

**AMENDED AND RESTATED  
ADDENDUM I TO WATER AND SANITARY SEWER  
SERVICE AGREEMENT—WHOLESALE**

THIS AMENDED AND RESTATED ADDENDUM I TO WATER AND SANITARY SEWER SERVICE AGREEMENT—WHOLESALE is made and executed as of this 1st day of December, 2014 (“Addendum I”), by and between the **CITY OF GRAND RAPIDS**, Kent County, Michigan, a Michigan municipal corporation (the “City”), and **CALEDONIA CHARTER TOWNSHIP**, Kent County, Michigan, a Michigan charter township (the “Township”).

**RECITALS**

- A. The Township built, owns and operates a sanitary sewer collection system to serve users within the Township (the “Township Collection System”).
- B. Sanitary sewage collected through the Township Collection System is transported for treatment and disposal to the Village of Caledonia (the “Village”) pursuant to an agreement between the Township and the Village that contains certain capacity limitations.
- C. The Township has requested that the City, because of the capacity limitations in the Township’s agreement with the Village, phase-in the treatment and disposal of sanitary sewage originating initially from an area within the Township identified on the attached Exhibit A as the Utility Services District, as that term is used in the hereinafter identified Agreement (the “Township Service Area”); which will result, after a ten-year phase-in period, encompassing calendar years 2015 through 2024, inclusive (the “Phase-In Period”), in all of the sanitary sewage originating from the Township Service Area being treated and disposed through the City’s Sanitary Sewer System.
- D. Subject to the terms and conditions of this Addendum I, the City is willing to provide sanitary sewer treatment and disposal service through the City’s sanitary sewer system

(the "City's Sanitary Sewer System") on a wholesale basis to the Township for sanitary sewage originating from the Township Service Area.

E. In order to provide wholesale sanitary sewer service to the Township, the Township will, simultaneously with the execution of this Addendum I and subject to the provisions of this Addendum I, become a party to (i) the wholesale Water and Sanitary Sewer Service Agreement dated January 1, 1999, (ii) the wholesale First Amendment to Water and Sanitary Sewer Service Agreement dated March 28, 2000, (iii) the wholesale Second Amendment to Water and Sanitary Sewer Service Agreement dated July 1, 2002, (iv) the wholesale Third Amendment to Water and Sanitary Sewer Service Agreement dated December 1, 2006, and (v) the wholesale Fourth Amendment to Water and Sanitary Sewer Service Agreement dated August 1, 2010 (collectively together with any future amendments executed by the Township, the "Agreement"), each between the City and certain Customer Communities identified therein, and, including upon execution of this Addendum I, the Township as a Customer Community.

F. The City and the Township have entered into this Addendum I for the purpose of dealing with those matters that are peculiar to providing wholesale sanitary sewer treatment and disposal service to the Township, and this Addendum I shall have no effect on the other Customer Communities that are parties to the Agreement.

**NOW, THEREFORE,** in consideration of the respective representations and agreements contained herein, the parties hereto agree as follows:

**Section 1. Township Service Area.** The initial Township Service Area shall be the Utility Services District (as that term is used in the Agreement) identified in the attached Exhibit A which Township Service Area may be expanded and/or revised as provided in the Agreement incorporating other areas in the Urban Utility Boundary (as that term is used in the Agreement) as such Urban Utility Boundary may be revised from time to time as provided in the Agreement. For

purposes of determining rates and charges pursuant to the annual Rate Study and the Rate Setting Methodology, the entire Township Service Area shall be considered the Utility Services District both during the Phase-In Period and after the Phase-In Period for the treatment and disposal of sanitary sewage by the City's Sanitary Sewer System originating from the Township Service Area.

**Section 2. Approval of Gaines Charter Township.** In order for the City's Sanitary Sewer System to treat and dispose of sanitary sewage from the Township Service Area, it is necessary that such sanitary sewage be transported through the Gaines Charter Township ("Gaines") sanitary sewer transport system. The agreement between the Township and Gaines to transport sanitary sewage from the Township Service Area to the City's Sanitary Sewer System is attached hereto as Exhibit B.

**Section 3. Metering of Sanitary Sewage.** Sanitary sewage flow originating from the Township Service Area shall be determined by a meter installed at a location mutually acceptable to the Township and the City. The cost of the meter and its installation, including any subsequent repair and replacement thereof, shall be the responsibility of the Township. The type of meter installed shall be approved by the City, and the City shall have access to the meter for purposes of reading the meter to determine sanitary sewage flow from the Township Service Area. In the event of meter failure, the provisions of Section 5.C. of the Agreement shall apply.

**Section 4. Phase-In Commencement Date.** The effective date for the commencement of the Phase-In Period (the "Phase-In Commencement Date") shall be the date that the infrastructure to be located in the Township and in Gaines, which is required to connect the existing Township Collection System in the Township Service Area to the existing Gaines infrastructure which transports sanitary sewage to the City for treatment and disposal in accordance with that certain Sanitary Sewer Service Agreement dated June 7, 1988 (the "Gaines Agreement"), between the City and Gaines, including all necessary modifications to the Township Collection System, is

constructed, operational and available for transportation of sanitary sewage from the Township Service Area to the City for treatment and disposal by the City's Sanitary Sewer System, as certified in writing to the City and the Township by the Township's consulting engineer.

If the Phase-In Commencement Date does not occur by December 31, 2015, this Addendum I shall terminate and neither the City nor the Township shall have any further obligation to each other under either the Agreement or this Addendum I.

**Section 5. Phase-in of Service.** Sanitary sewer treatment and disposal service through the City's Sanitary Sewer System of sanitary sewage originating from the Township Service Area shall be phased in in accordance with the following schedule:

<u>Calendar Years</u>	<u>Minimum Average Gallons Per Day</u>
2015 through 2019	10,000 (3,650,000 gallons per year) to be prorated for 2014, which is expected to be a partial year of service.
2020 through 2024	50,000 (18,250,000 gallons per year)

The Township shall provide, for treatment and disposal through the City's Sanitary Sewer System, at least the minimum sanitary sewage flows required in the preceding paragraph of this Section 5.

Commencing in calendar year 2025 and thereafter during the term of the Agreement, one hundred percent (100%) of the sanitary sewage flow from the Township Service Area shall be treated and disposed through the City's Sanitary Sewer System.

**Section 6. Rate, Charges and Fees.** During the Phase-In Period, the annual Township commodity charge and monthly service charge shall be determined in accordance with the Rate Setting Methodology as modified by the model set forth in the attached Exhibit C. For purposes of calculating rates and charges during each year of the Phase-In Period, the rate shall be based on the minimum average gallons per day for such year, as set forth in the schedule in Section 5 of this

Addendum I, even though actual flow may exceed that. For example, for Calendar Year 2016, rates and charges shall be based on average flow of 10,000 gallons per day and 3,650,000 gallons per year. The commodity charge and monthly service charge applicable to the Township for the first year of the Phase-In Period, i.e., calendar year 2015, is set forth in the attached Exhibit C. Effective upon the Phase-In Commencement Date, the Township will be billed by the City monthly for service the monthly service charge plus a commodity charge based on usage during a billing period as metered.

The Township rates and charges for calendar year 2025 and thereafter shall be determined by the annual Rate Study in accordance with the Rate Setting Methodology, provided that in determining the three-year average flow in the Township for calendar years 2025, 2026 and 2027, the three-year average shall include all sanitary sewage flow from the Township Service Area, regardless of whether such flow is sent to the Township or the Village for treatment and disposal.

The Township elects to have the City calculate the revenue requirements of the Township in accordance with Option A to Exhibit C of the Agreement subject to the reservation by the Township of the right to elect either Option A or Option B for any year upon 1 year's advance written notice in accordance with Exhibit C of the Agreement.

New users in the Township Service Area connecting to the Township Collection System after the Phase-In Commencement Date shall pay the City's sanitary system's integrated connection fee as established and determined in accordance with Section 6.B. and Exhibit C of the Agreement.

**Section 7. Utility Advisory Board.** On the effective date of this Addendum I a Township appointee shall be a full member of the Utility Advisory Board.

**Section 8. Effect of Agreement.** During the Phase-In Period, the provisions of the Agreement shall apply to the City and the Township, subject to the terms and modifications

contained in this Addendum I. After completion of the Phase-In Period and beginning in calendar year 2025, the provisions of this Addendum I, other than (i) the determination of the three-year average flow for the Township for the Rate Study for the years 2025, 2026 and 2027 as provided in Section 6 hereof, (ii) the reservation of rights of the Township as provided in Section 6 and Section 10 hereof, (iii) the term of the Agreement applicable to the Township as provided in Section 12 hereof and (iv) the approvals, determinations, representations and warranties of the City as provided in Section 13 hereof shall no longer apply, and the Township shall be a party to the Agreement as a separate Customer Community and one of the wholesale Customer Communities that are parties to the Agreement.

