

2.

ARTICLES OF INCORPORATION

OF

HIGGINS LAKE UTILITIES AUTHORITY

These Articles of Incorporation are adopted by the incorporating townships for the purpose of creating an authority under the provisions of Act 233, Public Acts of Michigan, 1955, as amended (the "Act").

ARTICLE I - NAME

The name of this authority is the "Higgins Lake Utilities Authority" (the "AUTHORITY"). The principal office of the AUTHORITY will be initially located at the office of the Lyon Township, the address of which is Lyon Township Hall, 7851 W. Higgins Lake Dr., P. O. Box 48, Roscommon Michigan 48653, or at such other location or locations as the Authority Board shall determine from time to time.

ARTICLE II - INCORPORATING MUNICIPALITIES

The Incorporating Municipalities creating this AUTHORITY are Lyon Township, located in Roscommon County and Beaver Creek Township, located in Crawford County (the "Townships") each located in said respective counties within the State of Michigan, and each of which is hereby designated as the CONSTITUENT MUNICIPALITY.

ARTICLE III - PURPOSE

The purpose of this AUTHORITY is to initially acquire, own, improve, enlarge, extend and operate a sewage disposal system and/or a water supply system in accordance with the authorization of the Act. The term "sewage disposal system" and "water supply system" as used

in these Articles of Incorporation shall be as now or hereafter defined in Section 1 of the Act.

ARTICLE IV - LEGAL ENTITY

The AUTHORITY shall be a public body corporate with power to sue or to be sued in any court of the State of Michigan (the "State"). Its limits shall include all of the territory embraced within the boundaries of the CONSTITUENT MUNICIPALITIES. It shall possess all of the powers now or hereafter granted by the Act or by any other applicable statute and by these Articles, and all those powers incident thereto. The enumeration of any powers herein shall not be construed as a limitation upon the AUTHORITY'S general powers unless the context shall clearly indicate otherwise. The AUTHORITY shall have a corporate seal.

ARTICLE V - EXISTENCE

The AUTHORITY shall continue in existence perpetually or until dissolved by act of the parties or by law; provided, however, that the AUTHORITY shall not be dissolved if such dissolution could operate as an impairment of any of its contracts.

ARTICLE VI - FISCAL YEAR

The initial fiscal year of the AUTHORITY shall commence on the effective date of the AUTHORITY. After the first year, its fiscal year shall extend from July 1 to the last day of June next following.

ARTICLE VII - BOARD POWERS AND BOARD APPOINTMENT

The Authority shall be governed by a Board of Directors (the "Authority Board"). The Authority Board shall exercise final authority regarding the powers of the Authority. The Authority Board shall possess all of the powers provided by Act 233, Public Acts of Michigan, 1955 and other laws of the State of Michigan and as may be delegated by the Constituent

Municipalities' boards. The Authority Board may delegate to its staff, volunteers and committees such powers as it deems appropriate, as long as such delegation does not create a conflict of interest or is otherwise unlawful.

The Authority Board shall be comprised of five (5) members. ^{Two} ~~Three~~ of the members of the Authority Board shall be appointed by the Lyon Township Board. ^{Two} ~~One~~ of the members of the Authority Board shall be appointed by the Beaver Creek Township Board. Finally, the fifth member of the Authority Board shall be appointed by mutual consent and action of both Township boards. Not more than one member shall be an elected township official from each township.

*Changed per
joint mtg
6-3-2009*

The members of the Authority Board appointed by separate action of each Constituent Municipality board shall serve at the pleasure of the legislative body of the appointing Constituent Municipality and may be removed at any time, with or without cause, by the legislative body of the appointing Constituent Municipality. The member of the Authority Board appointed by mutual consent and action of both Township boards shall serve at the pleasure of both legislative bodies and may be removed at any time, with or without cause, by the mutual consent and action of both Township boards.

After the Authority becomes effective but within 30 days thereof, the Township Board of each Constituent Municipality shall select its representative(s) to serve on the Authority Board and each shall also select the fifth member to serve on the Authority Board. Within thirty (30) days after such selection, the members of the Authority Board shall meet for the purpose of initially organizing the Authority Board, including the selection of officers. No appointment to the Authority Board and no selection of an officer of the Authority Board shall be deemed to be

invalid because it was not made within or at the time specified in these Articles.

Each member of the AUTHORITY BOARD shall qualify by taking the constitutional oath of office and filing it with the clerk of the member's CONSTITUENT MUNICIPALITY or, as to the 5th member, it shall be filed with both CONSTITUENT MUNICIPALITIES. The members' terms shall be two years beginning with the first day of the month, next following the appointment, and until their successor(s) are appointed and qualified.

