

CONTRACT

THIS CONTRACT, dated as of April 24, 2025, by and between the NORTHEAST MICHIGAN MATERIALS MANAGEMENT AUTHORITY, a municipal authority and public body corporate of the State of Michigan (hereinafter referred to as the “Authority”), and the COUNTY OF ALPENA (hereinafter referred to as the “Local Unit”).

WITNESSETH:

WHEREAS, the Authority has been incorporated under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended (hereinafter referred to as “Act 233”), for the purposes set forth in Act 233 and the Local Unit is a constituent member of the Authority; and

WHEREAS, it is immediately necessary and imperative for the public health and welfare of the present and future residents of the Local Unit to acquire and construct certain recycling system improvements in the Local Unit, consisting of the design, acquisition, and construction of, and installation of improvements to, a recycling system, including but not limited to, building and site design and construction, and acquisition of equipment necessary or useful for the operation of a recycling system, together with all necessary appurtenances and attachments thereto, to service the Local Unit; and

WHEREAS, plans and an estimate of cost of said improvements have been prepared by the Authority’s consulting engineers (the “Consulting Engineers”), which said estimate of cost totals \$5,165,346; and

WHEREAS, the Authority has secured additional funding to defray a portion of the costs of the project in the estimated amount of \$3,921,667; and

WHEREAS, the Local Unit is desirous of having the Authority arrange for the acquisition of said improvements, in order to furnish the residents of the Local Unit with recycling services; and

WHEREAS, the parties hereto have determined that said improvements are essential to the general health, safety and welfare of the Local Unit; and

WHEREAS, the Authority and the Local Unit are each agreeable to the execution of this Contract by and between themselves, the Contract to provide, among other things, for the financing of the cost of said improvements; and

WHEREAS, the Local Unit has approved and authorized the execution of this Contract by resolution of its governing body; and

WHEREAS, the Authority is establishing a recycling system that receives funding from several sources, including but not limited to an annual recycling fee for each household in the Local Unit and certain user fees and revenue generated from the system output (collectively, the “System Revenue”);

WHEREAS, this Contract will become effective for the Local Unit upon expiration of a period of forty-five days following publication by the Local Unit of its notice of intention without filing of a petition for referendum on the question of its entering into this Contract, or if such referendum election be required, then upon approval by the qualified electors of the Local Unit.

NOW, THEREFORE, in consideration of the premises and the covenants made herein, THE PARTIES HERETO AGREE AS FOLLOWS:

SECTION 1. Approval of Improvements. The Authority and the Local Unit again approve the design, acquisition, and construction of a materials management system in the Local Unit under the provisions of Act 233, together with all necessary appurtenances, attachments and rights in land adequate and sufficient to furnish such service to the area of the Local Unit, as set forth in the plans prepared by the Consulting Engineers.

SECTION 2. Designation of System. The system referred to in Section 1 above is hereby designated as NORTHEAST MICHIGAN MATERIALS MANAGEMENT SYSTEM (hereinafter sometimes referred to in this Contract as the "System").

SECTION 3. Local Unit Consents of Public Rights of Way. The Local Unit consents to the use by the Authority and any parties contracting with the Authority of the public streets, alleys, lands and rights-of-way in such Local Unit that is adjacent or in reasonable distance of the System facility for the purpose of constructing, operating and maintaining the System and any improvements, enlargements and extensions thereto.

SECTION 4. Local Unit Consent to Service. The System is designed to serve areas in the Local Unit as described in the plans prepared by the Consulting Engineers and is immediately necessary to protect and preserve the public health; and the Local Unit does, by these presents, consent to the furnishing of such service through the System pursuant to Section 8 hereof, to the individual users in the Local Unit.

SECTION 5. Approval of Plans and Cost Estimate. The Authority and the Local Unit hereby approve and confirm the plans for the System prepared by the Consulting Engineers and the total estimated cost thereof of \$5,165,346 and the Local Unit's share thereof of not to exceed \$1,600,000. Said cost estimate includes all surveys, plans, specifications, acquisition of property and rights-of-way, physical construction necessary to acquire and construct the improvements to the System, the acquisition of all materials, machinery and necessary equipment, and all engineering, engineering supervision, administrative, legal and financing expenses necessary in connection with the acquisition, construction and improvements to the System and the financing thereof.

