Lien Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2023 SRF-1 Junior Lien Bonds only to or upon the order of the MFA, or the Securities Depository, as applicable, and all such payments shall be valid and effective fully to satisfy and discharge the Authority’s obligations with respect to the principal (and premium, if any) of, and interest on such 2023 SRF-1 Junior Lien Bonds to the extent of the sum or sums so paid.

(d) If 2023 SRF-1 Junior Lien Bonds become registered in the name of the Securities Depository and (1) the Authority receives a written notice from the Securities Depository to the effect the Securities Depository is unable or unwilling to discharge its responsibilities or (2) the Authority determines that it is in the best interests of the Beneficial Owners of 2023 SRF-1 Junior Lien Bonds that they be able to obtain 2023 SRF-1 Junior Lien Bonds in certificated form, then, in either event, the Authority shall notify the Trustee and, in the case of clause, (2), the Securities Depository.

(e) Upon discontinuance of the use of the Book-Entry Only System maintained by the Securities Depository, if any, pursuant to subsection (d), above and upon receipt of notice from the Securities Depository containing sufficient information, the Authority shall execute and the Trustee shall authenticate and deliver 2023 SRF-1 Junior Lien Bonds in certificated form to

Beneficial Owners in exchange for the beneficial interests of such Beneficial Owners in corresponding principal amounts and in any Authorized Denominations.

(f) Notwithstanding any other provision of this 2023 SRF-1 Series Ordinance to the contrary, so long as any 2023 SRF-1 Junior Lien Bond is registered in the name of the Securities Depository or its nominee:

- (1) all payments with respect to the principal, premium, if any, and interest on such 2023 SRF-1 Junior Lien Bond and all notices of redemption, tender and otherwise with respect to such 2023 SRF-1 Junior Lien Bond shall be made and given, respectively, to the Securities Depository as provided in the letter of representations from the Authority to the Securities Depository with respect to such 2023 SRF-1 Junior Lien Bonds or any master letter of representations from the Authority to the Securities Depository;
- (2) if less than all of the 2023 SRF-1 Junior Lien Bonds of the same type of any maturity are to be redeemed, then the particular 2023 SRF-1 Junior Lien Bonds or portions of 2023 SRF-1 Junior Lien Bonds of such type and maturity to be redeemed shall be selected by the Securities Depository in any such manner as the Securities Depository may determine;
- (3) all payments with respect to principal of the 2023 SRF-1 Junior Lien Bonds and premium, if any and interest on the 2023 SRF-1 Junior Lien Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and
- (4) if a 2023 SRF-1 Junior Lien Bond is redeemed or tendered in part, then all amounts payable in respect of such redemption or tender shall be paid without presentation and surrender of such 2023 SRF-1 Junior Lien Bond pursuant to the procedures of the Securities Depository.

Section 8. Payment of 2023 SRF-1 Junior Lien Bonds; Confirmation of Statutory Lien.

(a) The 2023 SRF-1 Junior Lien Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2023 SRF-1 Junior Lien Bonds, the statutory lien upon the whole of the Pledged Assets established by Act 94 and the pledge created in Section 501 of the Ordinance is hereby confirmed in favor of the 2023 SRF-1 Junior Lien Bonds as follows: Such lien in favor of the 2023 SRF-1 Junior Lien Bonds shall be a statutory third lien on the Pledged Assets of equal standing and Priority of Lien with all issued, to be issued and outstanding SRF Junior Lien Bonds.

Section 9. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2023 SRF-1 Series Ordinance, all of the provisions relative to funds and accounts, their maintenance, the flow of funds and other details relative thereto, shall remain as specifically set forth in the Ordinance.

Section 10. Disposition of Proceeds.

(a) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2023 SRF-1 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2023 SRF-1 Junior Lien Bonds and any capitalized interest on the 2023 SRF-1 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2023 SRF-1 Junior Lien Bonds.

(b) Construction Fund. The balance of the proceeds of the 2023 SRF-1 Junior Lien Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 11.

Section 11. Construction Fund.

