GRATIOT COUNTY BOARD OF COMMISSIONERS

RESOLUTION TO APPROVE AN INTERNAL FINANCING AGREEMENT FOR GRATIOT COUNTY DRAIN No. 050

RESOLUTION NUMBER 26-465
ADOPTED OCTOBER 6, 2026

WHEREAS the Drainage District is undertaking the Gratiot County Drain No. 050 project pursuant to the Michigan Drain Code of 1956, as amended (MCL 280.1 *et seq.*); and

WHEREAS the Project requires financing in advance of the receipt of certain assessments, reimbursements, or other revenues attributable to the Project; and

WHEREAS Gratiot County desires to provide internal financing to facilitate payment of eligible Project costs as allowed by the Drain Code (MCL 280.434(1)); and

WHEREAS the Drainage District desires to receive such financing and repay the County in accordance with the terms of a formal Agreement; and

WHEREAS Gratiot County and the Drainage District intend that the financing provided under the formal Agreement be repaid from funds legally available for the Drain No. 050 Project, including assessments and other revenues properly attributable to the Drainage District.

THEREFORE, BE IT RESOLVED that the Gratiot County Board of Commissioners hereby approves the attached Gratiot County Drain No. 050 Internal Financing Agreement at a total cost not to exceed $203,683.02.

BE IT FURTHER RESOLVED that the County shall not be obligated to advance more than $203,683.02 without an amendment to the Agreement and any additional approvals required by law.

BE IT FURTHER RESOLVED the Chairperson of the Board of Commissioners is authorized to sign any necessary contracts/documents consistent with this resolution, subject to approval as to form by the County Attorney.

The resolution set forth was offered by Commissioner _____ and supported by Commissioner_____.

A vote was thereupon taken on the foregoing resolution and the voter for such resolution was as follows:

AYES: _____

NAYS:_____

A majority of the members-elect having approved such resolution deems the resolution APPROVED.

STATE OF MICHIGAN)

)ss

COUNTY OF GRATIOT)

I certify that the foregoing is a true and accurate copy of the resolution adopted by the Gratiot County Board of Commissioners, that such resolution was duly adopted at a regular meeting held on the sixth day of October 2026, and that notice of such meeting was given as required by law.

_____

Angie Thompson, Gratiot County Clerk

GRATIOT COUNTY DRAIN #050
INTERNAL FINANCING AGREEMENT

This Internal Financing Agreement ("Agreement") is entered into as of ***October 1, 2026***, by and between **GRATIOT COUNTY, MICHIGAN**, a Michigan county ("County"), and the **GRATIOT COUNTY DRAIN #050 DRAINAGE DISTRICT**, acting through its duly authorized Drainage Board ("Drainage District").

RECITALS

A. The Drainage District is undertaking the **Gratiot County Drain #050** project ("Project") pursuant to the Michigan Drain Code of 1956, as amended, MCL 280.1 et seq.

B. The Project requires financing in advance of the receipt of certain assessments, reimbursements, or other revenues attributable to the Project.

C. Gratiot County desires to provide internal financing to facilitate payment of eligible Project costs.

D. The Drainage District desires to receive such financing and repay the County in accordance with the terms of this Agreement.

E. The parties intend that the financing provided under this Agreement be repaid from funds legally available for the Drain #050 Project, including assessments and other revenues properly attributable to the Drainage District.

NOW, THEREFORE, the parties agree as follows:

1. Principal Amount

The County agrees to provide internal financing to the Drainage District in an aggregate principal amount not exceeding:

TWO HUNDRED THREE THOUSAND SIX HUNDRED EIGHTY THREE DOLLARS AND TWO CENTS ($203,683.02).

The County shall not be obligated to advance more than $203,683.02 without an amendment to this Agreement and any additional approvals required by law.

2. Purpose

The proceeds shall be used solely to pay eligible costs associated with **Gratiot County Drain #050**, including, as applicable, construction, maintenance, engineering, inspection, legal, administrative, right-of-way, and other costs properly chargeable to the Project.

3. Interest Rate

The unpaid principal balance shall bear interest at the fixed rate of:

4.25% per annum.

Interest shall accrue on the outstanding principal balance from the date funds are advanced until the principal is paid in full.

4. Term

The term of the financing shall be **fifteen (15) years** from the date of the initial advance, unless paid earlier pursuant to this Agreement.

The anticipated final maturity date shall be ***June 15, 2041***.

5. Repayment

The Drainage District shall repay the County in **fifteen (15) substantially equal annual installments of principal and interest**.

Based upon a principal amount of **$203,683.02**, an annual interest rate of **4.25%**, and a fifteen-year amortization, the average annual installment is approximately **$18,025.** The final payment shall be adjusted to account for actual accrued interest and the remaining principal balance.

Payments shall commence on ***June 15, 2027***, and shall thereafter be due annually on ***June 15*** of each year until the financing is paid in full.