SECTION 6. Contracts for System Improvements. The Authority will take bids for the acquisition and construction of the System and the Authority shall in no event agree to any contract price or prices as will cause the actual cost thereof to exceed the estimated cost as approved in Section 5 of this Contract unless the Local Unit, by resolution of its legislative body, (a) approves said increased total cost and the Local Unit's share thereof, and (b) agrees to pay such prorated excess over the estimated cost, either in cash or by specifically authorizing the

maximum principal amount of bonds to be issued, as provided in Sections 10 and 16 of this Contract, to be increased to an amount which will provide sufficient funds to meet said increased cost, and approves a similar increase in the installment obligations of the Local Unit, if any, pledged under the terms of this Contract to the payment of such bonds.

SECTION 7. Acquisition and Construction of System by Authority; Local Unit Payment. The System shall be acquired and constructed by the Authority substantially in accordance with the plans and specifications therefor approved by this Contract. All matters relating to engineering plans and specifications, together with the making and letting of final construction contracts, the approval of work and materials thereunder, and construction supervision, shall be in the control of the Authority. All acquisition of sites and rights-of-way shall be done by the Authority. The Local Unit's share of the costs of such acquisition shall be paid from bond proceeds and, in addition any costs incurred by the Local Unit in connection with the acquisition or construction of the System, including engineering expenses, shall be promptly reimbursed to the Local Unit by the Authority from the proceeds of Authority Bonds.

SECTION 8. System Operation by Authority; Local Unit Benefit. The System shall be retained, maintained and operated by the Authority. The parties hereto agree that the System shall be acquired, constructed, operated, administered and maintained for the use and benefit of the Local Unit and its users.

SECTION 9. Issuance of Bonds by Authority. To provide for the construction and financing of the System in accordance with the provisions of Act 233, the Authority shall take the following steps:

(a) Immediately after execution hereof, the Authority will promptly take steps to adopt a resolution providing for the issuance of its bonds in the principal amount of not to exceed \$1,600,000 to finance the cost of the System. Said bonds shall mature serially, as authorized by law, and shall be secured by the contractual obligations of the Local Unit in this Contract. After due adoption of the resolution, the Authority will take all necessary legal procedures and steps necessary to effectuate the sale and delivery of said bonds to an underwriter or other qualified purchaser.

(b) The Authority shall take all steps necessary to take bids for and enter into and execute final acquisition and construction contracts for the acquisition and construction of the System as specified and approved hereinbefore in this Contract, in accordance with the plans and specifications therefor based on the plans as approved by this Contract. Said contracts shall specify a completion date agreeable to the Local Unit and the Authority.

(c) The Authority will require and procure from the contractor or contractors undertaking the actual construction and acquisition of the System necessary and proper bonds to guarantee the performance of the contract or contracts and such labor and material bonds as may be required by law.

(d) The Authority, upon receipt of the proceeds of sale of the bonds, will comply with all provisions and requirements provided for in the resolution authorizing

the issuance of the bonds and this Contract relative to the disposition and use of the proceeds of sale of the bonds.

(e) The Authority may temporarily invest any bond proceeds or other funds held by it for the benefit of the Local Unit as permitted by law and investment income shall accrue to and follow the fund producing such income. The Authority shall not, however, invest, reinvest or accumulate any moneys deemed to be proceeds of the bonds pursuant to §148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the “Code”), in such a manner as to cause the bonds to be “arbitrage bonds” within the meaning of Code § 103(b)(2) and §148.

SECTION 10. Local Unit Payments. In the event System Revenue is insufficient to pay the cost of the System, such cost shall be charged to and paid by the Local Unit to the Authority in the manner and at the times herein set forth.