(a) A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2023 SRF-1 Junior Lien Bonds and designated the “Construction Fund, Series 2023 SRF-1,” and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief Financial Officer.

(b) Moneys in the Construction Fund, Series 2023 SRF-1 shall be applied solely to payment of Project Costs (or to the reimbursement of Project Costs paid by the Authority from other funds prior to the issuance of the 2023 SRF-1 Junior Lien Bonds).

(1) Payments or reimbursements for Project Costs for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with an Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that it was done in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(2) Payment or reimbursement for Project Costs consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to an Authorized Officer.

Section 12. Tax Covenant.

(a) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2023 SRF-1 Junior Lien Bonds, that so long as any of the Tax-Exempt 2023 SRF-1 Junior Lien Bonds remain outstanding and unpaid as to either principal or interest, the Authority shall, to the extent permitted by law, take all actions within its control to maintain, and will refrain from taking any action which would impair, the exclusion of the interest on the Tax-Exempt 2023 SRF-1 Junior Lien Bonds from gross income for federal income tax purposes under the Code.

(b) The actions referred to in subsection (a), above include, but are not limited to actions relating to any required rebate of arbitrage earnings and the expenditure and investment of

proceeds of Tax-Exempt 2023 SRF-1 Junior Lien Bonds and moneys deemed to be proceeds of Tax-Exempt 2023 SRF-1 Junior Lien Bonds, and to prevent Tax-Exempt 2023 SRF-1 Junior Lien Bonds from being or becoming “private activity bonds” as that term is used in the Code.

Section 13. Sale of 2023 SRF-1 Junior Lien Bonds; Purchase Contract; Expiration of Referendum Period.

(a) The 2023 SRF-1 Junior Lien Bonds shall be sold by negotiated sale to the MFA pursuant to a Purchase Contract in customary form with such changes thereto as an Authorized Officer shall determine are in the best interests of the Authority, within the parameters established by this 2023 SRF-1 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer’s execution of the Purchase Contract to the MFA.

(b) The Authority Board hereby determines that the sale of the 2023 SRF-1 Junior Lien Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2023 SRF-1 Junior Lien Bonds to receive a subsidized interest rate through participation in the MFA’s State Revolving Fund Program.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the MFA to purchase the 2023 SRF-1 Junior Lien Bonds subject to the following limitations:

- (1) The interest rate with respect to any Series of the 2023 SRF-1 Junior Lien Bonds shall not exceed 2.50%.
- (2) The aggregate purchaser’s discount at which any Series of the 2023 SRF-1 Junior Lien Bonds shall be sold to the MFA shall not exceed 2.00%.

(d) An Authorized Officer shall confirm in the Sale Order that there was no petition meeting the requirements of Section 33 of Act 94 that was filed with the Secretary of the Authority Board within 45 days of the date of publication of the notice of intent to issue bonds with respect to the 2023 SRF-1 Junior Lien Bonds as required by Section 33 of Act 94.

Section 14. Delegation of Authority to and Authorization of Actions of Authorized Officers.

(a) An Authorized Officer shall make all determinations herein provided to be made in the Sale Order and shall make all such determinations in accordance with the best interests of the Authority within the parameters of this 2023 SRF-1 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2023 SRF-1 Series Ordinance, an Authorized Officer shall determine the aggregate principal amount of 2023 SRF-1 Junior Lien Bonds to be issued, but not in excess of the aggregate principal amount authorized by this 2023 SRF-1 Series Ordinance, on the basis of her evaluation of the maximum amount of 2023 SRF-1 Junior Lien Bonds which can be sold, given anticipated interest rates and the revenue coverage requirements with respect to the 2023 SRF-1 Junior Lien Bonds and for any other reasons the Authorized Officer deems appropriate.

- (1) Such determination shall also include the redemption provisions for the 2023 SRF-1 Junior Lien Bonds.
- (2) An Authorized Officer shall also determine and establish, in accordance with this 2023 SRF-1 Series Ordinance, the maturities of each Series of the 2023 SRF-1 Junior Lien Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(c) An Authorized Officer is authorized, if necessary, to file applications and to pay the related fees, if any, to the Michigan Department of Treasury at her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2023 SRF-1 Junior Lien Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2023 SRF-1 Junior Lien Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(d) An Authorized Officer shall determine in the Sale Order that the requirements set forth in Section 207 of the Ordinance with respect to the issuance of the 2023 SRF-1 Junior Lien Bonds as Additional Bonds have been satisfied.

