

CLINTON-OAKLAND SEWAGE DISPOSAL SYSTEM
2013 INTER-MUNICIPAL CONTRACT

THIS CONTRACT, made and entered into as of the 1st day of October, 2013, by and among the COUNTY OF OAKLAND, a Michigan constitutional corporation (hereinafter sometimes referred to as the "County"), by and through its Water Resources Commissioner, County Agency, and the CITY OF AUBURN HILLS, a Michigan home rule city, the CHARTER TOWNSHIP OF INDEPENDENCE, a Michigan charter township, the VILLAGE OF LAKE ORION, a Michigan home rule village, the CHARTER TOWNSHIP OF OAKLAND, a Michigan charter township, the CHARTER TOWNSHIP OF ORION, a Michigan charter township, the CHARTER TOWNSHIP OF OXFORD, a Michigan charter township, the VILLAGE OF OXFORD, a Michigan home rule village, the CITY OF ROCHESTER HILLS, a Michigan home rule city, the CHARTER TOWNSHIP OF WATERFORD, a Michigan charter township, the CHARTER TOWNSHIP OF WEST BLOOMFIELD, a Michigan charter township, and the CITY OF LAKE ANGELUS, a Michigan home rule city, all located in the County of Oakland, State of Michigan, (collectively, the "Municipalities" or individually, a "Municipality").

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Act 185, Public Acts of Michigan, 1957, as amended ("Act 185"), the Board of Supervisors of the County of Oakland (now known as the Board of Commissioners of the County of Oakland), by Miscellaneous Resolution No. 4342, adopted June 22, 1964, established the Clinton-Oakland Sewage Disposal System (herein sometimes referred to as "COSDS" or "System"), to serve certain Oakland County communities

within the Clinton-Oakland Sewage Disposal System District (herein sometimes referred to as the "COSDS District") and which initially provided for construction of certain trunk sewers and pumping facilities and the connection thereof to the interceptors and treatment facilities of other systems in the County and/or of the City of Detroit; and,

WHEREAS, pursuant to the provisions of Act 185, the Board of Commissioners of the County of Oakland, by Miscellaneous Resolution No. 4690, adopted March 9, 1967, authorized the County of Oakland to enter into the Amended Clinton-Oakland Sewage Disposal System Contract, dated January 11, 1967, (herein referred to as "1967 COSDS Contract") for the establishment of the COSDS for the purpose of disposing wastewater from the Charter Township of Waterford, Township of Avon, Township of West Bloomfield, Township of Independence, Township of Orion, and the Township of Pontiac located in Oakland County, Michigan; and,

WHEREAS, pursuant to the provisions of Act 185, the Board of Commissioners of the County of Oakland, by Miscellaneous Resolution No. 5215, adopted November 6, 1969 authorized the County of Oakland to enter in the COSDS Paint Creek Interceptor Contract dated January 15, 1969 for the purpose of disposing wastewater from the Township of Oxford, the Township of Orion, the Township of Avon, the Township of Oakland, the Village of Oxford, and the Village of Lake Orion, located in the Oakland County, Michigan; and,

WHEREAS, pursuant to the provisions of Act 185, the Board of Commissioners of the County of Oakland, by Miscellaneous Resolution No. 6033, adopted June 1, 1972 authorized the County of Oakland to enter into the COSDS Gibson-Avon Arm Contract dated May 1, 1972, for the purpose of disposing wastewater from the Township of Avon; and,

WHEREAS, pursuant to Act 342, Public Acts of Michigan, 1939, as amended, the Board of Commissioners of the County of Oakland, by Miscellaneous Resolution No. 94144, adopted May 12, 1994 authorized the County of Oakland to enter into the City of Rochester Sewage Disposal System Contract, dated March 1, 1994, (hereinafter referred to as the "Rochester Connection Contract") whereby the City of Rochester agreed to certain conditions set forth in the COSDS 1967 Contract; and,

WHEREAS, since the date of the 1967 COSDS Contract, the Township of West Bloomfield, the Township of Independence, the Township of Orion, the Township of Oxford, and the Township of Oakland have become Michigan charter townships; the Township of Avon has become the City of Rochester Hills and the City of Rochester; the Township of Pontiac has become the City of Auburn Hills; and the City of Lake Angelus has become subject to the provisions of the 1967 COSDS Base Contract pursuant to its purchase of flow capacity in the System; and,

WHEREAS, since the date of the 1967 COSDS Contract through mutual resolutions and various agreements and amendments thereto, which included the acquisition, and in some instances, construction of sewage disposal facilities and extensions of trunk sewers, interceptors, and pumping facilities, the COSDS has come to include all of the Municipalities identified herein with the exception of the City of Rochester which has a separate contract with the County (i.e. the Rochester Connection Contract); and,

WHEREAS, pursuant to Act 139, Public Acts of Michigan, 1973 the Board of Commissioners by Miscellaneous Resolution No. 93075, adopted June 10, 1973 and Act No. 342, Public Acts of Michigan, 1939, as amended (hereinafter sometimes referred to as "Act

