Schafer, Suzanne K. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, February 03, 2014 12:08 PM
To: David Hodgkins; Ryan, Howard (Treasury)
Cc: Dempkowski, Angela (Treasury); Schafer, Suzanne K. (Treasury); Barton, John (Treasury); Lefler, Brian (BLefler@rwbaird.com)
Subject: RE: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS

David, I looked over this material this weekend and found it somewhat confusing. I would suggest a conference call to outline what is presented. I think we will want this information in a format that is easier to analyze. The call should include the County officials, and their bond counsel, financial advisors and senior managing underwriter. We will have several folks from Treasury and the State`s financial advisor participate so I will ask my assistant Angela Dempkowski to help set up a call. Thank you, Wayne

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W Allegan Street | Lansing, MI 48922

From: David Hodgkins [mailto:Dhodgkins@house.mi.gov]
Sent: Thursday, January 30, 2014 12:33 PM
To: Ryan, Howard (Treasury); Workman, Wayne (TREASURY)
Subject: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS

Hello Wayne and Howard,

Below and attached are the numbers discussed by KWA at our recent meeting. Please let me know if you have any questions.

From: Manny Lentine [mailto:manny@230north.org]
Sent: Thursday, January 30, 2014 10:09 AM
To: John Walsh; David Hodgkins; Matt Solak
Subject: Fwd: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS

Rep. Walsh,

As follow-up to the meeting with Treasury in your office, the below has been prepared by John O'Brien of KWA and John Lininger of Neuma, I am told. Treasury (Wayne) had requested data from KWA.

if this is not in an acceptable format (if, for example, you need an accompanying letter from KWA), please let Matt and I know and one of us will pursue that.

Thank you.

Manny

Begin forwarded message:

From: Rick Johnson <[redacted]@[redacted].com>

Subject: Fwd: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS
Date: January 30, 2014 9:10:09 AM EST
To: Manny Lentine <manny@230north.org>

Need to get this to Walsh.

Sent from my iPad

Begin forwarded message:

> **From:** John Lininger <jllproblemsolver@usa.net>
> **Date:** January 29, 2014 at 6:24:50 PM EST
> **To:** Rick Johnson <Rick@dodakjohnson.com>
> **Cc:** 'David Binter' <David@neumainc.com>, 'Mike Trout' <Miket@neumainc.com>
> **Subject: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS**
>
> Rick,
>
> Here is the comparison between bond sale and the Blair proposal. Please be sure to pull up all the attachments included on the model page. The model for Life Settlements has been revised to increase the interest rate to 5.5%. The difference is still over 270 million dollars in favor of the Blair proposal. As I have mentioned on many occasions, we modeled the acquisition cost for the policies @ 16%, which is high in today's market. Point is, the model is very conservative, by design, and we still beat the conventional bond sale by over 270 million. Should the purchase price be less, say 15 or 14% of face, the difference increases dramatically.
>
> The part you are focused on is the different cost to the KWA users,(see attachment to model). Both the bond sales and Blair's paybacks start in year 4..years 1 through 3 are prepaid interest since KWA is obligated to pay Detroit in those years. Cash benefits to the customers start in year 4 with Blair's proposal costing $7,349,383 less annually through year 20. Years 21 thru 25 Blair's proposal is $27,349,383 less annually than bond sales. Plus, the Blair proposal has a cash balance of $26,968,395 million dollars.
>
> I hope these details makes it very clear. I can go over this with you.
>
> John

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, February 04, 2014 4:35 PM
To: Baird, Richard (GOV); ByrneR1@michigan.gov; Deasy, Thomas (MSP); Etue, Kriste (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Conference Call Agenda - Wednesday, February 5, 2014
Attachments: City of Flint Wednesday Phone Conf Agenda 2-4-14.doc

Good afternoon,

Attached is the agenda for tomorrow's conference call.

Thank you.