(e) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2023 SRF-1 Junior Lien Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2023 SRF-1 Series Ordinance, the authorizations therein and herein contained including without limitation the securing of ratings by bond rating agencies, and the incurring of reasonable fees costs and expenses incidental to the foregoing, for and on behalf of the Authority.

Section 15. Advancement of Project Costs. At the direction of an Authorized Officer, the Authority may advance certain Project Costs from the Authority's funds prior to the issuance of the 2023 SRF-1 Junior Lien Bonds to the extent that such costs are expenditures appropriate for reimbursement under applicable law, including the Code in the case of Tax-Exempt 2023 SRF-1 Junior Lien Bonds. The Authority hereby declares its official intent to issue the 2023 SRF-1 Junior Lien Bonds to finance the Project Costs, and hereby declares that it reasonably expects to reimburse the Authority's advances of Project Costs as anticipated by this declaration.

Section 16. Ratification. All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2023 SRF-1 Junior Lien Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 17. Additional Authorization. The Chief Executive Officer, the Chief Financial Officer, the Chief Administrative and Compliance Officer and the General Counsel of the Authority, any such officials acting in an interim or acting capacity to such officers, their deputies and staff, or any of them, are hereby authorized to execute and deliver such certificates, Supplemental Agreements, other agreements, documents, instruments, opinions and other papers as may be deemed necessary or appropriate to

complete the sale, execution and delivery of the 2023 SRF-1 Junior Lien Bonds and otherwise give effect to the transactions contemplated by this 2023 SRF-1 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 18. 2023 SRF-1 Series Ordinance a Contract. The provisions of this 2023 SRF-1 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2023 SRF-1 Junior Lien Bond.

Section 19. Professional Services.

(a) Dickinson Wright PLLC is hereby appointed as Bond Counsel for the 2023 SRF-1 Junior Lien Bonds, notwithstanding the periodic representation by Dickinson Wright PLLC in unrelated matters of other parties and potential parties to the issuance of the 2023 SRF-1 Junior Lien Bonds.

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2023 SRF-1 Junior Lien Bonds, notwithstanding the periodic representation by PFM Financial Advisors LLC in unrelated matters of other parties and potential parties to the issuance of the 2023 SRF-1 Junior Lien Bonds.

(c) The fees and expenses of Dickinson Wright PLLC and PFM Financial Advisors LLC shall be payable as an Issuance Cost from the proceeds of the 2023 SRF-1 Junior Lien Bonds or other available funds.

(d) An Authorized Officer is authorized to engage financial and other consultants as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2023 SRF-1 Junior Lien Bonds and to pay the fees and expenses thereof from the proceeds of the 2023 SRF-1 Junior Lien Bonds or other available funds.

Section 20. Severability; Headings; and Conflict. If any section, paragraph, clause or provision of this 2023 SRF-1 Series Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this 2023 SRF-1 Series Ordinance. The section and paragraph headings in this 2023 SRF-1 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2023 SRF-1 Series Ordinance.

Section 21. Publication and Recordation. This 2023 SRF-1 Series Ordinance shall be published in full in the Detroit Legal News, a newspaper of general circulation within the geographic boundaries of the Authority qualified under State law to publish legal notices, promptly after its adoption, and shall be maintained in the official records of the Authority and such recording authenticated by the signatures of the Chairperson and Secretary of the Authority Board.

Section 22. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2023 SRF-1 Series Ordinance are, to the extent of such conflict, repealed.

Section 23. Effective Date. This 2023 SRF-1 Series Ordinance shall be effective upon adoption.

Adopted and signed on the _____ day of _____, 2023.

GREAT LAKES WATER AUTHORITY

Signed _____
Chairperson

Signed _____
Secretary