342") designated the Oakland County Drain Commissioner (now known as the Oakland County Water Resources Commissioner) as the county agency responsible for administering, operating and maintaining the "Clinton-Oakland Sewage Disposal System" with all powers and duties with respect thereto as are provided by Act 342 (said Water Resources Commissioner being hereinafter sometimes referred to as the "County Agency"); and,

WHEREAS, pursuant to Chapter 21 of Act 40, Public Acts of Michigan, 1956, as amended, the Oakland-Macomb Interceptor Drain Drainage District ("OMIDDD"), a Michigan statutory public corporation, was established July 14, 2009, to acquire from the City of Detroit the Oakland-Macomb Interceptor, a 21-mile-long interceptor sewer serving both the COSDS District and certain communities located in Macomb County and further to undertake extensive sewer rehabilitation repairs to the system to prevent catastrophic system failure and interruption in service; and,

WHEREAS, OMIDDD through its Drainage Board entered into a wastewater services contract with the City of Detroit, dated October 22, 2009 whereby the City of Detroit agreed to provide wastewater transportation, treatment and disposal services to the OMIDDD with a maximum flow limit from the System of 140 cubic feet per second (i.e. "cfs") and, among other things, with the stipulation that the City of Detroit agrees to accept no less than 70% of all Instantaneous Flow (which is defined by the wastewater services contract with the City of Detroit, as Flow that is calculated and registered by a metering device designed to measure wastewater flow at specified intervals over a specified period in accordance with the Greater Detroit Regional Sewer System flow metering standards) from the COSDS District area as existed in 2009; and,

WHEREAS, the County Agency, on behalf of the System, entered into a contract with the OMIDDD dated September 1, 2009 whereby the OMIDDD agreed to provide wastewater transportation and disposal services to the County to transport sewage from the System to the City of Detroit for treatment and disposal sufficient to meet the Total Maximum Allowable Flow Limit of the Municipalities served by the System, currently established at 140 cfs; and,

WHEREAS, in September 2009, the County Agency, on behalf of the COSDS entered into a District Compliance Agreement (DCA) with the Michigan Department of Environmental Quality (MDEQ) whereby the County Agency agreed to eliminate sanitary sewer overflows (SSOs) and to provide System capacity by developing a COSDS Master Plan that would identify long-range capacity needs of the COSDS and potential projects; and

WHEREAS, based on the COSDS Master Plan and approval by the MDEQ, Oakland County negotiated with the City of Pontiac to form a new drainage district to acquire the City of Pontiac Wastewater Treatment Plant enabling the diversion of COSDS flow to the Pontiac Wastewater Treatment Plant; and,

WHEREAS, pursuant to Chapter 20 of Act 40, Public Acts of Michigan, 1956, as amended, the City of Pontiac Wastewater Treatment Facility Drainage District ("COPWTFDD"), a Michigan statutory public corporation, was established on May 15, 2012 to acquire from the City of Pontiac the City of Pontiac Wastewater Treatment Plant, a wastewater treatment plant that serves the City of Pontiac through the City of Pontiac-Oakland County Sewage Disposal System, a separate Act 342 sewage disposal system operated and maintained by the County, and which is also intended and available to serve the COSDS; and,

WHEREAS, in June of 2012, pursuant to the DCA and in accordance with the COSDS Master Plan, a project plan was submitted and approved by the MDEQ to design and construct two projects: the Pontiac wastewater treatment plant diversion facilities (a pump station and force main); and a sewage retention tank downstream of the COSDS Elizabeth Lake Pump Station or alternate project (the “SRT Project”); and,

WHEREAS, the County Agency, on behalf of the COSDS, pursuant to a contract with the COPWTFDD dated April 1, 2013, to provide wastewater transportation and disposal services to the County for the transportation of wastewater from the COSDS to the COPWTFDD wastewater treatment plant for treatment and disposal sufficient to meet, but not to exceed, 30% of the instantaneous flow (which is defined by the wastewater services contract with the City of Detroit, as Flow that is calculated and registered by a metering device designed to measure wastewater flow at specified intervals over a specified period in accordance with the Greater Detroit Regional Sewer System flow metering standards) from the COSDS District area as existed in 2009 as established by contract with the City of Detroit; and,

WHEREAS, the County, through its County Agency, and in consultation with the Municipalities has undertaken to prepare descriptions of the additional facilities for relief, rehabilitation, pollution control and abatement of pollution, allocations of capacities and cost estimates for proposed additional facilities and rehabilitation of facilities necessary to adequately serve the Municipalities or portions thereof located within the COSDS District; and,

WHEREAS, this contract is intended to replace and supersede the 1967 COSDS Contract and the capacity allocations set forth therein; the COSDS Paint Creek Interceptor Contract, and the capacities set forth therein; the COSDS Gibson-Avon Arm and the capacities set forth

therein; and the COSDS Management Agreement dated January 1, 1996; establish allocations of contract capacities, provide for method of cost allocation and/or re-allocation of capital and interest charges on existing and future System and OMIDDD facilities; and provide for the imposition of charges for sewage treatment services, and costs associated with administration, operation and maintenance; and,