**Section 9. Nature of Exclusivity.** During the Phase-In Period the wholesale sanitary sewer treatment and disposal service provided by the City to the Township by the Agreement and this Addendum I shall be non-exclusive and the Township shall have the right to send a portion of the sanitary sewage originating from the Township Service Area to the Village for treatment and disposal, *provided*, the minimum flow requirements of Section 5 are met. Commencing in calendar year 2025 and thereafter during the term of the Agreement applicable to the Township, the wholesale sanitary sewer treatment and disposal service provided by the City to the Township shall be exclusive and all of the sanitary sewage originating from the Township Service Area shall be treated and disposed of through to City's Sanitary Sewer System.

**Section 10. Reservation of Rights.** The Township shall have the right, without the consent or approval of the City, to serve any portion of the Township, including the Township Service Area, with public water service. The Township shall have the right, without the consent or approval of the City, to serve, and continue to service, any portion of the Township located outside the Township Service Area with sewer treatment and disposal service provided by an entity other than the City.

**Section 11. Notices.** The address of the Township for purposes of notices, certificates or other communications under this Agreement, or this Addendum I shall be as follows:

Caledonia Charter Township  
Attention: Supervisor  
8196 Broadmoor Avenue, S.E.  
Caledonia, Michigan 49316

**Section 12. Term of Agreement Applicable to the Township.** The Agreement shall be applicable to the Township for a term which expires upon the earlier of (A) the final date of the term of the Gaines Agreement, as the term of the Gaines Agreement is extended or earlier terminated in accordance with the terms of the Gaines Agreement, or (B) the final date of the term of the Agreement applicable to the Township, as the term of the Agreement applicable to the Township is extended or earlier terminated in accordance with the terms of the Agreement.

**Section 13. Miscellaneous.**

A. This Addendum I constitutes all approvals by the City required for the City to provide wholesale sanitary sewer treatment and disposal service to the Township for sanitary sewage originating from the Township Service Area and the Township and Gaines may rely on this Addendum as evidence of such approvals.

B. The City represents and warrants to the Township that, except as provided in Section 2 hereof with respect to Gaines, no approvals or consents are required from any of the Customer Communities, as defined in the Agreement, for the provision by the City of wholesale sanitary sewer treatment and disposal service to the Township for sanitary sewage originating from the Township Service Area or for use of any of the City's Sanitary Sewer System infrastructure necessary to enable the City to provide such wholesale sanitary sewer treatment and disposal service to the Township.

C. The Township shall not be required to prepare and submit to the City and Utility Advisory Board a utility master plan for review as required by Section 18 of the Agreement until

the same time in calendar year 2016 as updated utility master plans must be submitted pursuant to said Section 18 by other Customer Communities.

D. The City represents and warrants to the Township that the Urban Cooperation Agreement referenced in the Agreement (as such Urban Cooperation Agreement has been amended or restated, the "Urban Cooperation Agreement") has been terminated and the Urban Cooperation Board established in accordance with said Urban Cooperation Agreement has been dissolved and that, accordingly, neither the Urban Cooperation Agreement nor the terms and conditions thereof nor the Urban Cooperation Board shall apply to the Township.

**Section 14. Defined Terms.** All terms not specifically defined in this Addendum I shall have those meanings as defined in the Agreement.

**Section 15. Amendment and Restatement of Addendum I dated March 12, 2014.** This Amended and Restated Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale is intended to amend, restate and replace in its entirety that certain Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale dated as of March 12, 2014, by and between the City and the Township.

**Section 16. Conflict.** If there shall be a conflict between the provisions of this Addendum I and the Agreement, the provisions of this Addendum I shall control.

**Section 17. Effective Date of Addendum I.** This Addendum I shall be effective as of the date set forth in the lead paragraph on Page 1 hereto.

**IN WITNESS WHEREOF,** the City and the Township have created these presents to be signed by their respective duly-authorized officers, all as of the day and year first written above.

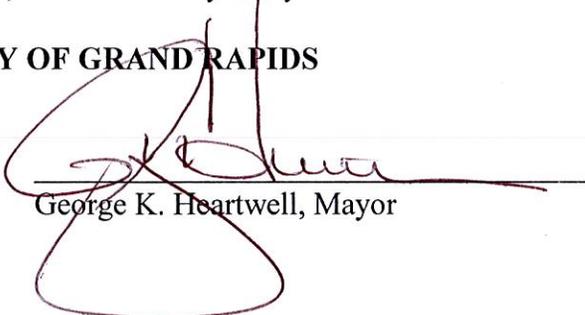
**APPROVED FOR MAYOR'S SIGNATURE™**

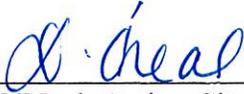
  
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Special Counsel

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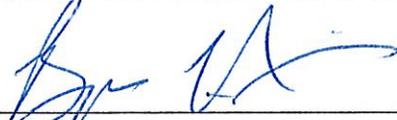
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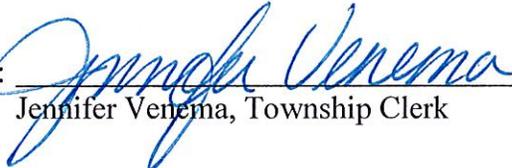
By:

  
George K. Heartwell, Mayor

Attest:   
Darlene O'Neal, ~~Acting~~ City Clerk

**CALEDONIA CHARTER TOWNSHIP**

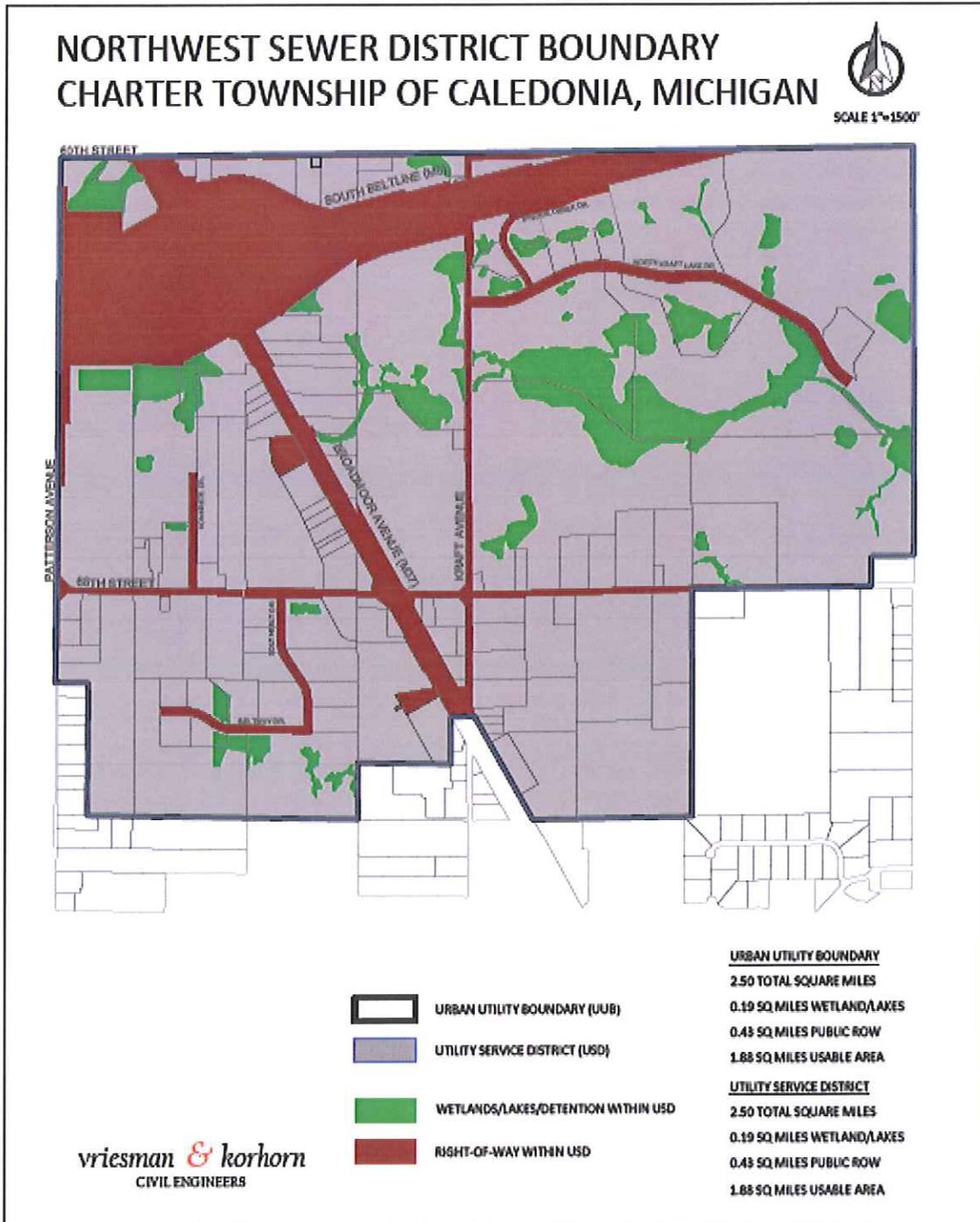
By:   
Bryan Harrison, Supervisor

Attest:   
Jennifer Venema, Township Clerk



# EXHIBIT A

## Township Service Area



**EXHIBIT B**

**Agreement between Caledonia and  
Gaines Charter Townships**

**FIRST AMENDMENT TO  
SANITARY SEWAGE TRANSPORTATION AGREEMENT**

THIS FIRST AMENDMENT made as of this 1st day of December, 2014 (the “First Amendment”), by and between the CHARTER TOWNSHIP OF GAINES, a Michigan Municipal Corporation located in the County of Kent, Michigan, and whose address is 8555 Kalamazoo Avenue, S.E., Caledonia, Michigan, 49316 (hereinafter referred to as “Gaines”), the TOWNSHIP OF BYRON, a Michigan Municipal Corporation located in the County of Kent, Michigan and whose address is 8085 Byron Center, S.W., Byron Center, Michigan, 49315, (hereinafter referred to as “Byron”), and the CHARTER TOWNSHIP OF CALEDONIA, a Michigan Municipal Corporation located in the County of Kent, Michigan, and whose address is 8196 Broadmoor Ave., Caledonia, Michigan 49316 (hereinafter referred to as “Caledonia”). Gaines, Byron and Caledonia may be individually referred to in this Agreement as a “Party” and Gaines, Byron and Caledonia together may be collectively referred to as the “Parties.”

**WITNESSETH:**

WHEREAS, Byron, Gaines and Caledonia are parties to that certain Sanitary Sewage Transportation Agreement dated February 10, 2014 (the “Agreement”); and

WHEREAS, it is necessary to amend the Agreement to acknowledge the entry by Caledonia into an Amended and Restated Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale dated December 1, 2014, by and between Caledonia and the City of Grand Rapids.

NOW THEREFORE, in consideration of their mutual undertakings as set forth in the Agreement as amended by this First Amendment, it is hereby agreed by and between the Parties hereto as follows:

1. The fifth recital to the Agreement is hereby amended to read as follows:

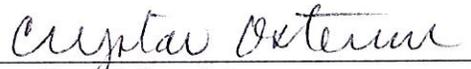
“WHEREAS, Caledonia is party to that certain Amended and Restated Addendum I to Water and Sanitary Sewer Service Agreement – Wholesale dated \_\_\_\_\_, 2014 (“City Addendum I”); and”

2. In all other respects, the Parties ratify and confirm the provisions of the Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed and delivered by their respective duly authorized officers, all as of the day and year first written above.

CHARTER TOWNSHIP OF GAINES

By:   
Donald R. Hilton, Sr.  
Its Supervisor

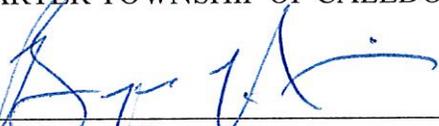
By:   
Crystal Osterink  
Its Clerk

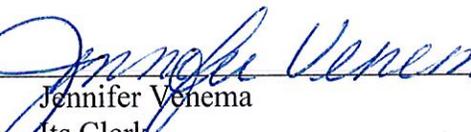
TOWNSHIP OF BYRON

By:   
Audrey Nevins-Weiss  
Its Supervisor

By:   
Joel Hondorp  
Its Clerk

CHARTER TOWNSHIP OF CALEDONIA

By:   
Bryan Harrison  
Its Supervisor

By:   
Jennifer Venema  
Its Clerk

## SANITARY SEWAGE TRANSPORTATION AGREEMENT

THIS AGREEMENT made as of this 10<sup>th</sup> day of February, 2014 (the "Agreement"), by and between the CHARTER TOWNSHIP OF GAINES, a Michigan Municipal Corporation located in the County of Kent, Michigan, and whose address is 8555 Kalamazoo Avenue, S.E., Caledonia, Michigan, 49316 (hereinafter referred to as "Gaines"), the TOWNSHIP OF BYRON, a Michigan Municipal Corporation located in the County of Kent, Michigan and whose address is 8085 Byron Center, S.W., Byron Center, Michigan, 49315, (hereinafter referred to as "Byron"), and the CHARTER TOWNSHIP OF CALEDONIA, a Michigan Municipal Corporation located in the County of Kent, Michigan, and whose address is 8196 Broadmoor Ave., Caledonia, Michigan 49316 (hereinafter referred to as "Caledonia"). Gaines, Byron and Caledonia may be individually referred to in this Agreement as a "Party" and Gaines, Byron and Caledonia together may be collectively referred to as the "Parties."

### WITNESSETH:

WHEREAS, Byron and Gaines are parties to that certain 2003 Agreement Re: Byron/Gaines Water Supply System and Sewage Disposal System dated as of July 1, 2003 (the "Joint Byron/Gaines Sewer Agreement") with respect to the public sanitary sewer systems which jointly serve Byron and Gaines (the "Joint Byron/Gaines Sewer System"); and

WHEREAS, in accordance with the Joint Byron/Gaines Sewer Agreement, Byron and Gaines jointly own the Shared Use Components (as defined in the Joint Byron/Gaines Agreement) of the Joint Byron/Gaines Sewer System; and

WHEREAS, certain Shared Use Components (known as the "Anderson Drain Trunk Sewer") are used to collect and convey sanitary sewage to the City of Grand Rapids Sanitary Sewer System (the "City Sewer System") for treatment by the City of Grand Rapids Sewage Treatment Plant (the "City WWTP") pursuant to that certain Sanitary Sewer Service Agreement

dated June 7, 1988 between the City of Grand Rapids (the "City") and Gaines (the "City/Gaines Service Agreement"); and

WHEREAS, Caledonia is party to that certain Addendum I to Water and Sanitary Sewer Service Agreement - Wholesale dated \_\_\_\_\_, 2014 ("City Addendum I"); and

WHEREAS, in accordance with the terms of City Addendum I, Caledonia is also party to the wholesale Water and Sanitary Sewer Service Agreement dated January 1, 1999, and amended on March 28, 2000, July 1, 2002, December 1, 2006 and August 1, 2010 (together, the "City Wholesale Sewer Agreement") with the City and other wholesale customer communities of the City; and

WHEREAS, the City, in accordance with City Addendum I and the City Wholesale Sewer Agreement, has agreed to provide sanitary sewer treatment and disposal service on a wholesale basis to Caledonia for sanitary sewage originating from a service area located in the northwest portion of Caledonia (the "Caledonia Service Area"), a map of which is attached to this Agreement as Exhibit A and collected from properties located within the Caledonia Service Area by a sanitary sewer collection system owned by Caledonia (the "Caledonia Collection System"); and

WHEREAS, the parties are entering this Agreement to set forth the terms and conditions by which the sanitary sewage which originates in the Caledonia Service Area, and is collected by the Caledonia Collection System, is transported from the Caledonia Service Area to the City Sewer System using the Caledonia Township Extension (defined in Paragraph 6) and the Anderson Drain Trunk Sewer, as shown on Exhibit B; and

NOW THEREFORE, in consideration of their mutual undertakings, it is hereby agreed by and between the Parties hereto as follows:

1. **Transportation by Anderson Drain Trunk Sewer of Sanitary Sewage from Caledonia Service Area.** Byron and Gaines agree to transport sanitary sewage collected by the Caledonia Collection System within the Caledonia Service Area and received from the Caledonia Township Extension (as defined in Paragraph 6) in the Anderson Drain Trunk Sewer to the City Sewer System at the point where the Anderson Drain Trunk Sewer is connected to the City Sewer System.

2. **Capacity in the Anderson Drain Trunk Sewer.** Caledonia shall at no time discharge to the Anderson Drain Trunk Sewer more than 630,000 gallons of sanitary sewage in any one calendar day, nor discharge more than 84,000 gallons of sanitary sewage in any one hour period. Byron and Gaines agree to provide capacity in the Anderson Drain Trunk Sewer to accommodate the Caledonia discharge within the foregoing discharge limits.

3. **Payment by Caledonia for Capacity in the Anderson Drain Trunk Sewer.** Since the Anderson Drain Trunk Sewer constitutes contributed capital of the Joint Byron/Gaines Sewer System, Caledonia shall not be required to pay a capacity charge or capacity payment for the use of capacity in the Anderson Drain Trunk Sewer.

