

Execution Copy

FIRST AMENDMENT

Dated as of October 8, 2003

to

WATER SYSTEM MASTER OPERATING AGREEMENT

Dated as of January 24, 2003

among

THE LIVINGSTON COMMUNITY WATER AUTHORITY

and

**THE CHARTER TOWNSHIP OF BRIGHTON,
THE TOWNSHIP OF GREEN OAK AND THE TOWNSHIP OF HAMBURG**

**FIRST AMENDMENT TO
WATER SYSTEM MASTER OPERATING AGREEMENT**

This First Amendment to Water System Master Operating Agreement (this "First Amendment") is dated as of October 8, 2003 and is entered into among the Livingston Community Water Authority, the Charter Township of Brighton, the Township of Green Oak and the Township of Hamburg.

WHEREAS, the parties hereto previously entered into a Water System Master Operating Agreement dated as of January 24, 2003 (the "Master Agreement");

WHEREAS, the parties hereto desire to enter into this First Amendment to amend and supplement certain provisions of the Master Agreement; and

WHEREAS, the parties hereto desire this First Amendment to be effective as of the date of this First Amendment;

NOW, THEREFORE, by this First Amendment, the parties hereto amend the Master Agreement as follows:

Section 1.1. Redesignation of Section 2.2 of the Master Agreement. Section 2.2 of the Master Agreement entitled "Initial Contributions for the Acquisition of the Water System Assets and the Construction of the Phase I Improvements" shall be redesignated as Section 2.2(a). Except as modified by this First Amendment, the provisions of Sections 2.2(a) shall remain in full force and effect.

Section 1.2. Addition of Section 2.2(b). Section 2.2(b) is hereby added to the Master Agreement and it shall read as follows:

Section 2.2(b). Contributions for Certain Components of the Phase I Improvements as of September 23, 2003. As of September 23, 2003, the parties have received construction bids for the transmission mains and storage tank components of the Phase I Improvements. Notwithstanding the provisions of Section 2.2(a) or Exhibit B, the parties agree that the revised cost estimates for the transmission mains and storage tank components of the Phase I Improvements shall be the costs set forth in Exhibit C and the costs shall be distributed as set forth on Exhibit C. Additionally, Exhibit C includes \$12,400 as future costs for a portion of the design costs of the Treatment Facility component of the Phase I Improvements and \$736,700 as future costs for the well

upgrades, which the parties agree are part of the Phase I Improvements. Accordingly, each Township agrees to make a capital contribution to the Authority on November 7, 2003 in the following amounts:

Brighton Township:	\$1,468,900
Green Oak Township:	\$5,172,400
Hamburg Township:	\$669,300

The parties acknowledge that the project cost estimate set forth in Exhibit B included \$316,000 in preliminary expenses that were to be reimbursed to the three Townships. The project cost estimate set forth in Exhibit C does not include any such expenses being reimbursed to the three Townships. The parties hereto have determined that the Authority will not reimburse the Townships for such expenses, but acknowledge that individual Townships may decide to reimburse their own General Fund or Enterprise Fund from the proceeds of the Township's own bond issue.

The parties acknowledge that the costs of the treatment facility and the booster station, which are the remaining two components of the Phase I Improvements, will not be determined until a later time. At such time as bids are received for one or both of these components of the Phase I Improvements, then the parties will agree to a revised project cost estimate for these improvements and another amendment to the Master Agreement will be prepared to attach that revised project cost estimate as an Exhibit to the Master Agreement. The methodology of distributing the costs of the treatment facility and the booster to the three Townships will be the same methodology as set forth in Exhibit B. Furthermore, at that time each Township will contribute a cash payment to the Authority to pay the Township's portion of such components of the Phase I Improvements.

Section 1.3. Short Title. This amendment shall be known as and may be designated by the short title "First Amendment."

Section 1.4. Definitions. All words and phrases defined in Master Agreement shall have the same meaning in this First Amendment, except as otherwise amended or defined in this First Amendment.