WHEREAS, as a means to maximize the ability of the System to efficiently transport sewage flows from the Municipalities for treatment and disposal, the Municipalities and the County desire to enter into this contract designated as the "Clinton-Oakland Sewage Disposal System 2013 Inter-Municipal Contract" for the assignment of capacity in the System as hereinafter set forth;

WHEREAS, this contract is necessary in order to promote the health and welfare of the residents of the Municipalities, which services and improvements would likewise benefit the County and its residents, and the parties hereto have concluded that the System and improvements can be provided and financed most economically and efficiently by the County through the exercise of the powers conferred by Act 342; and

THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS OF EACH OTHER, THE PARTIES HERETO AGREE as follows:

1. COSDS. The County and the Municipalities reaffirm and approve the establishment of the Clinton-Oakland Sewage Disposal System in the County of Oakland, under provisions of Act 342, which will be available to transport sewage originating in the COSDS District as described in Exhibit A attached hereto, to the extent of the contract capacities purchased hereunder and as set forth in Exhibit B by each of the Municipalities to treatment

facilities of the City of Detroit (including its successors and assigns), the COPWTFDD (including its successors and assigns) or other systems. The Municipalities by way of compliance with Section 29, Article VII, Michigan Constitution of 1963, consent and agree to the establishment and location of the System within their corporate boundaries and to the use by the County of its streets, highways, alleys, lands, rights-of-way or other public places for the purpose and facilities of the System and any improvements, enlargements or extensions thereof, and the Municipalities further agree that, in order to evidence and effectuate the foregoing agreement and consent, they will execute and deliver to the County such grants of easement, right-of-way, license, permit or consent as may be requested by the County.

2. Provision of Services. The County and the Municipalities understand and agree, subject to the terms of this contract, that the County will hold legal title to and be responsible for the administration, operation and maintenance of the COSDS facilities, and further, will accept for transportation and disposal the sewage from the COSDS District (hereinafter referred to as "wastewater services"). It is understood that the System is designed to accept a maximum rate of flow from each of the Municipalities and therefore each Municipality shall be limited in the use of the System to the specific contract capacity of as specified in Exhibit B. The Municipalities expressly accept and hereby approve the capacities as set forth in Exhibit B. Each Municipality shall have the right to use the capacity in the System allocated to it under this contract within its respective corporate limits. Maximum Rate of Flow is the Municipalities' contract capacity and shall mean the maximum allowable flow that a Municipality may deliver to the COSDS. This limit shall be expressed in units of cubic feet per second (i.e. cfs). The County and the Municipalities acknowledge that deviations over the Maximum Rate of Flow assigned to the Municipality may occur. If a Municipality exceeds its Maximum Rate of Flow more than three

(3) times in a one (1) year period, the County shall give written notice to the Municipality to reduce or eliminate the problem causing the Municipality to exceed its Maximum Rate of Flow. Thereafter, the County and Municipality shall meet and develop a plan for reducing or eliminating the problem causing the Municipality to exceed its Maximum Rate of Flow. The County may require the Municipality to acquire additional capacity or undertake measures within the Municipality, such as, but not limited to, infiltration and inflow storm water removal or constructing appropriate storage. If the problem causing the Municipality to exceed its Maximum Rate of Flow is not corrected, the County Agency, in its sole discretion, shall permit no new lateral sewers in the offending Municipality to be connected to the sanitary sewers of the System, or to any sewer connected directly or indirectly to the sanitary sewers of the System. The County Agency shall have the authority to oversee and regulate the discharge of wastewater from each of the Municipalities and may take appropriate actions to protect the rights of all Municipalities. This authority may entail flow monitoring and flow regulation, if needed, to protect the rights of Municipalities in the COSDS District under this contract. The parties agree that in the event that it becomes necessary to install meters to monitor flow of wastewater in the System, the costs for installation and operation of such meters shall be borne by all Municipalities as a general system cost. In addition, should it become necessary to construct or install restrictive devices to limit such wastewater flow, the County shall, to the extent permitted by law, require the cost of such construction or installation be borne by the Municipality or Municipalities whose excess flow requires such construction and installation.

3. Service Area. The service area of the COSDS District is shown in Exhibit A. Subject to the terms and conditions set forth in this contract, the service area may be amended by the County Agency. It is understood and agreed between the County and Municipalities, that in

accordance with the contract between the County and the OMIDDD, the County agency will transport for treatment and disposal, sewage from the COSDS District to the OMIDDD with a maximum flow limit from the System of 140 cfs and, with the requirement that the County will transport not less than 70% of all Instantaneous Flow, (which is defined by the wastewater services contract with the City of Detroit, as Flow that is calculated and registered by a metering device designed to measure wastewater flow at specified intervals over a specified period in accordance with the Greater Detroit Regional Sewer System flow metering standards) from the COSDS District area as existed in 2009 to the OMID System. In addition, it is anticipated with the construction of the COSDS Perry Street Diversion Project, an Act 342 project designed to permit the transportation and treatment of flow by the COPWTFDD wastewater treatment plant, that a portion of the sewage flow which shall not exceed 30% of the instantaneous flow from the COSDS District area as existed in 2009, will be treated at the COPWTFDD wastewater treatment plant.