4. **Annual Reporting of Capacity Usage; Engineering Study.**

a. Commencing on or before March 31, 2015, and on or before March 31 of each calendar year thereafter during the term of this Agreement, Caledonia shall provide a written report to Byron and Gaines detailing for the previous calendar year the average daily flow, the peak daily flow and the peak hourly flow of sanitary sewage discharged by Caledonia at the First Manhole (as defined in Paragraph 9), as measured, in each case, by the Master Meter (as defined in Paragraph 8). In addition, this annual report shall include projections of additional anticipated discharges reasonably expected to result from new customers in the Caledonia Service Area or the increased usage by existing customers in the Caledonia Service Area.

b. At such time as the flow of sanitary sewage from the Caledonia Service Area equals or exceeds 80% of either the daily flow or the hourly flow limits set forth in Paragraph 2, more than three times in any 90-day period, Caledonia agrees to direct its consulting engineer to prepare a study on the existing and anticipated usage by customers located within the Caledonia Service Area. If this study reasonably concludes that Caledonia needs to increase the capacity limits set forth in Paragraph 2, either on a daily flow basis or on an hourly flow basis, or both, then the Parties, in good faith, agree to discuss and, if appropriate, negotiate an amendment to this Agreement to increase the capacity limits.

**5. Future Connections to Caledonia Township Extension located within Gaines Township; Payback of Connection Fees to Caledonia.**

a. Connections shall be permitted by Gaines, in accordance with applicable Gaines sewer ordinances, to that portion of the Caledonia Township Extension located in Gaines west of the First Manhole.

b. No connections shall be permitted by any Party to that portion of the Caledonia Township Extension located between the Master Meter and the First Manhole.

c. Gaines, in consideration for the construction of the Caledonia Township Extension at the cost of Caledonia and the conveyance by Caledonia to Gaines of the First Manhole and that portion of the Caledonia Township Extension located in Gaines west of the First Manhole, shall pay to Caledonia on a quarterly basis an amount equal to ninety-eight percent (98%) of all sewer availability fees (within the meaning of the Gaines Sewer Ordinance) received by Gaines with respect to connections to the Caledonia Township Extension in accordance with subsection (a) during the ten (10) year period which commences upon the date of the written notice provided by Gaines to Caledonia in accordance with Paragraph 7. The remaining two percent (2%) of such sewer availability fees received by Gaines shall be retained

by Gaines to cover the administrative expense incurred by Gaines to collect and distribute such funds.

6. **Design and Construction of Caledonia Township Extension.** Caledonia agrees to direct its Township Engineer to design appropriate connecting infrastructure, including the Master Meter referred to in Paragraph 8, to connect the existing Caledonia Collection System located within the Caledonia Service Area to the Anderson Drain Trunk Sewer located in Gaines Township (such connecting infrastructure shall be referred to as the "Caledonia Township Extension"). A map of an approximate location of the Caledonia Township Extension is attached to this Agreement as Exhibit B. The plans for the Caledonia Township Extension shall be subject to review and approval by the consulting engineer for Byron and Gaines. It is anticipated that Caledonia will apply to the Michigan Department of Environmental Quality ("MDEQ") for the necessary permits to construct the Caledonia Township Extension; however, should it be necessary for Gaines and/or Byron to apply for such MDEQ permit or to be a co-applicant for such MDEQ permit, Byron and Gaines agree to do so. The Caledonia Township Extension shall be designed and constructed in accordance with standard specifications applicable to the Joint Byron/Gaines Sewer System. The Caledonia Township Extension shall be connected to the Anderson Drain Trunk Sewer at a point of connection (the "Point of Connection") to be designated in the final plans and specifications prepared by Caledonia's consulting engineer and approved by Byron and Gaines. The current expected location of the Point of Connection, subject to such final design and approval, is shown on Exhibit B attached to this Agreement. Caledonia shall be responsible for and shall pay all cost attributable to the Caledonia Township Extension including, without limitation, the cost of design and construction, engineering and inspection, site, easement and right-of-way acquisition, legal, financial, administrative and all similar directly related costs. Byron and Gaines shall have the right to

have the Caledonia Township Extension, including the Master Meter referred to in Paragraph 8, and the connection of the Caledonia Township Extension to the Anderson Drain Trunk Sewer at the Point of Connection inspected by an engineer acceptable to Byron and Gaines at the cost of Caledonia.

7. **Commencement of Use of Caledonia Township Extension.** Caledonia may discharge sanitary sewage from the Caledonia Service Area by use of the Caledonia Township Extension commencing upon the receipt by Caledonia of written notice from Gaines that Byron and Gaines have approved and accepted that portion of the Caledonia Township Extension constructed within Gaines Township.

8. **Master Meter.** A master meter (the "Master Meter") to measure the flow of sanitary sewage from the Caledonia Service Area to the Anderson Drain Trunk Sewer shall be constructed as part of the Caledonia Township Extension at the sole cost of Caledonia upstream of the First Manhole at approximately the Caledonia/Gaines Township line at a location acceptable to the Parties and approved by the City in accordance with City Addendum I and the City Wholesale Sewer Agreement. In general, the Master Meter shall be calibrated, read, operated and maintained at the expense of Caledonia in accordance with City Addendum I and the City Wholesale Sewer Agreement. Notwithstanding the foregoing, the Parties recognize that the accuracy of readings of the Master Meter are of material importance to Byron and Gaines because the flow of sanitary sewage measured by the Caledonia Master Meter will also flow through and be metered by the existing Gaines master meter, which measures the flow of sanitary sewage discharged from the Anderson Drain Trunk Sewer to the City Sewer System in accordance with the City/Gaines Service Agreement. Accordingly, Byron and Gaines shall have the right to verify the testing and calibration of the Master Meter from time to time. If Gaines and Byron disagree with the calibration or similar issues relating to the Master Meter, Caledonia

shall resolve with the City, at the sole cost of Caledonia, the concerns expressed by Byron and Gaines, to the reasonable satisfaction of Byron and Gaines. Gaines and Byron shall have the right to require Caledonia to check the Master Meter or to have the City check the Master Meter on behalf of Caledonia in the event of a sudden unexpected increase in the flow of sanitary sewage measured by the Gaines master meter without the addition of new customers either in the Caledonia Service Area or the area serviced in Gaines in accordance with the City/Gaines Service Agreement. All costs reasonably incurred by Byron and Gaines in accordance with this paragraph shall be reimbursed by Caledonia to Byron and Gaines.

9. **Ownership of Caledonia Township Extension.** Caledonia shall own that portion of the Caledonia Township Extension located east of the first manhole in the Caledonia Township Extension west of Patterson Avenue (the "First Manhole"). Byron and Gaines shall own, as part of the Joint Byron/Gaines Sewer System, the First Manhole and that portion of the Caledonia Township Extension located west of the First Manhole. Caledonia agrees to convey title to the First Manhole and that portion of the Caledonia Township Extension lying west of the First Manhole to Byron and Gaines using mutually acceptable instruments of conveyance, upon the reasonable request of Byron and Gaines.

10. **Operation, Maintenance and Repair of Caledonia Township Extension; Hydrogen Sulfide Monitoring.**

a. The First Manhole and the portion of the Caledonia Township Extension located west of the First Manhole will be operated, maintained and repaired by the Byron-Gaines Utility Authority (the "Authority") as part of the Joint Byron/Gaines Sewer System in accordance with the existing Operation and Maintenance Agreement for the Byron/Gaines Water Supply System and Sewage Disposal System dated as of July 1, 2003 by and between Byron, Gaines and the Authority, as such agreement may be amended from time to time (the "Authority

O&M Agreement”). The Parties acknowledge that in performing its obligations and duties under the Authority O&M Agreement, the Authority is required to exercise the due care normally and reasonably provided with respect to the operation, maintenance and repair of publicly owned sanitary sewer systems. Caledonia acknowledges receipt of a copy of the Authority O&M Agreement.

b. Caledonia, at the sole expense of Caledonia, shall operate, maintain and repair the Caledonia Collection System and that portion of the Caledonia Township Extension located east of the First Manhole, including the Master Meter. In performing these operation and maintenance responsibilities, Caledonia shall exercise the due care normally and reasonably provided with respect to the operation, maintenance and repair of publicly owned sanitary sewer systems.

c. Caledonia, at the sole expense of Caledonia, shall operate, maintain, repair and as needed, replace an appropriate device to monitor and log the concentration of Hydrogen Sulfide (H<sub>2</sub>S) gas at the Point of Connection, or if agreeable to Byron and Gaines, some other location along the Caledonia Township Extension. The H<sub>2</sub>S gas concentrations shall be measured at the elevation of the top of the sewer pipe(s) that are connected as part of the Caledonia Township Extension to the manhole at which the monitoring is performed. The monitor and logging device shall be capable of measuring and logging H<sub>2</sub>S gas concentrations with a resolution of one (1) part per million (“ppm”) and with an accuracy of two percent (2%). H<sub>2</sub>S gas concentrations shall be recorded every ten (10) minutes during monitoring periods. All recorded data is to be provided to Byron and Gaines. Byron and Gaines shall have the right to verify the testing and calibration of the monitor from time to time. If Byron and Gaines disagree with the calibration or similar issues relating to the monitor, Caledonia shall resolve, at the sole cost of Caledonia, the concerns expressed by Byron and Gaines, to the reasonable satisfaction of

Byron and Gaines. During the first year the Caledonia Township Extension is in service (the "First Year") monitoring shall occur for a minimum of two (2) weeks per month. If, after the First Year or any subsequent 12-month period of monitoring, H2S concentrations do not exceed nine (9) ppm but exceed three (3) ppm, monitoring shall continue to occur for a minimum of two (2) weeks per month. If, after the First Year or any subsequent 12-month period of monitoring, H2S concentrations do not exceed three (3) ppm, monitoring shall continue to occur two (2) weeks in each of the months of July and August in each year thereafter. If H2S concentrations over nine (9) ppm are detected daily for any five (5) day period, then monitoring shall be increased to occur continuously and Caledonia shall promptly determine, and within four (4) months implement, appropriate measures to reduce H2S concentrations such that concentrations over 9 ppm are not detected. Monitoring shall occur continuously any time measures are being implemented to reduce H2S concentrations.