--

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00 am Phone Conference Agenda

1) Public Safety Update – FPD, MSP (FFD if needed)

2) Governor's Office Update

3) Retiree Lawsuit – Status, Issues

4) Budget Status

5) Model Labor Contracts – Status

6) Water Transition Plan, Negotiations, Communications

7) Hardest Hit Funds, MHSDA process

8) MDOT/GCRC snow assistance

9) Other Items

Created on: 02/04/13

1-[redacted], access code [redacted]

Schafer, Suzanne K. (Treasury)

From:	Dempkowski, Angela (Treasury)
Sent:	Friday, February 07, 2014 12:44 PM
To:	Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Gelisse, Ashley (TREASURY); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury)
Cc:	Cline, Richard (Treasury); Dube, Mathieu (Treasury); Vandegrift, Drew (TREASURY); Stonebrook, Stacie (TREASURY)
Subject:	Latest Version of Gov Presentation
Attachments:	Gov Presentation #4 - 1230 PM.docx
Follow Up Flag:	Follow up
Flag Status:	Completed

1. Any changes, please send directly to me PLEASE
2. Achievements in each community will be added and they will be listed first

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

EMERGENCY MANAGER COMMUNITIES:

City of Allen Park

- Emergency Manager anticipated exit - September 26, 2014
- Resolve retiree healthcare litigation
- Reduce OPEB liabilities by $550,000 annually
- Restructure movie studio debt; offers to purchase the Southfield lease properties (consisting of 104 acres and the occupied building having approximately 773,000 square feet) have been received and are under review
- Complete bond tender offer
- Property values are projected to increase by 5.29%

City of Benton Harbor

- Emergency Manager exit - February 28, 2014
- $2.3-million emergency loan approved to pay delinquent accounts payable totaling $2.3 million
- City Manager appointed

City of Detroit

- Emergency Manager anticipated exit - September 26, 2014
- Property values are projected to decline by 14.79%
- Resolve Chapter 9 Bankruptcy
- Restructure DWSD to a Regional Authority

City of Flint

- Emergency Manager anticipated exit – April 8, 2015
- Has reduced OPEB liabilities by $500 million; continue to reduce remaining $400 million
- Obtain favorable decision in lawsuit challenging changes to retiree healthcare; retiree healthcare cost is $5 million after the 6TH Circuit Court stayed the temporary restraining order
- Resolve Public Safety funding as a result of certain federal grants expiring during FY 15
- Construct Karegnondi Water Authority pipeline; necessary to resolve ongoing and costly issues with current service provider
- CRIME IS DOWN AT WHAT PERCENT?

City of Hamtramck

- Emergency Manager anticipated exit - January 1, 2015
- As part of its overall financial strategy, resolve $2.1 million liability to MERS through issuance of an emergency loan
- Hire City Manager

Pleyte, Beth (Treasury)

Subject:	RDS/DM/GT - Meeting with KClinton/TSaxton/WWorkman - Cities / Wayne County Meeting
Location:	Governor's Office, Romney
Start:	Wed 2/12/2014 4:00 PM
End:	Wed 2/12/2014 4:55 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	GovCalendar
Required Attendees:	Muchmore, Dennis (GOV); Wisniewski, Wendy (GOV); Tedder, Greg (GOV); VanSickle, Michele (GOV); Cousineau, Sara (Treasury); Clinton, Kevin (TREASURY); Doyle, Maureen (Treasury); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Optional Attendees:	Koryzno, Edward (Treasury)

Call-In for Wayne Workman
888-363-4734
9699404
Host: 4563

Purpose: Distressed entities/cities/county meeting

Attachment: Briefing from Treasury

Treasury Briefing.pdf

POC: Sara C – 12788

Draft 2/11/14

State of Michigan
Executive Office
Governor Rick Snyder

Municipal Issues Update

February 12, 2014

Emergency Manager Communities

- **Flint**
  - Emergency Manager Darnell Earley - anticipated exit April 8, 2015
  - Emergency Manager imposed changes to retiree healthcare are being challenged in court; annual retiree healthcare cost is $5 million after the 6th Circuit Court stayed the temporary restraining order
  - Court decision jeopardizes $500 million in OPEB savings already realized, as well as future ability to reduce OPEB debt
  - Treasury cannot approve City's Deficit Elimination Plan until lawsuit is resolved
  - 31% overall drop in crime and resolve Public Safety funding shortfall of $7 million as a result of certain federal grants expiring during FY 2015
  - Monitor completion of the Karegnondi Water Authority to resolve cost issues with DWSD
  - Ernst & Young is conducting a financial analysis of the water/sewer system and Hurley Hospital
  - Michigan Municipal Training facilitated for local elected officials