4. Cost Reallocation Based on Flow and Annual Flow-Based "True-up" for SRT Project and OMID Rehabilitation Projects. The Municipalities agree to reallocate capital costs and interest on the outstanding indebtedness (principal and interest) for the SRT Project and all OMIDDD Bond Series, Series 2010, 2010B and 2011 and future OMIDDD Bond issuances (e.g. financing for OMIDDD Segments 3 and 4) based on a three-year rolling average flow volume from each of the Municipalities and the City of Rochester. It is understood that a Municipality may receive a credit or charge based on this methodology on its sewage disposal invoice from the County. The County shall adjust its calculation and implementation of this reallocation of costs (associated with financing of the projects identified herein), for the cash contributions made by a Municipality toward those projects (that is, the County will account for and adjust its billing

based on volume, taking into consideration any Municipality that paid cash to avoid interest on bonds associated with projects identified herein). This paragraph shall be implemented beginning on July 1, 2013, based on three-year average flow calculated from October 1, 2009 through September 30, 2012, and take into consideration only the bond and interest payments for the July 1, 2013 through June 30, 2014 rate year (thus, not retroactive for bond and interest payments paid prior to that rate year). Thereafter, the County will utilize a three-year rolling average of flow calculated annually by the County, and will reallocate the principal and interest charges based on the principal and interest paid during the rate year being reallocated for the projects identified herein. The Municipalities understand, for billing purposes, there will be two-year lag for the County to re-allocate bond and interest charges identified herein and "true-up" costs based on this methodology. By way of example, the rate year beginning July 1, 2013 through June 30, 2014, will be reallocated in rate year July 1, 2015 through June 30, 2016. Attached hereto, is Exhibit C which provides an example of the methodology to be employed by the County for reallocation and Annual Flow-based "True-up" of all COSDS common-to-all projects. The County Agency shall be responsible for administering the intent of this paragraph.

5. Utilization of Services. The Municipalities understand and agree that the County will be responsible for the operation of the COSDS on a non-profit basis for the benefit of the users and further, that the County is without funds to finance, operate and maintain the COSDS except as to those funds that are obtained from grants or from the beneficial users of the COSDS, namely, the Municipalities. Therefore, in no event shall the County or its general fund be charged with or be liable for the cost of administering, operating, and maintaining the COSDS. Subject to the conditions and terms set forth in this contract, each Municipality shall pay to the County such charges for the use of the COSDS and shall be sufficient to provide payment of all

costs for wastewater transportation and sewage disposal services (hereinafter referred to as "wastewater services") as established by the County Agency from time to time, which charges shall be sufficient to provide:

- (a) For all costs of operating and maintaining the System, including the cost of sewage disposal services through and by any connection to the OMID System, City of Detroit sewage disposal system, connection to City of Pontiac Wastewater Treatment Facility Drainage District, and/or connection to the City of Pontiac-Oakland County Sewage Disposal System.
- (b) For the establishment and maintenance of reserve funds in such amounts as shall be determined by the County Agency, for the repair, replacement of equipment, accessories, or appurtenances and/or other improvements of the System as are necessary to maintain the capacity and performance of the System.
- (c) For such amounts in the judgment of the County are necessary to pay for any losses or legal expenses arising from the operation and maintenance of the System.
- (d) For all costs necessary for compliance with federal and state law and regulations.
- (e) For any other proper expenses relating to the System or the financing thereof.

6. Rate-making. The Municipalities shall pay the County for wastewater services at such rates as the County may establish from time to time, it being mutually agreed and understood that such rates shall be based upon rates charged by OMIDDD to the County (based upon its contract with the City of Detroit) for wastewater transportation, treatment and disposal, plus costs and charges incurred by the County and the OMIDDD for providing transportation services; and, further based upon rates charged by the COPWTFDD to the County for wastewater treatment plus costs and charges incurred by the County. Except as provided in paragraph 4 regarding "Cost Reallocation Based on Flow and Annual Flow-Based "True-up" for SRT Project and OMID Rehabilitation Projects," all funds collected by the County from the

Municipalities shall be utilized exclusively for the administration, operation, maintenance, reserves and benefit of the System. Service charges by the County for wastewater services shall be made to each Municipality upon a schedule of rates and charges promulgated from time to time by the County Agency. Any rates and charges specified in any such schedule shall be subject to increase by the County Agency at any time if necessary to provide funds to meet existing or future obligations associated with capital and interest on system bonds or other financing, or maintenance improvements of the System. Each of the Municipalities reserves the right to establish rates to be collected from its individual users (i.e. ratepayers) in an amount sufficient to pay its wastewater services charges or other charges as specified in this contract, to the County when due. Such rates may be fixed and established in such amounts as will produce additional funds for such Municipality to be used for any lawful purpose, pertaining to wastewater services charges and water supply in the event there is a joint municipal system.