If corrosion of sewer components is found to be occurring in the Anderson Drain Sewer, Byron, Gaines, and Caledonia agree to work together in good faith to determine sources of H2S gas in the Anderson Drain Sewer, and reevaluate the above H2S monitoring requirements and the above H2S concentration limits.

d. The repair of a sewer element, as distinguished from the rehabilitation or replacement of a sewer element, is discussed by Paragraph 12c.

**11. Caledonia Share of Operation, Maintenance and Repair Expense of Byron/Gaines System.** As partial consideration for this Agreement, Caledonia shall pay to Byron and Gaines on a monthly basis one-twelfth of Caledonia's share of the annual operation, maintenance and repair budget of the Joint Byron/Gaines Sewer System which is attributable to the Anderson Drain Trunk Sewer, the First Manhole and that portion of the Caledonia Township Extension located west of the First Manhole (the "Caledonia O&M Share"). The Caledonia

O&M Share shall be determined in accordance with the methodology attached to this Agreement as Exhibit C. The obligation by Caledonia to pay the Caledonia O&M Share shall commence upon the date of the written notice provided by Gaines to Caledonia in accordance with Paragraph 7. Caledonia shall have 30 days from the date of receipt to pay the monthly invoice received from Byron or Gaines, or from the Authority on their behalf, for the Caledonia O&M Share. In the event Caledonia fails to pay a monthly invoice when due, a late fee penalty shall be added to the amount due of 1% per month until the amount due is paid in full.

Following the completion of each fiscal year applicable to the Joint Byron/Gaines Sewer system, the annual Caledonia O&M Share for the completed fiscal year shall be subject to adjustment, upwards or downwards, based on the comparison of audited operation, maintenance and repair expenses to the actual activity reported by the Authority in its Work Plan (as referenced in Exhibit C) for the Joint Byron/Gaines Sewer System. Based upon this reconciliation, Caledonia agrees to pay any supplemental invoice for an increase in the annual Caledonia O&M Share on the terms set forth in the preceding paragraph. In the alternative, Byron and Gaines agree to reimburse, or cause the Authority to reimburse on their behalf, in either case within thirty (30) days following the completion of the reconciliation, any overpayment found to be owing to Caledonia.

Byron and Gaines shall promptly provide, or cause the Authority to promptly provide, to Caledonia the annual (1) calculation of the Caledonia O&M Share and (2) budget or rate documentation related to the Joint Byron/Gaines Sewer System.

**12. Rehabilitation and Replacement.**

a. Caledonia shall be solely responsible to pay the cost of rehabilitation and replacement, including all related engineering, permitting and other costs, if necessary, of the

Caledonia Collection System, the Master Meter and that portion of the Caledonia Township Extension located east of the First Manhole, and all individual components of the foregoing.

b. In the event that the First Manhole, that portion of the Caledonia Township Extension located west of the First Manhole, or the Anderson Drain Trunk Sewer, or any individual component thereof, require rehabilitation or replacement for any reason, the cost of the rehabilitation or replacement, including all related engineering, permitting and other costs, shall be allocated between the Parties in the following manner:

(1) The cost of a single rehabilitation or replacement event which is \$5,000 or less, shall be paid by the Authority as part of the annual expense of operating and maintaining the Joint Byron/Gaines Sewer System, for which Caledonia shall pay the Caledonia O&M Share in accordance with Paragraph 11.

(2) A portion of the cost of a single rehabilitation or replacement event which exceeds \$5,000 and which does not result in an increase in capacity shall be allocated to Caledonia based on the percentages of Caledonia's share of cost shown on Exhibit D. The remainder of the cost shall be allocated to Gaines and, if applicable, other communities.

(3) In the event the cost of a single rehabilitation or replacement event which results in an increase of capacity in the infrastructure being replaced exceeds \$5,000, the Parties agree to negotiate in good faith to determine an equitable allocation of the cost of the rehabilitation or replacement.

In all circumstances, the cost of a single rehabilitation or replacement event shall include the cost of design engineering, permitting, inspection, acquisition and construction.

Each Party agrees to provide as much advance notice of a rehabilitation or replacement event as is reasonably possible after the need for a rehabilitation or replacement has been identified.

c. For the sake of clarity, a repair of an existing sewer element includes, without limitation, the correction of a leaky pipe joint, a rehabilitation of an existing sewer element includes, without limitation, restoration of a sewer element as an alternative to replacement, for example, pipe slip-lining, and the replacement of an existing sewer element includes the removal and replacement of an existing sewer element, for example, the removal of the existing sewer pipe and the installation of a new length of pipe in its place. As used in the preceding sentence, a sewer element is any component of a public sanitary sewer system including all pipes, manholes, forcemains, pumps, controls and appurtenances thereto.

13. **Consent to Use of Public Rights of Way.** Gaines hereby agrees and consents to the use of the streets, highways, alleys, other public places and easements located within the municipal limits of Gaines by Caledonia for the purpose of constructing, operating, maintaining, using, repairing, rehabilitating and/or replacing therein, the Caledonia Township Extension. This consent is intended to satisfy all requirements for consent applicable by the terms of Section 29, Article VII of the Michigan Constitution of 1963 and, in addition, is intended to supersede the provisions of any existing agreement or ordinance to the contrary. Gaines, upon request, shall execute separate instruments granting permanent easements and rights-of-way to Caledonia in any public right-of-way or other public lands located within the municipal limits of Gaines for the purpose of constructing, operating, maintaining, using, repairing, rehabilitating and/or replacing the Caledonia Township Extension. Gaines agrees to assist Caledonia, at the sole cost of Caledonia, in obtaining any easements and rights-of-way over private property which may be necessary for the Caledonia Township Extension.

In the event of construction, operation, maintenance, use, repair, rehabilitation and/or replacement of the Caledonia Township Extension by Caledonia within such easements or rights-of-way, Caledonia shall restore the rights-of-way and/or easements (including all facilities,

pavement and soil located thereon) to as good a condition as existed before such construction, operation, maintenance, use, repair, rehabilitation and/or replacement occurred. To the extent permitted by state law, Caledonia agrees to save and hold Byron and Gaines harmless from any and all liability, claims, suits, or causes of action for bodily injury and/or property damage arising out of Caledonia's acts or omissions in the construction, operation, maintenance, use, repair, rehabilitation and/or replacement of the Caledonia Township Extension during the term of this Agreement. Caledonia shall pay all costs attributable to the acquisition of easements and interests in land necessary for the Caledonia Township Extension, including, without limitation, the cost of design and construction, engineering and inspection, site, easement and right-of-way acquisition, legal, financial, administrative and all similar directly related costs.

14. **Caledonia Subject to Rules, Regulations and Restrictions.** Caledonia, with respect to the Caledonia Collection System located within the Caledonia Service Area, shall be subject to all rules, regulations, restrictions and requirements that apply to the Joint Byron/Gaines Sewer System. Caledonia agrees to adopt ordinances with such use and pretreatment restrictions which are not less restrictive than those ordinance provisions in place from time to time in Gaines with regard to the Joint Byron/Gaines Sewer System. In the event of an amendment to existing Gaines ordinances, Gaines shall provide reasonable advance notice to Caledonia of such changes and the need therefore and, upon receipt of such notice, Caledonia agrees to implement such changes by amending its sewer use ordinance in a reasonable period of time. The Parties also acknowledge that Caledonia will be subject to rules, regulations, restrictions and requirements imposed by the City in accordance with City Addendum I and the City Wholesale Sewer Agreement.