Debt service on the bonds shall initially be paid from System Revenue. In the event System Revenue is insufficient to pay debt service on the bonds, the cost of the System to be financed, in part, with the issuance of bonds of the Authority in an amount not-to-exceed \$1,600,000, shall be paid by the Local Unit to the Authority, with reimbursement to the Local Unit from System Revenue subsequently collected and available therefor, in annual installments (corresponding to principal payments on the bonds on the next May 1st of each year) on April 15 of each year, as follows:

2027	\$50,000
2028	50,000
2029	55,000
2030	55,000
2031	60,000
2032	60,000
2033	65,000
2034	70,000
2035	70,000
2036	75,000
2037	80,000
2038	85,000
2039	85,000
2040	90,000
2041	95,000
2042	100,000
2043	105,000
2044	110,000
2045	115,000
2046	125,000

It is understood and agreed that the bonds of the Authority hereinbefore referred to will be issued in anticipation of the above contractual obligation in the event System Revenue is insufficient to pay debt service on the bonds, with principal installments on May 1 of each year,

commencing with the year 2027, corresponding to the principal amount of the above installments, and in the event System Revenue is insufficient to pay debt service on the bonds, the Local Unit shall also pay to the Authority in addition to said principal installments, on April 15 and October 15 of each year, commencing on October 15, 2025, as accrued interest on the principal amount remaining unpaid, an amount sufficient to pay all interest, not to exceed six percent (6.0%) per annum, due on the next succeeding interest payment date (May 1 and November 1, respectively), on the installment portions of said bonds of the Authority from time to time outstanding.

The Authority shall, within thirty (30) days after the delivery of the bonds of the Authority hereinbefore referred to, furnish the Local Unit with a complete schedule of installments of principal and interest thereon, and the Authority shall also (a) at least sixty (60) days prior to January 1 of each year, commencing in 2026, advise the Local Unit, in writing, of the exact amount of principal and interest installments due on the Authority bonds on the next succeeding April 1, and payable by the Local Unit on March 15, as hereinbefore provided, and the exact amount of interest installment due on the bonds of the Authority on the next succeeding October 1, and payable by the Local Unit on September 15, as hereinbefore provided.

If any principal installment or interest installment is not paid when due, the amount not so paid shall be subject to a penalty, in addition to interest, of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date.

SECTION 11. Local Unit Limited Tax Full Faith and Credit Pledge. The Local Unit, pursuant to the authorization contained in Act 233, hereby irrevocably pledges its limited tax full faith and credit for the prompt and timely payment of its obligations pledged for bond payments as expressed in this Contract, and shall each year, commencing with the fiscal year commencing January 1, 2025, set aside sufficient general fund moneys to make the payments, and, if necessary, levy an ad valorem tax on all the taxable property in the Local Unit, subject to applicable constitutional and statutory tax rate limitations, in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under this Contract becoming due before the time of the following year's tax collections. Nothing herein contained shall be construed to prevent the Local Unit from using any, or any combination of, means and methods provided in Section 7 of Act 233, as now or hereafter amended, including revenues derived from user charges or special assessments (including System Revenue), for the purpose of providing funds to meet its obligations under this Contract, and if at the time of making the annual tax levy there shall be other funds on hand earmarked and set aside for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

SECTION 12. Advance Payment by Local Unit. The Local Unit may pay in advance any of the payments required to be made by this Contract, in which event the Authority shall credit the Local Unit with such advance payment on future due payments to the extent of such advance payment. In such event, the Local Unit will be reimbursed from System Revenue subsequently collected and available for payment to the Local Unit.

SECTION 13. Additional Payments by Local Unit. The Local Unit may pay additional moneys over and above any of the payments specified in this Contract, with the written request

that such additional funds be used to prepay installments, in which event the Authority shall be obligated to apply and use said moneys for such purpose to the fullest extent possible. Such moneys shall not then be credited as advance payments under the provisions of Section 12 of this Contract. In such event, the Local Unit will be reimbursed from System Revenue subsequently collected and available for payment to the Local Unit.

SECTION 14. [RESERVED]

SECTION 15. Local Unit Payment Obligation. It is specifically recognized by the Local Unit that the debt service payments required to be made by it pursuant to the terms of Section 10 of this Contract are to be pledged for and used to pay the principal installments of and interest on with respect to the bonds to be issued by the Authority as provided by this Contract and authorized by law, and the Local Unit covenants and agrees that it will make all required payments to the Authority promptly and at the times herein specified without regard to whether the System is actually completed or placed in operation.