7. Proportional User Charges. Each of the Municipalities agrees that it shall adopt and enforce ordinances, and any rules and regulations, to implement and maintain a revenue system that, at a minimum, provides that the operation, maintenance and replacement charges and costs identified herein are distributed proportionately to each user or user class that is tributary to COSDS, OMID System, City of Detroit system and COPWTFDD. In particular, such ordinance, rules and regulations shall provide that surcharges established by the City of Detroit, OMIDDD, COPWTFDD or the County for the recovery of incremental operation, maintenance and replacement costs of treating extraordinary concentrations of sewage, shall be billed to and collected from individual firms as identified by the City of Detroit, OMIDDD, COPWTFDD or the County in its billings to the Municipalities. These rules and regulations shall conform to Section 204(b) (1)(A) of Public Law 92-500, as amended, and regulations of the

United States Environmental Protection Agency (hereinafter referred to as the U.S. EPA), being 40 CFR, 35.929 through 35.929-3, and shall achieve a proportionate User Charge System which is effective throughout the COSDS District. The rules and regulations shall provide for monitoring of commercial, governmental and industrial users and shall be consistent with the monitoring rules and regulations of the City of Detroit, OMIDDD, COPWTFDD and the County. The County shall have the right under said rules and regulations to audit all monitoring activities including the right to perform monitoring tests itself to verify the accuracy of monitoring results.

8. Charges to be Based on Flow. The charges for such wastewater services, except as hereinafter provided, shall be on the basis of the aggregate quantity of wastewater (including sanitary flow, dry weather infiltration and inflow, and a wet weather component) entering the COSDS from the Municipalities or other method as determined by the County Agency. Included in the computation of charges for wastewater services are all applicable costs and expenses associated with financing, administration, operation and maintenance, sewage disposal charges or other applicable expenses as determined by the County Agency. In the event that the County is billed directly by the City of Detroit or COPWTFDD for charges associated with high strength and industrial wastewater flows, such charges may be invoiced directly to the responsible Municipality or Municipalities as determined by the County Agency.

9. Billing. The wastewater services charges as herein provided shall be billed on either a monthly or quarterly basis by the County to the Municipalities. Any portion of the charges not related to accuracy or rates that are not paid by a Municipality to the County on the due date shall be subject to a finance charge at a rate of 1.5% per month for each month that they remain unpaid. Any portion of the total bill, plus any finance charges applied to the bill which are not paid by the next billing date, shall be shown on the next bill as arrears. If the accuracy of

a bill is in dispute, a Municipality agrees to place the disputed amount of the bill in an interest bearing escrow account maintained by the County Treasurer pending resolution of the dispute and the finance charge shall thereupon cease. Accrued interest on the escrow account shall be allocated between the County and Municipality directly proportional with the resolution of the dispute. The cost, if any, of maintaining the escrow account shall be allocated between the County and Municipality inversely proportional with the resolution of the dispute. Disputes related to raises for wastewater services charged by the County are specifically excluded from the application of this paragraph. Claims for interest in any other billing dispute shall be resolved by a court of competent jurisdiction. It is understood and agreed, that the payment of wastewater services charges for each Municipality shall be the general obligation of such Municipality, and the County Agency shall have the right to utilize any method permitted by law for the collection of such charges due to the County under this contract.

10. Municipal Collection System. It shall be the obligation of each of the Municipalities to provide the necessary sanitary sewers to transport its sewage from the area served by the System or to cause the same to be provided by agreement with the County. All connections to the sanitary sewer interceptors of the System shall be made by the Municipality so connecting, at the Municipality's expense, after first securing a permit from the County Agency. Any such permit may be made conditional upon inspection and approval of new construction by the County. No Municipality, that is a party to this contract, shall divert flow that is presently tributary to the COSDS to another sewage treatment plant or facility or construct, or permit the construction of, any new sewage treatment plant or facility within the COSDS District without the approval of the County Agency. This prohibition shall not apply to

the area served by the City of Pontiac-Oakland County Sewage Disposal System, a separate Act 342 system administered by the County Agency.

11. Prohibition of Storm Water Connections. The County Agency shall establish and promulgate general rules and regulations controlling the discharge of sanitary sewage into the COSDS. Each of the Municipalities expressly understands and agrees that, except as provided by the County Agency's regulations, no storm water sewers shall be connected directly to the sanitary sewers of the System, or to any sanitary sewers connected, directly or indirectly, to the sanitary sewers of the System and as a condition of this contract, each Municipality shall adopt an ordinance in a form approved by the County Agency, prohibiting the entry of storm water into the System from any area served thereby in the Municipality. The County Agency agrees that it will take appropriate steps and actions to prohibit the entry of storm water into the System coming from sewers or other systems under the control of any public corporation or agency thereof.