15. **Inspection of Caledonia Records.** All records of Caledonia with respect to the Caledonia Service Area, the Caledonia Collection System and the discharge of sanitary sewage

from the Caledonia Service Area by the Caledonia Township Extension shall be available for inspection and copying by representatives of Byron, Gaines and the Authority upon reasonable advance notice.

16. **Insurance.**

a. **Minimum Insurance Coverages for Joint Byron/Gaines Sewer System.**

Byron and Gaines shall require the Authority to provide and maintain, as a cost of the operation and maintenance of the Joint Byron/Gaines System, the minimum insurance coverages required by Paragraph 9b of the Authority O&M Agreement, with all such coverage to be extended to include the First Manhole and that portion of the Caledonia Township Extension located in Gaines west of the First Manhole. Caledonia, together with its respective officers, employees and agents, shall be listed as an additional named insured on all insurance policies purchased by the Authority in accordance with this Agreement.

b. **Minimum Insurance Coverage to be Provided by Caledonia.**

Caledonia shall provide and maintain at its expense insurance for the Caledonia Collection System located in the Caledonia Service Area and that portion of the Caledonia Township Extension located east of the First Manhole, including the Master meter and sampling station, of the types and in the following minimum insurance coverages:

(1) **Property and Premises Liability Coverage** on all insurable system assets.

(2) **Comprehensive General Liability Insurance** with a minimum limit of four million dollars (\$4,000,000) per occurrence and four million dollars (\$4,000,000) aggregate.

(3) **Workers Compensation Insurance** in compliance with the statutes of the State of Michigan which has jurisdiction of Caledonia employees with statutory coverage.

(4) Automobile Liability Insurance (owned, non-owned or hired units) with a minimum combined single coverage limit of one million dollars (\$1,000,000).

(5) Sanitary Sewer Backup Insurance to the extent available on commercially reasonable terms as determined by Caledonia.

(6) Other insurance to protect the interests of Caledonia and the officers, employees and agents thereof against loss or damage of the comprehensive type customarily carried by municipalities with respect to public sanitary sewer systems, including without limitation public officials errors and omissions, employee benefits, boiler and machinery, fidelity bonds, crime coverage, inland marine coverage which shall include electronic data processing and portable equipment and contractual liability.

The Authority, Byron and Gaines, together with their respective officers, officials, employees and agents shall be listed as additional named insureds on all insurance policies purchased by Caledonia in accordance with this Agreement.

**17. Sewage Disposal System Event Procedures.**

a. In general, the Parties shall be immune from tort liability for the overflow or backup of sanitary sewage from either the Joint Byron/Gaines System, the Caledonia Collection System or the Caledonia Township Extension unless the overflow or backup of wastewater is a "sewage disposal system event" as defined in Act 222 of the Public Acts of Michigan of 2001, as amended ("Act 222").

b. In accordance with the Authority O&M Agreement, the Authority shall administer, in compliance with the requirements of Act 222, uniform notice and claim procedures for sewage disposal system events in the Joint Byron/Gaines System, which, in accordance with Paragraph 9, shall include the First Manhole and that portion of the Caledonia Township Extension located in Gaines west of the First Manhole. Byron and Gaines agree to

require the Authority to provide prompt written notice to Caledonia in the event a claim is made against the Authority or one of the Parties as a result of a "sewage disposal system event," as defined in Act 222.

c. Damage or compensation payable in accordance with the requirements of Act 222 with respect to a sewage disposal system event in the Joint Byron/Gaines System shall be paid, except to the extent provided by subparagraph d, by, or at the direction of, the Authority either as an expense of the Joint Byron/Gaines System or from the proceeds of sanitary sewer backup insurance provided and maintained by the Authority in accordance with Paragraph 9b of the Authority O&M Agreement, or a combination thereof.

d. If a sewage disposal system event occurs with respect to the Joint Byron/Gaines System as a result of a defect in the Caledonia Collection System or that portion of the Caledonia Township Extension located east of the First Manhole, including the Master Meter and sampling station, and, if ninety (90) or more days prior to the occurrence of the sewage disposal system event, the Authority, Byron or Gaines notified Caledonia in writing of the defect, and Caledonia failed to correct the defect, then the damage or compensation payable in accordance with the requirements of Act 222 for the sewage disposal system event shall be paid by Caledonia.

e. Damage or compensation payable in accordance with the requirements of Act 222 with respect to a sewage disposal system event in the Caledonia Collection System or that portion of the Caledonia Township Extension located east of the First Manhole, including the Master Meter and sampling station, shall be paid by, or at the direction of, Caledonia as an expense of the Caledonia Sewer System or from the proceeds of sanitary sewer backup insurance provided and maintained by Caledonia in accordance with Paragraph 16b, or a combination thereof.

18. **Operating Liability.** Each of the Parties will attempt to provide and maintain regular and uninterrupted service under this Agreement, but shall not be liable for any claim, liability, damage, cost, or expense (including attorneys' fees) to any other Party, the customers of the Joint Byron/Gaines Sewer System or the Caledonia Collection System, or any other party caused by interruptions of service, line breaks, a sewage disposal system event (except to the extent required by Act 222, and then in accordance with Paragraph 17) or any other cause. The Parties agree that the facilities and service provided under this Agreement are a governmental function as defined in Act 170 of the Public Acts of Michigan of 1964, as amended.

19. **Payment of Costs Incurred by Byron and Gaines.** Caledonia shall pay all costs incurred by Byron and Gaines in connection with the negotiation and execution of this Agreement including, without limitation, the cost of legal, engineering and similar expenses.

20. **Consent and Acknowledgement by Gaines.** This Agreement constitutes the consent by Gaines for all purposes of the City/Gaines Service Agreement with respect to the entry by Caledonia into the City Wholesale Sewer Agreement and City Addendum I. In addition, Gaines acknowledges and consents that, under the terms and limitations of the City Wholesale Sewer Agreement and City Addendum I, Caledonia may, in its discretion, elect to only send a portion of the sanitary sewage which originates in the Caledonia Service Area to the City for treatment and that, accordingly, Caledonia may, in its discretion, continue to send a portion of the sanitary sewage which originates in the Caledonia Service Area to the Village of Caledonia for treatment.

21. **Acts of God.** The Parties hereto shall be excused from any liability, damage and/or material breach of this Agreement caused by riot, strike, disaster, war, act of God, or other causes beyond their reasonable control.

22. **Enforcement.** Any party may enforce the terms of this Agreement by way of an action for specific performance in Kent County Circuit Court.

23. **Alternate Dispute Resolution.** The Parties may mutually agree upon an alternate dispute resolution mechanism for resolving any disputes which may arise under this Agreement.

24. **Term of Agreement.** The Agreement shall terminate upon the earlier of (A) the final date of the term of the City/Gaines Service Agreement, as the term of the City/Gaines Service Agreement is extended or earlier terminated in accordance with the terms of the City/Gaines Service Agreement, or (B) the final date of the term of the City Wholesale Sewer Agreement applicable to the Township, as the term of the City Wholesale Sewer Agreement applicable to the Township is extended or earlier terminated in accordance with the terms of the City Wholesale Sewer Agreement.

25. **Transition Upon Termination.** In recognition of the practical difficulties presented upon the termination of this Agreement, the Parties agree to work together in good faith to resolve any financial, legal and operational difficulties that are caused by or arise as a result of the termination of this Agreement, including the continued need for treatment of sanitary sewage which originates from the Caledonia Service Area.

26. **Notices.** All notices required or permitted by this Agreement shall be in writing and shall be delivered personally or sent by ordinary mail properly addressed with sufficient postage prepaid, to the following addresses, or such other address or addresses as shall be specified in writing by the Parties hereto from time to time:

If to the Charter Township of Gaines:

Charter Township of Gaines  
Attention: Supervisor  
8555 Kalamazoo Ave. SE  
Caledonia, Michigan 49316-8270

If to the Township of Byron:

Township of Byron  
Attention: Supervisor  
8085 Byron Center Ave. SW  
Byron Center, Michigan 49315-9401

If to the Charter Township of Caledonia:

Charter Township of Caledonia  
Attention: Supervisor  
8196 Broadmoor Ave. SE  
Caledonia, MI 49316-9509

A copy of all notices provided to a Party shall be delivered in the manner set forth above  
to:

Byron-Gaines Utility Authority  
Attention: Manager  
1381 84th St., S.E.  
Byron Center, MI 49315

27. **Definition of Sanitary Sewage.** Sanitary Sewage shall mean any liquid or water carried waste received from residential, commercial and industrial customers including domestic sewage, industrial wastes and any infiltration or inflow as may be present.