The members of the Authority Board, and such officers thereof who also are members of the Authority Board, may be paid a per diem payment only if the amount of each per diem payment is specified in the proposed budget of the Authority. The AUTHORITY BOARD may reimburse its members, officers, volunteers, and employees, for expenses that they may have incurred on behalf of the Authority.

The AUTHORITY BOARD annual organization meeting shall be held on the ~~third~~ ^{Second} Tuesday of July of each year at 10:00 o'clock a.m., at the place of holding the meetings. At such organization meeting the AUTHORITY BOARD shall select a Chair, a Vice-Chair and a Secretary, who shall be members of the AUTHORITY BOARD, and a Treasurer, who may but need not be a member of the AUTHORITY BOARD. Such officers shall serve until the organization meeting in the following year or until their respective successors shall be selected and qualify.

*7-12-11
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ARTICLE VIII - VACANCIES

In the event of a vacancy on the AUTHORITY BOARD, the legislative body of the CONSTITUENT MUNICIPALITY selecting such representative (or both bodies if the fifth membership is vacant) shall fill the vacancy for the unexpired term. In the event of a vacancy in

the office of the AUTHORITY BOARD, such vacancy shall be filled from the Board Members by the AUTHORITY BOARD for the unexpired term. In case of the temporary absence or disability of any officer, the AUTHORITY BOARD may appoint some person from the Board Members temporarily to act in his or her stead except that in the event of the temporary absence or disability of the Chair, the Vice-Chair shall so act.

ARTICLE IX - MEETINGS

Regular meetings of the AUTHORITY BOARD shall be held at least quarterly (which will include the annual organization meeting) at such time and place as shall be prescribed by resolution of the AUTHORITY BOARD and each member of the AUTHORITY BOARD shall have one vote. Special meetings of the AUTHORITY BOARD may be called by the Chair or by any two members of the AUTHORITY BOARD, by serving written notice of the time, place and purpose thereof, (1) upon each member of the AUTHORITY BOARD personally or (2) by leaving it at the AUTHORITY BOARD member's place of residence at least eighteen hours prior to the time of such meeting, or (3) by depositing the same in a United States Post Office or mail box within the limits of the AUTHORITY at least seventy-two (72) hours prior to the time of such meeting, enclosed in a sealed envelope properly addressed to the BOARD member at his or her home or office address, with first class postage fully prepaid. Any member of the AUTHORITY BOARD may waive notice of any meeting either before or after the holding thereof. At least a majority of the members-elect of the AUTHORITY BOARD shall be required for a quorum. Each member of the AUTHORITY BOARD shall have one (1) vote. The Authority Board shall act by motion, resolution or ordinance. For the passage of any resolution or ordinance providing for the issuance of bonds, or the execution of any contract, there shall be

required a majority vote of the members-elect of the AUTHORITY BOARD. For all other matters, a vote of a majority of the members of the AUTHORITY BOARD present at any meeting at which a quorum is present shall be sufficient for passage. The AUTHORITY BOARD shall keep minutes of its meetings as required by law. All votes shall be "yeas" and "nays," except that where the vote is unanimous, it shall only be necessary to so state. The minutes shall be signed by the Secretary of the AUTHORITY BOARD.

Public notices of all organization, regular, special or rescheduled regular meetings of the AUTHORITY BOARD shall be given pursuant to the applicable provisions of The Open Meetings Act, being Act 267, Public Acts of 1976, as amended.

The AUTHORITY BOARD shall have the right to adopt rules governing its procedures and regulating the affairs of the AUTHORITY that are not in conflict with the terms of the Act or any other statute or these Articles. The AUTHORITY BOARD shall also have the right to establish rules and regulations for the use of any project constructed by it under the provisions of the enabling acts

ARTICLE X - FINANCES

The Chair of the AUTHORITY BOARD shall be the presiding officer thereof. In the absence or disability of the Chair, the Vice-Chair shall perform the duties of the Chair. The Secretary shall be the recording officer of the BOARD. The Treasurer shall be the custodian of the funds of the AUTHORITY and shall give the AUTHORITY a bond conditioned upon the faithful performance of the duties of his or her office. The cost of said bond shall be paid by the AUTHORITY. All money shall be deposited in a bank(s) to be designated by the AUTHORITY BOARD, and all checks or other forms of withdrawal therefrom shall be signed by the Chair or

Vice-Chair and either the Treasurer or the Secretary. The officers of the AUTHORITY BOARD shall have such other powers and duties as may be conferred upon them by the AUTHORITY BOARD.

Bonds issued by the AUTHORITY, and interest coupons relating thereto, if any, shall be executed in the name and on behalf of the AUTHORITY by its Chair and its Secretary by manual or facsimile signature, and the corporate seal of the AUTHORITY or a facsimile thereof shall be printed on or affixed to bonds.