Pleyte, Beth (Treasury)

From: Daddow, Robert <daddowr@oakgov.com>
Sent: Thursday, February 13, 2014 9:21 AM
To: Stacy Fox; Rustem, William (GOV); Saxton, Thomas (Treasury)
Cc: 'Jerry Poisson'; roy@macombgov.org; Richard Sulaka Jr.; Solon Phillips; nashj@oakgov.com; barnesm@oakgov.com; 'Gosselin, Robert'
Subject: RE: Presentation Material for this Wedenesday's Workshop

Folks - this is getting tiresome. It saps time and energy that is diverted from the resolution of the MOU efforts. There are three basic issues included in the below string of emails (I have taken the sender and receivers of these emails out in order to protect them to the extent that
they can be). At this juncture, the time I would have otherwise spent on
other DWSD matters, such as reading some of the material (not least of which is Amanda Van Dusen's changes of about a week ago in the MOU) is postponed in favor of resolving these new issues. On the more detailed rate matter, I am now going to have to schedule a WRC meeting with the appropriate parties to get up to speed on the status -more time.

The issues include:

First paragraph under the asterisks - resistance in releasing actual financial information and contacts. Okay. We can wait.

Second, Flint (a very fiscally distressed city under an EM) - it is my understanding that Flint's contract ends in April 2014 at which time they are transitioning off of the water system. Not unlike Highland Park, Flint will be requested to pay for stranded costs as they stand up their new
system. Fine. But, what incentive will Flint, not then receiving services
from DWSD will there be to pay the DWSD invoices even if we can get past the notion of the income levels of their residents that likely mirrors Detroit's delinquency rates? I submit, we have another Highland Park in the making.
I need to get more details on this matter in the meeting to be held noted above.

Third, the most troubling matter, however, is the effort to permanently inculcate the rate changes below into the remaining life of DWSD and then, through the MOU as drafted, for an extended period of time, even as there is a stated date in theory that the ROR will be phased out (I don't personally
believe this for a minute). These games within a game are tiresome. Its
tiresome as regardless of what is apparently achieved in the time-consuming process of the below rate-setting effort the entire matter will be revisited now in the MOU process and undone. Or, at a very minimum, will result in an extended discussion of the MOU and add to the complexities of securing sufficient votes out of the commissioners when the time comes.

I have included Com. Gosselin on this email and will start doing so going forward. Depending upon the outcome of the meeting on the below matters to be scheduled shortly it will be documented in the next status memorandum for the Oakland County DWSD Study Group session likely to be held in a few weeks. Adding to the already fairly extensive concerns does little to move this matter forward.

And, to be even more blunt. My schedule and likely others on this email who have devoted extensive efforts to the project and will be expected to do so over the next month likely, as is the case with my conflicts, have delayed projects now coming due. I have a half dozen projects that are well overdue and creating internal issues because of it. But, let me even be more blunt.
Three of the seven SMART board members (RJD, Poisson, Roy) have been extensively involved in the DWSD effort. In August 2014, the voting public of the three counties will be expected to approve a millage rate extension for four years

without which SMART cannot operate for long. While the 196 authorities are responsible for much of the activities of this matter, NO meetings between the SMART board members and SMART administration on the sizing of the millage rate have been held to date. Even as to the limitations of public officials being involved in millage campaigns, no discussions have been held- even as to a briefing of these matters.

If the issues involving DWSD, some of which were outlined in the memorandum supplied to the Oakland County DWDS study group and below persist and (are continually discovered), I am afraid that the voting public will have a very adverse reaction to anything regional and the SMART millage may suffer. No less than water and sewer, the efforts of a regional transit system such as SMART provides economic development stability without which this region will suffer. I don't want this to happen.