12. Public Purpose. The County and the Municipalities enter into this contract to serve the public health and welfare of the people of the State of Michigan, especially in the COSDS District.

13. Engineering Standards. The Municipalities agree to conform to generally acceptable standards and specifications established by the County Agency for the installation of wastewater collection, pumping, and transportation facilities which the Municipality will cause to have constructed within its corporate limits. The Municipalities shall submit plans for new sewers directly to the County Agency for review and approval.

14. Violations of Flow Standards. Each Municipality understands and agrees that it shall be responsible for the character of the wastewater originating therein and shall comply with the County Agency's standards and regulations controlling the discharge of industrial and/or commercial types of wastes into the System. Accordingly, in cases where the character of wastewater from Municipalities, or any portions thereof, or from any commercial manufacturing or industrial plant, building or premises within the corporate limits of any Municipality or Municipalities is such that it imposes an additional burden upon the facilities of, or services provided, by the County or the facilities of the OMIDDD, City of Detroit, and/or COPWTFDD above that which would be imposed through adherence to standard limitations, as established from time to time by the County Agency, OMIDDD, City of Detroit, COPWTFDD, or agencies of the state or federal governments, for wastewater permitted to enter the COSDS and tributary systems, any additional costs necessitated thereby shall be an additional charge over the rates herein provided. The Municipalities shall refuse any person, firm, or corporation the right to discharge its wastewater into its wastewater system if such wastewater violates the standards or limitations established or to be established. The County also reserves the right to deny a Municipality's discharge into the System, if necessary, to protect the System or the public health or safety.

15. Compliance with Laws and Regulations. The Municipalities agree to comply with all laws, ordinances, rules, regulations, and orders of the County, State of Michigan and United States of America applicable to the service area of the COSDS District, OMIDDD, City of Detroit's wastewater disposal system within the County, and the COPWTFDD, with reference to wastewater characteristics, collection and disposal, and water pollution control. The Municipalities further agree to ascertain the party or parties at fault and require same to pay the

reasonable cost for repair of any damage resulting to the interceptors serving the COSDS District whether or not owned by the County (including the OMID System, the City of Detroit System, and/or COPWTFDD System) for the violation of any of the aforesaid laws, ordinances, orders, rules and regulations.

16. Industrial Wastewater Control. Each of the Municipalities agrees that it shall adopt and enforce rules and regulations pertaining to the use, design and construction of sewers, and the discharge of industrial or commercial wastes into sewers, where such sewers are tributary to OMID System, City of Detroit and/or COPWTFDD. Such rules and regulations shall be consistent with and at least as stringent as all applicable provisions of the pertinent ordinances adopted by the City of Detroit, these being the 1979 amendments to Chapter 56, Article 1, and Chapter 56,, Article 6, of the Municipal Code of the City of Detroit as they may be adopted and amended from time to time; and the pertinent ordinances adopted by the City of Pontiac, these being Ordinance No. 2267, Chapter 18, amending the Code of Ordinances to comply with State and Federal regulations concerning sewerage. In the event any Municipality shall fail to adopt an ordinance as required herein, or shall fail to diligently enforce the same, the County, the City of Detroit (its successors and assigns), the COPWTFDD and/or the City of Pontiac (its successors and assigns) shall have authority to take appropriate action which may include suit in an appropriate court of general jurisdiction alleging such Municipality's failure to adopt or enforce an ordinance, and following a hearing on the merits, should the court find that the allegations are true, it is agreed that such court may, in such instance, grant appropriate injunctive relief against said Municipality or any individual discharger there; terminate the Municipality's contractual right to discharge wastewaters into the County system and/or to grant the City of Detroit and/or grant COPWTFDD/City of Pontiac such other relief as may be appropriate under the

circumstances. These actions shall enable the County, City of Detroit, COPWTFDD and/or City of Pontiac to:

- (a) Deny or impose conditions on new or increased contributions of pollutants or changes in the nature of pollutants, to the waste collection system by Industrial and Commercial Users. The terms "Industrial and Commercial" user shall mean those users defined in Section 56-6-3(11) and (P) of Detroit Ordinance No. 353-H of Chapter 56 of Article 6 passed on November 7, 1979 and as may be amended from time to time; and/or defined in Chapter 118 of the City of Pontiac Code of Ordinances, and as amended from time to time.
- (b) Require compliance with applicable current and future National Pretreatment Standards and other more restrictive requirements as may be imposed by the County, the City of Detroit, or COPWTFDD promulgated by the U.S. EPA under the Federal Water Pollution Control Act, 33 U.S.C. 1251 *et seq.*
- (c) Control, through permit, contract, order, or similar means, the contribution to the waste collection system by Industrial and Commercial Users to ensure compliance with subparagraph (b) above.
- (d) Require the development of compliance schedules by Industrial and Commercial Users for the installation and facilities required to meet applicable National Pretreatment Standards and other more restrictive requirements as may be imposed by the County, City of Detroit or COPWTFDD.
- (e) Require the submission of notices and self-monitoring reports from Industrial and Commercial Users to assess and assure compliance with National Pretreatment Standards and other more restrictive requirements as may be imposed by the County, City of Detroit or COPWTFDD.
- (f) Carry out all inspection, surveillance and monitoring procedures necessary to determine, independent of information supplied by Industrial and Commercial Users, compliance or noncompliance with applicable National Pretreatment Standards and other more restrictive requirements as may be imposed by the County, City of Detroit or COPWTFDD. It being further understood that the County, City of Detroit or COPWTFDD may contract with qualified parties to carry out the inspection, surveillance and monitoring procedures of this paragraph.
- (g) Seek injunctive relief for noncompliance with National Pretreatment Standards and other more restrictive requirements as may be imposed by the County, City of Detroit or COPWTFDD.