The AUTHORITY BOARD shall prepare, adopt and submit to the legislative bodies of the CONSTITUENT MUNICIPALITIES an annual budget covering the proposed expenditures to be made for organizing and operating the AUTHORITY. It shall provide for the necessary funds required from each CONSTITUENT MUNICIPALITY for the first partial fiscal year and for the next fiscal year beginning July 1 of the upcoming year, such budget to be submitted to each CONSTITUENT MUNICIPALITY at least sixty (60) days before the proposed budget is adopted by the AUTHORITY BOARD for the following fiscal year. No budget shall be adopted unless approved by at least a simple majority of the members of the entire AUTHORITY BOARD; provided, however, that no obligation shall be assumed by the AUTHORITY which may then or at any time in the future become in whole or in part the individual liability of any CONSTITUENT MUNICIPALITY without the prior individual consent of the CONSTITUENT MUNICIPALITY; and provided further, that any CONSTITUENT MUNICIPALITY may (1) withdraw from the AUTHORITY without any obligation whatever, provided it is prior to the incurrence of indebtedness by the AUTHORITY for which the CONSTITUENT MUNICIPALITY may incur an individual liability, and (2) withdraw after the assumption of

indebtedness by the AUTHORITY for which the individual CONSTITUENT MUNICIPALITY has by its prior agreement thereto incurred an individual liability, but in the case of such latter withdrawal only if (a) the consent of the creditor(s) shall be obtained or (b) the individual obligation assumed by the withdrawing member shall be paid by the withdrawing CONSTITUENT MUNICIPALITY on terms satisfactory to the creditor(s).

The provisions of the Article shall be considered controlling over all other provisions of these Articles of Incorporation.

ARTICLE XI - PROPERTY ACQUISITION

The AUTHORITY shall possess all powers necessary to carry out the purposes thereof and those incident thereto. The AUTHORITY may acquire private property by purchase, lease, gift, devise or condemnation, either within or without its corporate limits, and may hold, manage, control, sell, exchange or lease such property. For the purpose of condemnation it may proceed under provisions of Act 149, Public Acts of Michigan, 1911, and Act 87, Public Acts of Michigan, 1980 as now or hereafter amended, or any other appropriate statute.

ARTICLE XII - LOCATION OF PROJECT

The AUTHORITY shall have the power to determine the location of any project constructed by it under the provisions of the Act and to determine, in its discretion, the design, standards, and the materials on construction, and construct, maintain, repair and operate the me.

ARTICLE XIII - CONTRACTS

The AUTHORITY and any of its CONSTITUENT MUNICIPALITIES may enter into a or contracts providing for the acquisition, purchase, construction, improvement,

enlargement, extension, operation and financing of a sewage disposal system and/or water supply system, as authorized and provided in the Act. The AUTHORITY may enter into contracts with any non-constituent county, city, village, township or charter township for the furnishing of a sewage disposal system and/or water supply system by any such system owned or operated by the AUTHORITY, which contract shall provide for reasonable charges or rates for such service furnished. The AUTHORITY shall have the power to enter into contracts with any CONSTITUENT MUNICIPALITY or other municipality for the purchase of a sewage disposal system and/or water supply system from such CONSTITUENT MUNICIPALITY or other municipality. No contract shall be for a period exceeding forty years.

ARTICLE XIV - FULL FAITH AND CREDIT

For the purpose of obtaining funds for the acquisition, construction, improving, enlarging or extending of a sewage disposal system and/or water supply system, the AUTHORITY may, upon ordinance or resolution duly adopted by it, issue its negotiable bonds, secured by the contractual full faith and credit pledge of each contracting CONSTITUENT MUNICIPALITY in accordance with and subject to the provisions of the act.

ARTICLE XV - REVENUE BONDS

The AUTHORITY and any of its CONSTITUENT MUNICIPALITIES and any other municipality shall have authority, if provided by the terms of any contract, to acquire, construct, improve, enlarge or extend a sewage disposal system and/or water supply system, to provide for the same and purchase of a sewage disposal system and/or water supply system from such entities, and after the execution of such contract or contracts, the AUTHORITY shall have the authority to issue self-liquidating revenue bonds in accordance with the provisions of Act 94,

Public Acts of Michigan, 1933, as amended, or any other act providing for the issuance of revenue bonds, which bonds shall be payable solely from the revenues of the sewage disposal system and/or water supply system. The charges specified in any such contract or contracts shall be subject to increase by the AUTHORITY at any time if necessary in order to provide funds to meet its obligations. Any contract authorized herein shall be for a period of not exceeding forty (40) years.