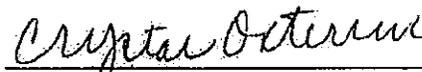
28. **Miscellaneous.** This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. This Agreement has been executed in the State of Michigan and shall be governed by Michigan law. This Agreement may only be amended pursuant to a written document executed by all of the Parties hereto. The waiver by any Party hereto of a breach or violation of any provision of this Agreement shall not be a waiver of any subsequent breach of the same or any other provision of this Agreement. If any section or provision of this Agreement is unenforceable for any reasons, the unenforceability thereof shall not impair the remainder of this Agreement, which shall remain in full force and effect. It is contemplated that this Agreement shall be executed in multiple counterparts, all of which together shall be deemed to be one contract. This Agreement represents the entire

understanding and agreement between the Parties hereto with regard to the matters addressed herein. All prior oral or, except to the extent provided herein, written understandings and agreements with regard to the matters addressed herein are specifically merged herein. The captions in this Agreement are for convenience only and shall not be considered as a part of this Agreement or in any way to amplify or modify the terms and provisions hereof. This Agreement shall be enforceable only by the Parties hereto and their successors in interest by virtue of an assignment which is not prohibited under the terms of this Agreement, and no other person shall have the right to enforce any of the provisions contained herein. The Parties acknowledge that each Party has had the opportunity to participate in the drafting of this Agreement. As a result, in the event of any ambiguity in this Agreement, it shall not be interpreted for or against any Party on account of the drafting by any Party. All Exhibits attached hereto are incorporated herein by reference as though fully stated herein.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized officers, all as of the day and year first written above.

CHARTER TOWNSHIP OF GAINES

By:   
Donald R. Hilton, Sr.  
Its Supervisor

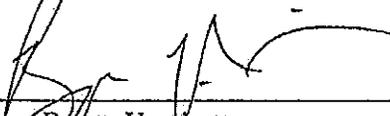
By:   
Crystal Osterink  
Its Clerk

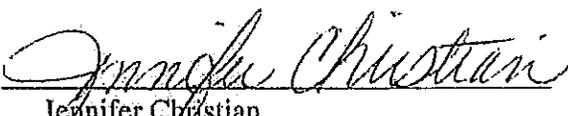
TOWNSHIP OF BYRON

By:   
Audrey Nevins-Weiss  
Its Supervisor

By:   
Joel Hondorp  
Its Clerk

CHARTER TOWNSHIP OF CALEDONIA

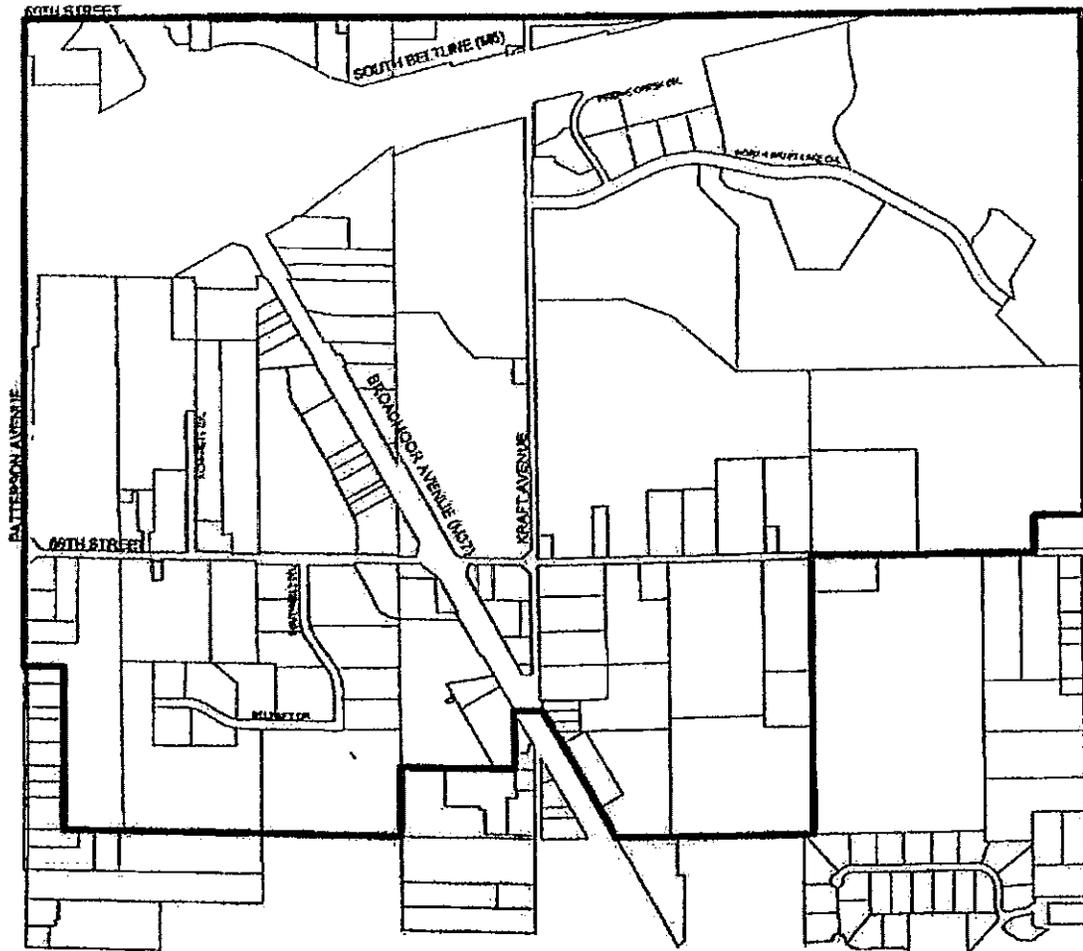
By:   
Bryan Harrison  
Its Supervisor

By:   
Jennifer Christian  
Its Clerk

# EXHIBIT A CALEDONIA TOWNSHIP SERVICE AREA

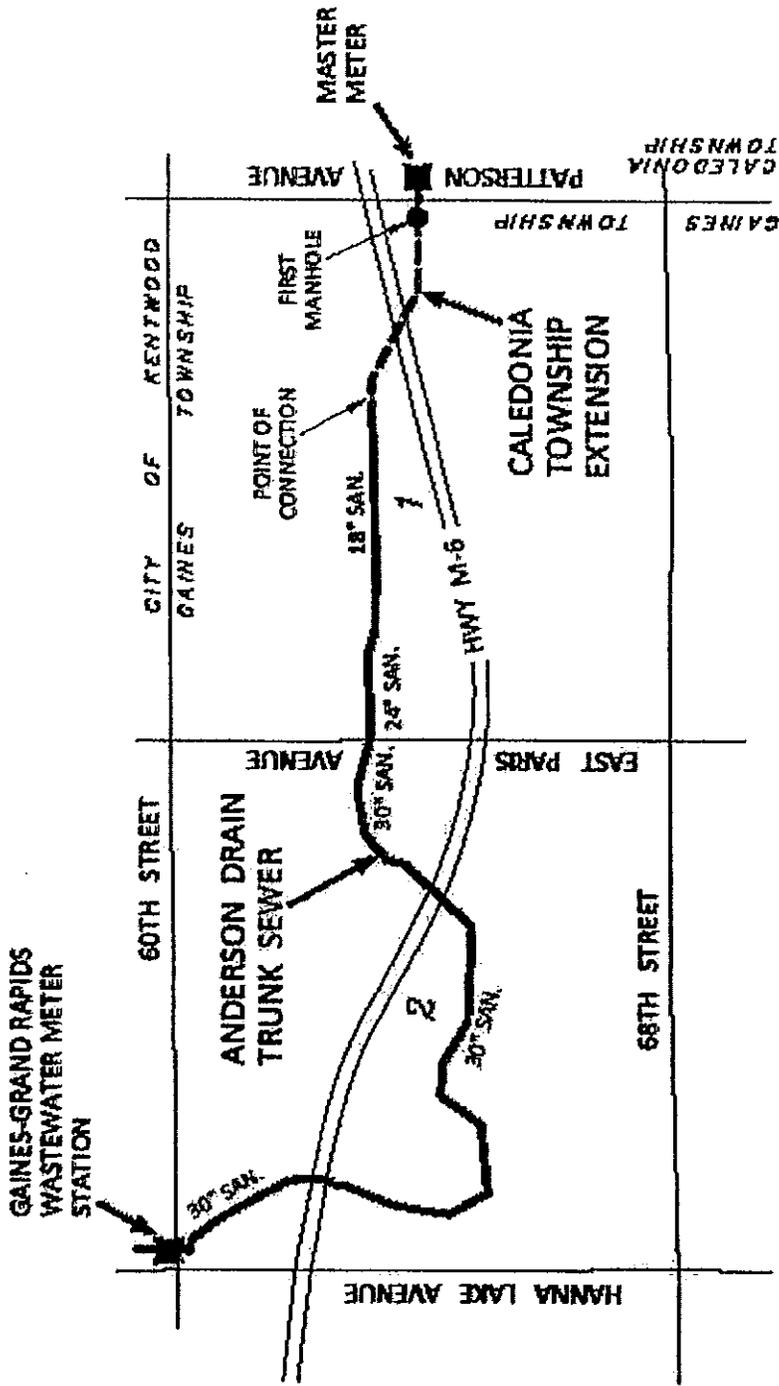


SCALE 1"=1500'

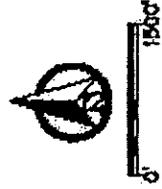


 CALEDONIA TOWNSHIP SERVICE AREA BOUNDARY

*vriesman & korhorn*  
CIVIL ENGINEERS



**EXHIBIT B  
ANDERSON DRAIN TRUNK SEWER &  
CALEDONIA TOWNSHIP EXTENSION**



**vriesman & kornhorn**  
CIVIL ENGINEERS

**Exhibit C**  
**Sample Computation of Caledonia Share of**  
**Operation and Maintenance Expense**  
**of Joint Byron/Gaines Sewer System**

The Caledonia O&M Share shall be determined in the following manner:

First, Byron and Gaines shall cause the Authority to determine the percentage of the annual Work Plan under the Authority O&M Agreement that is attributable to the operation, maintenance and repair of the Joint Byron/Gaines Sewer System.