- (h) Require Industrial and Commercial Users to install containment facilities to protect the treatment works from accidental spills of critical or hazardous materials.

17. The County and the Municipalities each recognize that the County and various drainage districts have issued and will issue bonds to finance capital improvements to serve the COSDS District, which bonds are secured by the full faith and credit pledge of the Municipalities to the making of their proportionate payments either by separate contract or under the Michigan Drain Code (Act 40), and it is therefore covenanted and agreed by the County and the Municipalities that, so long as any such bonds remain outstanding and unpaid, the provisions of this contract shall not impair the security for the bonds or the prompt payment of principal or interest thereon. The Municipalities and the County Agency further covenant and agree that they will comply with their respective duties and obligations under the terms of this contract promptly, and will not suffer to be done any act which would in any way impair bonds, the security therefor, or the prompt payment of interest thereon.

18. The County Agency is hereby authorized, but not required, to utilize County personnel for the administration of the COSDS. The Municipalities agree that the costs of contract administration, auditing and financial services shall be part of the costs of the System, whether such services are provided by County personnel or third parties. In the case of County personnel, the costs attributed to the System shall include the allocable share of such personnel's salary and fringe benefits to the System as determined by the County Agency.

19. No change in the jurisdiction over any territory in any of the Municipalities shall impair in any manner the obligations of this contract or affect the obligations of the Municipalities hereunder. In the event that all or any part of the territory of any Municipality is incorporated as a new city or village or is annexed to or becomes a part of the territory of another

municipality, the municipality into which such territory is incorporated or to which such territory is annexed shall assume the proper proportionate share of the contractual obligations (including the pledge full faith and credit) and Maximum Rate of Flow of such Municipality, which proper proportionate share shall be fixed and determined by the County Agency and shall be binding upon all parties concerned unless, within sixty (60) days after such incorporation or annexation becomes effective, the governing body of the municipality into which such territory is incorporated or to which such territory is annexed and the governing body of such Municipality shall, by mutual agreement and with the written approval of the County Agency, fix and determine such proper proportionate share. The County Agency, prior to making such determination, shall receive a written recommendation as to the proper proportionate share from a committee composed of one representative designated by the governing body of such Municipality, one designated by the governing body of the new municipality or the municipality incorporating or annexing such territory and one independent registered engineer appointed by the County Agency. Each governmental unit shall appoint its representative within fifteen (15) days after being notified to do so by the County Agency and within a like time the County Agency shall appoint the engineer third member. If any such representative (other than the appointee of the County Agency) is not appointed within the time above provided, then the County Agency may proceed without said recommendation. If the committee shall not make the recommendation within forty-five (45) days after its appointment or within any extension thereof by the County Agency, then the County Agency may proceed without such recommendation.

20. It is understood and agreed by the parties hereto that the System is to serve the Municipalities and not the individual property owners and users thereof, unless by special arrangement between the County Agency and the Municipalities. The responsibility of requiring

connection to and use of the System and/or providing such additional facilities as may be needed shall be that of the Municipality wherein such property is located and such Municipality shall cause to be constructed and maintained, directly or through the County, any such necessary additional facilities.

21. The parties hereto agree that the costs and expenses of any lawsuits or Claims (as hereinafter defined) arising directly or indirectly out of this contract to the extent that such costs and expenses are chargeable against the County or the County Agency, shall be deemed to constitute a part of the cost of the COSDS and shall be paid by the Municipalities in the same manner as herein provided with respect to other costs of the System. In this contract, "Claims" means any alleged losses, claims, complaints, demands for relief or damages, liability, penalties, costs, and expenses, including, but not limited to, reimbursement for reasonable attorney fees, witness fees, court costs, investigation expenses, litigation expenses, amounts paid in settlement, and/or other amounts or liabilities of any kind which are imposed on, incurred by, or assessed against the County, County Agency or Municipalities, or for which the County, County Agency or Municipalities may become legally and/or contractually obligated to pay or defend against, whether direct, indirect or consequential, whether based upon any alleged violation of the Federal or the State constitution, any Federal or State statute, rule, regulation, or any alleged violation of Federal or State common law, whether any such claims are brought in law or equity, tort, contract, or otherwise, and/or whether commenced or threatened. This paragraph shall not apply to a lawsuit instituted by any of the Municipalities to enforce their respective rights under this contract.