Given that any action involved in the below rate making committee that will be revised / reviewed and acted upon by the authority (particularly when there is affirmative voting) make sense? RJD

****
****

Scheduling conflicts prevent me from attending today's Board Workshop. I concur with all the other sentiments echoed. I also spoke very briefly with Charlie Fleetham this morning, and he confirmed that DWSD will NOT be giving as actuals on ANYTHING. (We've been told that they have some numbers which have been "finaled" - but others are TBD as they try to hack through the weeds of DWSD book keeping.) I asked him to adjust the minutes of the last rates group meeting to reflect that we requested the information, and it is being denied.

Additionally, can we not get all contracts which reflect rates rescinded should the Authority come into existence? We can insist as a condition precedent that the Authority will not take on the existing contracts with the new rate structure imbedded; the Authority needs the flexibility to revisit this as they reset the business plan moving forward. Perhaps a lock in for the next year so planning can be done for the near term, but thereafter, NO WAY.

Of course, should the Authority not come into existence...

-----Original Message-----
From:
Sent: Wednesday, February 12, 2014 5:28 PM
To: Daddow, Robert
Cc:
Subject: Re: Presentation Material for this Wedenesday's Workshop

My comments and questions were to help .
Most of the issues were raised by Bryan and are being or are to be addressed for the next meeting on Feb 18.
Flint is another issue. Their water contract terminates on 4/17/14 and DWSD is raising their rates by 10% then and are reviewing further changes for
7/1/14 for rates and stranded capital costs. And we know how communities in fiscal distress without a contract pay their bills aka Highland Pk The water ROR is being proposed to being locked in at the present in proposed and future rates.
We need to get our message across that ROR may change with any Authority decisions.
I will provide more updates tomorrow. Please stay at the wall instead of the ceiling level.
Sent from my iPhone

On Feb 12, 2014, at 11:37 AM, "Daddow, Robert" <daddowr@oakgov.com> wrote:

> - before I bounce off the ceiling again, can you give me any

indication as to whether these matters, when raised, are being addressed by DWSD management at all? Or, as I would imply from the below they are not being addressed and left unattended the wholesale customers are damaged? Are they responsive to these issues when they are being brought to the attention of management?
>
> I am particularly interested in the ROR matter involving the "Forever"
comment and then the new Highland Park - namely, Flint as they exit the system - become another uncollectible account. Both of these issues run to the heart of some of the very issues Oakland has been raising on the DWSD matters from the get go.
>
> -----Original Message-----
> From:
> Sent: Wednesday, February 12, 2014 9:55 AM
> To:
> Cc: > Subject: RE: Presentation Material for this Wedenesday's
> Workshop
>
> I have reviewed this information has provided and have the
following comments/questions:
>
> 1. I notice a past and common, general problem with DWSD, while many
initiatives and proposals have been " approved" by all, I am not aware of the specific details being discussed and finalized. For major changes as Rate Simplification in sewers, these major items need to be discussed and finalized into contract terms. For water, significant changes as Detroit and Dearborn demand changes needed to be reviewed thoroughly in the Analytical Work Group for correctness and uniformity to past practice. As always the" Devil is in the Details." and that is missing from what I am aware of but DWSD is fast forwarding 2015 Water and Sewer Rates thorough the BOWC with these changes for final approvals.
> This also highlights, the common problem recognized but all of us in
> that
DWSD budgets and rates are forecast from prior budget and not actuals. With actual unknowns as fiscal performance, Bad Debt, available cash and all those accounting terms I am not familiar with are missing, any budget and rate formulation is speculation .
> 2. The 4% rate increases in both Water and Sewer are arbitrary in
> that
justification is back calculated from the 4%, everyone understands that the system is becoming more unreliable as necessary additional funds are not being used for needed replacements. While attrition is being highlighted as a cost saving measure , the lack of capable staff is preventing needed problems and projects from being initiated and brought into service.
> 3. From Page 9, it shows that Detroit Water Revenue is projected
> to go
down by 4.5% but 1st Qtr, FY2014 Detroit water sales were down by 13 %.
Detroit retail sewer sales comes from water usage, sewer revenue is projected down 6%, accurate usage projection are forecast with sales volumes leveling off or reaching a plateau; but, actual usage is not aligning with this budget forecast.
> 4. From Page 12, that shows historical system Sewer Rate Increases
Since 2001; does this table include or correct for the annual LookBack Adjustment, as the true annual rate increases would include that adjustment.
I can check this but will need more time.
> 5. Page 15, further highlights the "Ownership Benefit" water rate
> of
return adjustment becoming a "Fixed Adjustment" baked into the water rates FOREVER.
> 6.. Page 15 at bottom, discussion of "Allocated Revenue
> Requirements