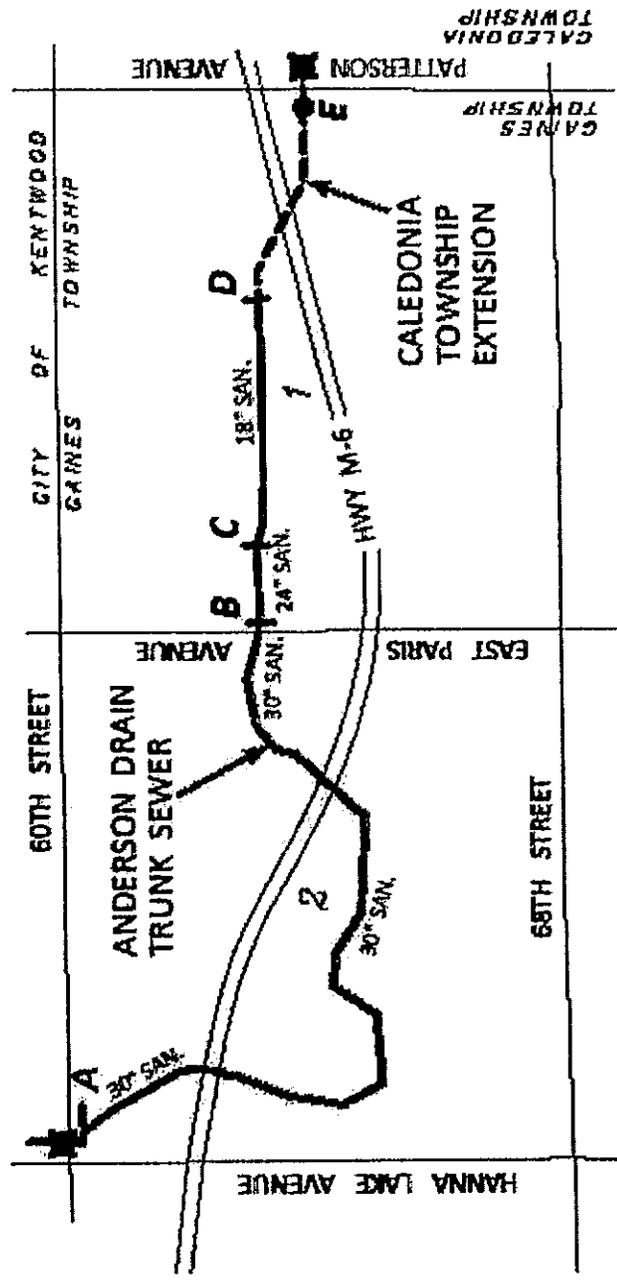
Second, the percentage so determined shall be applied against the annual Authority Operation and Maintenance Budget with the result being the annual Authority Operation and Maintenance Budget for the Joint Byron/Gaines Sewer System.<sup>1</sup>

Third, the Caledonia O&M Share shall be determined by multiplying the annual Authority Operation and Maintenance Budget for the Joint Byron/Gaines Sewer System by the pro rata length of sanitary sewer in the Joint Byron/Gaines Sewer System in use by Caledonia, as follows:

Total lineal feet of the Anderson Drain Trunk Sewer that will transport Caledonia Sanitary Sewage	+	Total lineal feet of Caledonia Township Extension located in Gaines west of the First Manhole
<i>Divided By:</i>		
Total lineal feet of sanitary sewer in Joint Byron/Gaines Sewer System (including Anderson Drain Trunk Sewer)	+	Total lineal feet of Caledonia Township Extension located in Gaines west of the First Manhole
<i>Multiplied By:</i>		
Annual Operation and Maintenance Budget of Joint Byron/Gaines Sewer System (as determined above)		
<i>Equals:</i>		
Caledonia O&M Share		

**NOTE:**

<sup>1</sup>The annual Authority Operation and Maintenance Budget does not include rehabilitation and replacement (within the meaning of Paragraph 12c of the Sanitary Sewage Transportation Agreement to which this Exhibit C is attached) expenses in excess of \$5,000 for a single rehabilitation or replacement event because such rehabilitation and replacement expenses are budgeted by the Authority in a separate Capital Improvement Budget.



LOCATION	PIPE SIZE/SLOPE	PIPE CAPACITY (MGD)	CALEDONIA'S ALLOCATED HOURLY CAPACITY (MGD)	CALEDONIA'S SHARE OF COST FOR REPLACEMENT
DOWNSTREAM OF A	42" @ 0.20%	29.1	2.0	6.9%
BETWEEN A & B	30" @ 0.10%	8.4	2.0	23.8%
BETWEEN B & C	24" @ 0.12%	5.1	2.0	39.2%
BETWEEN C & D	18" @ 0.24%	3.3	2.0	60.6%
BETWEEN D & E	21" @ 0.10%	3.3	2.0	60.6%



0' 1500'

**vriesman & korhorn**  
CIVIL ENGINEERS

**EXHIBIT D**  
**COST SHARING FOR REPLACEMENT**

EXHIBIT C

**CITY OF GRAND RAPIDS, MICHIGAN  
 CALEDONIA PRELIMINARY SUMMARY OF REVENUE REQUIREMENTS & CHARGES  
 FOR CALENDAR YEAR 2015 - BASED ON THE 2014 PRELIMINARY RATE STUDY AND  
 INTEGRATED SYSTEM ALLOCATION PER THE 2014 RATE STUDY \*  
 Monday, December 08, 2014**

REVENUE REQUIREMENT DESCRIPTION	TOTAL
<b><u>NON-INTEGRATED REVENUE REQUIREMENTS</u></b>	
OPERATION & MAINTENANCE EXPENSE - TASK 22	\$ 4,840
DEPRECIATION EXPENSE - TASK 24	109
RETURN ON SYSTEM INVESTMENT - TASK 21	150
<b><u>INTEGRATED REVENUE REQUIREMENTS</u></b>	
ALLOCATION OF INTEGRATED SYSTEM CREDITS	(8,420)
ALLOCATION OF INTEGRATED SYSTEM REV REQ'S	68,791
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 65,470</b>

*Revenue Requirements & Charges above predicated on the following assumptions:*

<b>COMMODITY CHARGE - PER MG (BASED ON INTEGRATED REVENUE REQUIREMENTS)</b>	<b>\$ 16,540</b>
<b>MONTHLY SERVICE CHARGE (BASED ON NON-INTEGRATED REVENUE REQUIREMENTS)</b>	<b>\$ 425</b>

*Revenue Requirements & Charges above predicated on the following assumptions:*

* Revenue Requirements & Charges above predicated on the following assumptions:	
- Caledonia Flow - Gallons per Day (10% of total flow)	10,000
- Caledonia USD Area (Sq. Miles) (100% of total square miles)	1.880
- Total Miles of Mains in 2014 PRELIMINARY RS	908.17
- Operation & Maintenance Cost per mile of main in 2014 PRELIMINARY RS	\$ 5,504.15
- Estimated O&M cost for Caledonia Meter @ average in 2014 PRELIMINARY RS	\$ 4,111
- Total Integrated Revenue Requirements in 2014 PRELIMINARY RS	\$ 21,264,403
- Total Integrated System Credits in 2014 PRELIMINARY RS	\$ (2,589,846)
- Integrated Allocation - Plant Flow / USD Area per Uniform Contract & RS Year	2014
- Plant Flow	81%
- USD Area	19%
- UAB Partners & Gaines Flows - Same as 2014 PRELIMINARY RS	
- UAB Partners USD Areas - Same as 2014 PRELIMINARY RS	
- Excludes Rev Req's for Future Capital Improvements	
- Caledonia flow will use the current Gaines Twp facilities	