Section 1.5. First Amendment Construed with Master Agreement. All of the provisions of this First Amendment shall be deemed to be construed as part of the Master Agreement to the same extent as if fully set forth therein.

Section 1.6. Master Agreement. Except as amended and supplemented by this First Amendment, the Master Agreement shall remain in full force and effect.

Section 1.7. Execution in Counterparts. This First Amendment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 1.8. Severability. If any section, paragraph, clause or provision of this First Amendment shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this First Amendment.

Section 1.9. Governing Law. This First Amendment shall be construed in accordance with the laws of the State of Michigan.

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IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed and delivered, by their respective duly authorized officers, all of the date specified above.

CHARTER TOWNSHIP OF BRIGHTON

TOWNSHIP OF GREEN OAK

By: *John Kroger*
Its: Supervisor

By: *Mark St. Charles*
Its: Supervisor

By: *Debra M. DeLoe*
Its: Clerk

By: *Lorena S. Lozano*
Its: Clerk *Deputy*

TOWNSHIP OF HAMBURG

By: *[Signature]*
Its: Supervisor

By: *Jeanne H. [Signature]*
Its: Clerk

LIVINGSTON COMMUNITY WATER AUTHORITY

By: *Mark [Signature]*
Its: Chairman

By: *Athen [Signature]*
Its: Secretary

Exhibit C
Project Costs and Cost Distribution for
the Water Mains and Elevated Storage Tank
Components of the Phase I Improvements

LAN01112810.5
EDNPK

Livingston Community Water Authority

PHASE 1 COST DISTRIBUTION

(September 23, 2003)

	TOTAL COSTS			Total
	Green Oak Twp	Brighton Twp	Hamburg Twp	
Water Main - Phase 1 and 1A	\$4,442,000	\$920,000	\$492,000	\$5,854,000
Storage Tank	\$506,000	\$506,000	\$138,000	\$1,150,000
Well Upgrades	\$552,000	\$130,000	\$89,000	\$771,000
Treatment Facility	\$62,000	\$15,000	\$10,000	\$87,000
TOTALS =	\$5,562,000	\$1,571,000	\$729,000	\$7,862,000

COSTS PAID TO DATE

Water Main - Phase 1 and 1A	\$298,800	\$69,100	\$41,100	\$409,000
Storage Tank	\$14,100	\$14,100	\$5,300	\$33,500
Well Upgrades	\$23,100	\$6,400	\$4,800	\$34,300
Treatment Facility	\$53,600	\$12,500	\$8,500	\$74,600
TOTALS =	\$389,600	\$102,100	\$59,700	\$551,400

FUTURE COSTS (yet to be incurred)

Water Main - Phase 1 and 1A	\$4,143,200	\$850,900	\$450,900	\$5,445,000
Storage Tank	\$491,900	\$491,900	\$132,700	\$1,116,500
Well Upgrades	\$528,900	\$123,600	\$84,200	\$736,700
Treatment Facility	\$8,400	\$2,500	\$1,500	\$12,400
TOTALS =	\$5,172,400	\$1,468,900	\$669,300	\$7,310,600

County of Livingston, State of Michigan
 Livingston Community Joint Water Authority
 Water System

CURRENT PHASE I PROJECT COSTS
 (Water Main, Elevated Tank and Well Upgrades)
 (September 17, 2003)

	Current Costs (Water Main, Tank & Well Upgrades)
Construction	\$6,100,000
Engineering Fees	
Design	\$459,000
Construction	\$448,000
Soil Borings	\$32,000
Testing	\$32,000
Well Head Protection	\$0
Engineering Sub-Total =	\$971,000
Land, Easements and Rights of Way	\$80,000
Contingencies (10 % of Construction Cost Opinion)	\$610,000
Cost of Issuance	\$0
Capitalized Interest	\$0
Other	
Financial Consultant (Bendzinski & Co.)	\$8,000
Legal Fees (Nielson, Dykema and LaDuke)	\$40,000
Township / Agency Permit Fees	\$5,000
Operation & Maintenance Manual	\$10,000
Water Use Ordinance	\$20,000
Water Rate Study	\$5,000
Engineering / Construction Standards	\$2,000
Water System Operation (3 months)	\$10,000
Townships' Preliminary Expenses / Reimbursements	\$0
MDEQ Permit Fee (Water Supply)	\$1,000
Other Sub-Total =	\$101,000
TOTAL =	\$7,862,000