A final amortization schedule shall be prepared and attached as **Exhibit A** following confirmation of the actual advance date and payment dates.

6. Source of Repayment

The primary source of repayment shall be revenues legally available to the Drainage District, including:

- assessments;
- municipal apportionments;
- grants or reimbursements;
- Project revenues; and
- other funds legally available for repayment.

The Drainage District shall apply legally available Project revenues toward payment of the obligations under this Agreement in accordance with applicable law and the orders and proceedings establishing the Project and its assessments.

7. County Funds

The County's advances shall be made from funds legally available to the County for such purpose.

The County shall maintain appropriate accounting records identifying the amounts advanced to the Drainage District and the repayments received.

8. Documentation of Advances

Each advance shall be supported by appropriate documentation demonstrating that the funds are being used for eligible Drain #050 expenses.

The County may require invoices, payment requests, contracts, vouchers, engineer certifications, or other documentation reasonably necessary to substantiate Project expenditures.

9. Prepayment

The Drainage District may prepay all or any portion of the outstanding principal balance at any time without penalty or premium.

Any prepayment shall first be applied to accrued and unpaid interest and then to principal.

10. Assessments and Collection

The parties acknowledge that assessments associated with Drain #050 may be collected in accordance with the Michigan Drain Code and applicable assessment proceedings.

The Drainage District shall use reasonable efforts to collect assessments and other revenues when due and shall apply legally available amounts toward Project costs and repayment of this financing.

11. Governmental Authorization

This Agreement shall not become effective until all approvals required by applicable Michigan law and the respective governing bodies or authorized officials of the parties have been obtained.

The County shall obtain appropriate authorization for the **$203,683.02 internal financing**.

The Drainage District shall obtain all approvals necessary to accept the financing and undertake the repayment obligations described herein.

12. No Personal Liability

No member of the Drainage Board, Drain Commissioner, County Commissioner, County Treasurer, officer, employee, or other individual shall have personal liability for the obligations under this Agreement solely by reason of serving in such capacity or executing this Agreement on behalf of a governmental entity.

13. Budget and Appropriation

Each party shall maintain appropriate budgetary authority for its obligations under this Agreement.

Nothing in this Agreement shall be interpreted as requiring either party to make an expenditure or appropriation prohibited by Michigan law.

14. Default

An event of default shall occur if:

a. a required payment remains unpaid for thirty (30) days after written notice of nonpayment;

b. Loan proceeds are knowingly used for a purpose other than the Drain #050 Project;

c. either party materially breaches this Agreement and fails to cure the breach within thirty (30) days after written notice; or

d. any material representation made in connection with this Agreement is materially false when made.

Upon an event of default, the County may exercise remedies available under this Agreement and applicable Michigan law.

15. Records and Audit

The Drainage District shall maintain records sufficient to demonstrate the receipt and expenditure of the financing and the collection and application of Project revenues.

The records shall be maintained in accordance with applicable governmental record-retention requirements.

16. Compliance With Law

The parties shall comply with the Michigan Drain Code of 1956, as amended, and all other applicable federal, state, and local laws, regulations, orders, and requirements relating to Drain #050 and this financing.

17. Amendments

This Agreement may be amended only by a written amendment approved by the parties in accordance with their respective governmental authorization requirements.

18. Notices

GRATIOT COUNTY:
Gratiot County
214 E. Center Street
Ithaca, Michigan 48847
Attn: County Administrator

DRAIN #050:
Gratiot County Drain Commissioner
904 E. Center Street
Ithaca, Michigan 48847

19. Entire Agreement

This Agreement, together with the applicable Drain #050 orders, resolutions, assessment documents, and exhibits, constitutes the agreement between the parties concerning this internal financing.

If any provision conflicts with a mandatory provision of Michigan law, the applicable law shall control.

20. Effective Date

This Agreement shall become effective upon execution by the authorized representatives of the parties and completion of all approvals required by law.

GRATIOT COUNTY, MICHIGAN

By: _____
Name: _____
Title: _____
Date: _____

GRATIOT COUNTY DRAIN #050 DRAINAGE DISTRICT

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A

AMORTIZATION SCHEDULE

Original Principal: $203,683.02
Interest Rate: 4.25% fixed
Term: 15 years
Payment Frequency: Annual
Estimated Annual Debt Service: Approximately **$18,025.**

The final amortization schedule shall be calculated using the actual date of the initial advance and the payment dates established by the parties.

EXHIBIT B

PROJECT FINANCING

Gratiot County Drain #050

Estimated Project Cost: $252,231.69

County Internal Financing: $203,683.02

Other Project Funding:

- State/Grant Funding: $_____
- Municipal Apportionments: $_____
- Drain Assessments: $_____
- Pre-Payment Funding: $48,548.67

Total Project Funding: $252,231.69