ARTICLE XVI - HIRING

The AUTHORITY BOARD shall have power to hire all necessary officers and employees; to contract for necessary services; to carry out the functions of the AUTHORITY and to fix the compensation therefor. It is further understood that the AUTHORITY BOARD may contract with any CONSTITUENT MUNICIPALITY or some outside governmental agency for the purpose of examining and preparing a legible register of prospective employees for the classifications of officers and employees needed to operate such facilities.

The AUTHORITY BOARD may hire such employees and fix their compensation, engage such volunteers, and create such committees as it deems appropriate.

ARTICLE XVII- AUDIT

Except as provided hereafter, the AUTHORITY BOARD shall cause an annual audit to be made of its financial transactions by a certified public accountant and shall furnish at least two (2) copies thereof to each CONSTITUENT MUNICIPALITY. If the Authority has no issued and outstanding bonds and if otherwise allowed by law, an audit need be performed only once every two years and a financial review can be substituted therefor every other year, as determined by the Authority Board.

ARTICLE XVIII - PUBLICATION/FILING

These Articles shall be published once in a newspaper which has general circulation within the territory encompassed by the AUTHORITY. Printed copies of the Articles of Incorporation as printed in the aforementioned newspaper, certified as a true copy thereof by the person designated below and with the date and place of publication shown by a publisher's affidavit of publication attached hereto, shall be filed with the Secretary of State and also with the Clerk of the County of Roscommon and also with the Clerk of the County of Crawford.

The Clerk of the Lyon Township is hereby designated as the person to cause these Articles of Incorporation to be published, certified and filed as aforesaid. In the event he or she shall be unable to act or shall neglect to act, then the Clerk of Beaver Creek Township shall act in his or her stead. All expenses for the publication of these Articles and all other expenses, if any, incurred in the incorporation and establishment of the Authority shall be paid by Lyon Township.

ARTICLE XIX - EFFECTIVE DATE

This AUTHORITY shall become effective upon the filing of certified copies of these Articles of Incorporation, as provided in the preceding Article XVIII.

ARTICLE XX - AMENDMENTS

These Articles of Incorporation may be amended at any time so as to permit any county, city, village, township, or charter township to become a member of the AUTHORITY, if such amendment to the Articles of Incorporation is adopted by the legislative body of such county, city, village, township or charter township proposing to become a member (CONSTITUENT MUNICIPALITY), and if such amendment is adopted by the legislative body of each CONSTITUENT MUNICIPALITY of which the AUTHORITY is then composed.

Other amendments may be made to these Articles of Incorporation at any time if adopted by the legislative body of each CONSTITUENT MUNICIPALITY of which the AUTHORITY is composed.

Any such amendment shall be endorsed, published, and certified and printed copies thereof filed in the same manner as the original Articles of Incorporation, except that the filed and printed copies shall be certified by the recording officer of this AUTHORITY.

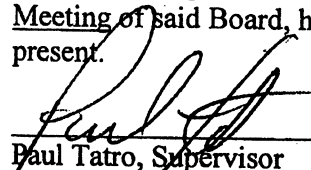
ARTICLE XXI - MISCELLANEOUS

The captions in these Articles of Incorporation are for convenience only and shall not be considered as part of these Articles of Incorporation or in any way limiting or amplifying the terms and provisions hereof.

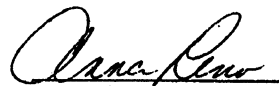
These Articles have been adopted by the two incorporating municipalities, as hereinafter set forth in the following endorsements, and in witness whereof the designated officials of each CONSTITUENT MUNICIPALITY have endorsed thereon the statement of such adoption.

CERTIFICATE

The foregoing Articles of Incorporation were adopted by the Township Board of Lyon Township, located in the County of Roscommon, State of Michigan, at a Special Meeting of said Board, held on February 16, 2007, at which meeting a quorum was present.

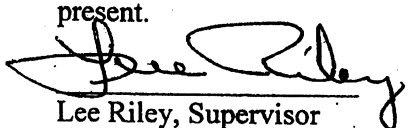

Paul Tatro, Supervisor
Lyon Township

2-16-07
Date

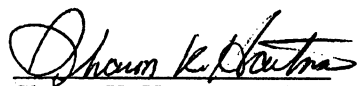

Anna Reno, Clerk
Lyon Township

2-16-07
Date

The foregoing Articles of Incorporation were adopted by the Township Board of Beaver Creek Township, located in the County of Crawford, State of Michigan, at a duly held meeting of said Board, held on February 16, 2007, at which meeting a quorum was present.


Lee Riley, Supervisor
Beaver Creek Township

2-16-07
Date


Sharon K. Hartman, Clerk
Beaver Creek Township

2-16-07
Date