Livingston Community Water Authority

PHASE 1 COST DISTRIBUTION

(September 23, 2003)

WATER MAIN - Phase 1 and 1A		Green Oak Twp	Brighton Twp	Hamburg Twp	Total	Paid	Future
Construction		3473400	703867	366627	4543894		4543894
Agencies (10 % of Construction)		347,340	70,387	36,663	454,390		454,390
Const. Sub-Total =		3820740	774254	403290	4998284		4998284
Percentage:		0.7644	0.1549	0.0807			
Construct. Sub-Total (repeated for formula)		3820740	774254	403290	4998284		4998284
Engineering Design		240025	48640	25335	314000	314000	330000
Construction Engineering		252255	51118	26626	330000	22850	7150
Soil Borings		22932	4647	2421	30000		25000
Testing		19110	3873	2017	25000		25000
Easements		61153	12392	6455	80000	40000	40000
		4416216	894924	466144	5777284	376850	5400434
SUB-TOTAL =		4416216	894924	466144	5777284	376850	5400434
Common Element (see below)		25077	25077	25077	75231	32006	43224
Total =		\$4,441,293	\$920,001	\$491,221	\$5,852,515	\$408,856	\$5,443,658

	Green Oak Twp	Brighton Twp	Hamburg Twp	Total	
STORAGE TANK					
Percentages of cost dist	44.16	44.16	11.68		
Construction	421507	421507	111486	954,500	954,500
Contingencies (10 % of Construction)	42151	42151	11149	95,450	95,450
Const. Sub-Total =	463658	463658	122634	1,049,950	1,049,950
engineering design	11040	11040	2920	25000	25000
construction engineering	25171	25171	6658	57000	57000
Soil Borings	883	883	234	2000	2000
ing	442	442	117	1000	1000
SUB-TOTAL =	501194	501194	132562	1,134,950	27000
Common Element (see below)	4926	4926	4926	14779	6288
Total =	\$506,120	\$506,120	\$137,488	\$1,149,729	\$33,288
					\$1,116,441

TREATMENT FACILITY

Percentage of cost dist	Green Oak Twp	Brighton Twp	Hamburg Twp	Total
72.17	61345	14085	9571	85000
Sub-TOTAL =	61345	14085	9571	85000

Common Element (see below)

	Green Oak Twp	Brighton Twp	Hamburg Twp	Total
Total =	369	369	369	1107

COMMON ELEMENTS

	Green Oak Twp	Brighton Twp	Hamburg Twp	Total
Total =	\$61,714	\$14,454	\$9,940	\$86,107
TOTALS =	\$5,560,191	\$1,589,636	\$727,408	\$7,857,234

	Green Oak Twp	Brighton Twp	Hamburg Twp	Total
Financial Consultant (Bendzinski & Co.)	2666	2667	2667	8000
Legal Fees (Nielsen, Dykema and LaDuke)	13333	13334	13333	40000
Township / Agency Fees	1667	1667	1666	5000
Operation & Maintenance Manual	3334	3333	3333	10000
Water Use Ordinance	6667	6666	6667	20000
Water Rate Study	1667	1667	1666	5000
Engineering / Construction Standards	666	667	667	2000
Water System Operation	3333	3334	3333	10000
MDEQ Permit Fee (Water Supply)	333	333	334	1000
Total =	33666	33667	33666	101000

Total of Sub-Total Costs = 7,758,234