
From: Workman, Wayne (TREASURY)
Sent: Thursday, March 19, 2015 12:21 PM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Subject: FW: PRESS RELEASE: EM Authorizes DWRF Bond Restructuring
Attachments: DWRF Bond Restructuring.pdf

FYI, Wanted to make sure you saw this.

From: Jason Lorenz [<mailto:jlorenz@cityofflint.com>]
Sent: Thursday, March 19, 2015 12:16 PM
Subject: PRESS RELEASE: EM Authorizes DWRF Bond Restructuring

Flint Emergency Manager Authorizes Bond Restructuring to Afford Additional \$2.24 Million toward Capital Improvements in Water

Flint, Michigan – March 19, 2015 – Flint Emergency Manager Jerry Ambrose today authorized a restructuring of four outstanding Drinking Water Revolving Fund (DWRF) bonds to allow postponing current principal payments in the total amount of \$2.24 million. This action will allow the \$2.24 million budgeted for debt service to be utilized for expenses associated with maintaining safety and improving quality of the Flint water supply. Approval of the State Treasurer is required before the restructuring can occur.

Flint has recently received a final report from Veolia, its water expert advisor, making a series of recommendations to maintain and improve the Flint water supply. These recommendations, and other items identified in the City's current capital improvements plan, will be considered as the City develops and implements its action plan to maintain and improve the Flint water supply. Discussion on the development of the action plan will begin today, March 19, 2015 at the Water Advisory Committee meeting, scheduled to begin at 2:00 pm at the Flint Public Library.

The State of Michigan was instrumental in allowing the restructuring, as approvals are required by both the State Treasurer and the Director of the Michigan Department of Environmental Quality. "At all levels, the State of Michigan has been most cooperative in assisting the City of Flint as it addresses the many issues confronting the Flint water system", said Ambrose. "Access to \$2.24 million at this time will be very helpful in moving forward with our action plan."

The proposed restructuring will free up funds to enable the City to more quickly begin implementing recommended improvements to its water treatment and distribution system. Several recommendations for

improvement are currently unbudgeted and the \$2.24 million will help assure that the most important can be performed.

Recommendations to be considered include the addition of a Granulated Activated Carbon Filter, estimated at as much as \$1.5 million; acceleration of the repair and replacement of valves, estimated at an additional \$120,000 annually; additional pipeline replacement, estimated at \$1 million per mile; and acceleration of the project to automate plant operations, estimated at \$450,000. \$1.315 million will become available in the City's current fiscal year, and the remaining \$925,000 will be available in the next fiscal year.

The bonds are currently financed at a rate of 2.5%, and postponement of the principal payment will incur some additional interest expense over the life of the issue. While the interest rate will not increase, the total interest cost will increase by approximately 2% (\$228,000) over the 20 year life of the issues.

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-Jason Lorenz
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