SECTION 16. [RESERVED].

SECTION 17. Surplus Bond Proceeds. After completion of the System and payment of all costs thereof, any surplus remaining from the proceeds of sale of bonds shall be used by the Authority for either of the following purposes, at the sole option of and upon request made by resolution of the Local Unit, to wit: (a) for additional improvements to the System or for other projects of the Authority undertaken on behalf of the Local Unit; subject to approval of the Authority; or (b) credited by the Authority toward the next payments due the Authority by the Local Unit hereunder.

SECTION 18. Voidability. The obligations and undertakings of each of the parties to this Contract shall be conditioned on the successful issuance and sale of the bonds pursuant to Act 233, and if for any reason whatsoever said bonds are not issued and sold within two (2) years from the date of this Contract, this Contract, except for payment of preliminary expenses and ownership of engineering data, shall be considered void and of no force and effect.

SECTION 19. Bondholders' Rights. The Authority and the Local Unit each recognize that the owners from time to time of the bonds issued by the Authority under the provisions of Act 233 to finance the cost of the System will have contractual rights in this Contract, and it is, therefore, covenanted and agreed by the Authority and the Local Unit that so long as any of said bonds shall remain outstanding and unpaid, the provisions of this Contract shall not be subject to any alteration or revision which would in any manner materially affect either the security of the bonds or the prompt payment of principal or interest thereon. The Local Unit and the Authority each further covenant and agree that each will comply with its respective duties and obligations under the terms of this Contract promptly at the times and in the manner herein set forth, and will not suffer to be done any act which would in any way impair the said bonds, the security therefor, or the prompt payment of principal and interest thereon. It is hereby declared that the terms of this Contract insofar as they pertain to the security of any such bonds shall be deemed to be for the benefit of the owners of said bonds.

SECTION 20. Contract Term. This Contract shall remain in full force and effect from

the effective date hereof (as provided in Section 23) until the bonds issued by the Authority are paid in full, but in any event not to exceed a period of twenty-two (22) years. At such time within said 30-year term as all of said bonds are paid, this Contract shall be terminated. In any event, the obligation of the Local Unit to make payments required by this Contract shall be terminated at such time as all of said bonds are paid in full, together with any deficiency or penalty thereon.

SECTION 21. [RESERVED]

SECTION 22. Successors and Assigns. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

SECTION 23. Effectiveness of Contract. This Contract shall become effective upon (i) approval by the legislative body of the Local Unit, (ii) approval by the Board of the Authority, (iii) expiration of the forty-five day period following publication by the Local Unit of its notice of intention without filing of a petition for referendum on the question of its entering into this Contract, or if such referendum election be required, then upon approval by the qualified electors of the Local Unit, and (iv) due execution by the Supervisor and Township Clerk of the Local Unit and by the Chair and Secretary of the Authority.

SECTION 24. Downward Adjustment of Bond Amount. In the event construction bids are received by the Authority pursuant to Section 9 hereof and such bids are below the Consulting Engineers' estimates thus necessitating a smaller amount of Bonds for the Local Unit's share to be issued than \$1,600,000, the Director of the Authority and the Treasurer of the Local Unit are each authorized on behalf of the Authority and the Local Unit, respectively, to agree to a revised principal amount of the Bonds and a revised maturity schedule and to approve the same as an addendum to this Contract. If a lower amount of Bonds is required and if such lower amount and revised maturity schedule is agreed to and approved by the Director of the Authority and the Treasurer, respectively, this Contract shall be construed as referring to the reduced principal amount of said Bonds and the revised maturity schedule therefor.

SECTION 25. Counterparts. This Contract may be executed in several counterparts.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

In the presence of:

NORTHEAST MICHIGAN MATERIALS
MANAGEMENT AUTHORITY

By: _____
Chair

By: _____
Secretary

In the presence of:

COUNTY OF ALPENA

By: _____
Chair, Board of Commissioners

By: _____
County Clerk

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