22. County Agency. All powers, duties and functions vested by this contract in the County shall be exercised and performed by the County Agency, for and on behalf of the County, unless otherwise provided by law or in this contract.

23. Third Party Beneficiaries. The City of Detroit and the COPWTFDD are intended third party beneficiaries of Paragraphs 14, 15 and 16 of this contract.

24. Notices. Notices of a legal nature shall be sent by certified first-class mail, postage prepaid, return receipt requested, as follows:

If to the County Agency:

Oakland County Water Resources Commissioner
One Public Works Drive, Building 95-West
Waterford, MI 48328

If to the Municipality:

Authorized representative of such Municipality.

All Notices shall be deemed given on the day of post-marked mailing. Any Notice given by a party hereunder must be signed by an authorized representative of such party.

25. Amendments. The Agreement may be amended only in writing executed by persons with legal authority to bind the respective parties to this contract.

26. Enforceability. In the event that any one or more of the provisions of this contract for any reason shall be held to be invalid, illegal or unenforceable shall not affect any other provisions hereof, but this contract shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

27. Integration. This contract contains the entire agreement between the County and Municipalities, and all prior negotiations and agreements are merged into this contract. Neither party to this contract has made any representations except those expressly set forth in this contract, and no rights or remedies are, or shall be, acquired by either party by implication or otherwise unless expressly set forth in this contract.

28. Headings. The headings of the paragraphs of this contract are for convenience only and shall not be used to construe or interpret the scope or intent of this contract or in any way affect the same.

29. Jurisdiction. The rights and remedies set forth in this agreement are not exclusive and are in addition to any of the rights or remedies provided by law or equity. This contract and all actions arising under it shall be governed by, subject to, and construed according to the law of the State of Michigan. Each party to this contract agrees, consents and submits to the personal jurisdiction of any state or federal court of competent jurisdiction in Michigan, for any action arising out of this contract.

30. Term. This contract shall become effective after its execution by each party hereto. This contract shall terminate on a date which is thirty (30) years from October 22, 2009 more specifically October 22, 2039, unless automatically renewed as provided in Paragraph 31 or until such time that all debt obligations pursuant to this contract or future contracts related to the improvements with the COSDS are paid in full, whichever is later. It is understood that October 22, 2009, corresponds to the date of the Wastewater Disposal Services Contract between the City of Detroit and the OMIDDD which is a thirty (30) year contract with a ten (10) year automatic renewal period. This contract replaces and supersedes the 1967 COSDS Contract; the

COSDS Paint Creek Interceptor Contract; the COSDS Gibson-Avon Arm Contract, and the COSDS 1996 Management Agreement. This contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This contract may be executed in any number of counterparts.

31. Contract Term Renewal. This contract shall automatically renew at the conclusion of the initial term ending on October 22, 2039 for an additional ten (10) year term, unless a Municipality provides written notification in accordance with Paragraph 24 to the County Agency on or before October 22, 2033 stating its intent not to renew this contract. Thereafter, this contract shall automatically renew every ten (10) years for an additional ten (10) year term, unless a Municipality provides written notification in accordance with Paragraph 24 to the County on or before the conclusion of the fourth year of the then current ten (10) year term stating its intent not to renew this contract. The automatic renewals of this contract shall not preclude a review of its terms and the parties are encouraged to reaffirm or amend its terms as necessary. The parties may, in writing, mutually agree upon a longer renewal term.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed and delivered by the undersigned, being duly authorized by their respective governing bodies.

COUNTY OF OAKLAND

Executed on _____, 2013

By: _____
County Water Resources Commissioner
(County Agency)

CITY OF AUBURN HILLS

By: _____
Mayor

Executed on _____, 2013

And: _____
Clerk

CHARTER TOWNSHIP OF INDEPENDENCE

By: _____
Supervisor

Executed on _____, 2013

And: _____
Clerk

VILLAGE OF LAKE ORION

By: _____
President

Executed on _____, 2013

And: _____
Clerk

CHARTER TOWNSHIP OF OAKLAND

By: _____
Supervisor

Executed on _____, 2013

And: _____
Clerk

CHARTER TOWNSHIP OF ORION

By: _____
Supervisor

Executed on _____, 2013

And: _____
Clerk

CHARTER TOWNSHIP OF OXFORD

By: _____
Supervisor

Executed on _____, 2013

And: _____
Clerk

VILLAGE OF OXFORD

By: _____
President

Executed on _____, 2013

And: _____
Clerk

CITY OF ROCHESTER HILLS

By: _____
Mayor

Executed on _____, 2013

And: _____
Clerk

CHARTER TOWNSHIP OF WATERFORD

By: _____
Supervisor

Executed on _____, 2013

And: _____
Clerk

CHARTER TOWNSHIP OF WEST BLOOMFIELD

By: _____
Supervisor

Executed on _____, 2013

And: _____
Clerk

CITY OF LAKE ANGELUS

By: _____
Mayor

Executed on _____, 2013

And: _____
Clerk

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