for ALL Customers now directly impacted"; this appears to me that DWSD is requiring us to pay the Rate of Return in Water as a yearly fixed charge and also requiring us to share in system saving and losses which has not been the case for water in the past as the City of Detroit was taking the financial risk and benefit at least that's what DWSD said. System losses appeared to be shared by all from what I could glean from the financial statements.

> 7. Page 27 shows Detroit Retail Revenue Requirements; Water is
projected down 5.6% and Sewer down 9% in sales volume and Revenue Requirements are projected flat (down 0.2%). Again, an actual financial history of DWSD Financials with Detroit Bad Debt and Year to Date water and sewer usage is needed.

> 8. Page 5 of the Second Attachment with" FY 2014-15 Water
> Allocation
and Rate Design Strategy Highlights" at top of page at item #3 , second bullet at bottom of page, Dearborn and City of Detroit allowed to use averaging method for peaking factors and data not reviewed by Water Work Group as is present practice and procedure.

> 9. For " Proposed Modified Water Rate for Flint" attachment, both
capital stranded costs and future system expenses for operation and maintenance and repair and replacement need to be detailed and highlighted as after contract termination on April 17, 2014, most of these costs should be directly charged to Flint and collection may be problematic. A payment in advance or cash on hand for future service needs and possible future repairs or replacement should be considered. This is another Highland Park in the makings! With additional legal fees and future Court proceedings!!

> 10. These rates and authority discussion only highlight the need
> for
thorough financial and system review with actuals. We cannot afford to jump into the future with unknowns and we cannot maintain our present standard of living without reasonable and dependable water and sewer service. This is our only chance to get this RIGHT!

>
>
>
>
>

Goodrich, Harlan G. (Treasury)

From: Goodrich, Harlan G. (Treasury)
Sent: Wednesday, February 12, 2014 7:40 AM
To: Schwartz, Jeffrey (Treasury)
Subject: Accepted: KWA questions

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LOCAL AUDIT AND FINANCE DIVISION
LANSING, MICHIGAN 48922

Amount Paid	$2,000 Pd by Auth
Date Received	2/11/2014

MUNICIPALITY:	*City of Flint*	MUNI CODE:	*25-2-040*
DATE RECEIVED.	*2/6/2014*	APPLICATION #:	*1304*
DEADLINE:	*3/21/2014*	PUBLIC ACT.	*233 of 1955* *34 of 2001*
AMOUNT OF SECURITY:	*not to exceed $220,500,000*	MATURITY DATE.	*11/1/2043*
TITLE OF SECURITY	*Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A*		

==

STAFF POINT SHEET - LONG TERM MUNICIPAL SECURITIES

5:1 RATIO:	OK - 2/10/2014
APPLICATION:	OK - 2/10/2014
AUDIT NOTES.	*OK - 2/10/2014*
AUTHORIZING RESOLUTION:	*OK - 2/10/2014 / Order by EM on 9/11/2013*
BUDGET:	*OK - 2/10/2014 / Revenues = Expenditures*
CURRENT AUDIT:	*OK - 2/10/2014 / Received 12/20/2013*
DEBT LIMITATION(s):	*N/A-2/10/2014*
DEFICIT ELIMINATION PLAN:	*Submited, not certified/pending*
REVENUE COVERAGE.	*Capital Improvement Bond / Rates and Charges*
PRIN. ON P+I SCHEDULE ≤ PRIN ON APP. & RES.:	*OK - 2/10/2014*
MUNICIPALITY'S FILE.	*OK - 2/10/2014*
NEGOTIATED SALE.	*OK - Negotiated Sale on contract with KWA (Page 10, Section 18)*
PERMITS-GRANTS, ETC.	*OK - Genesee Cty Drain Commissioner's Office Letter*
NET PRESENT VALUE SAVINGS CALCULATION:	*NA - Not Refunding*
QUALIFYING STATEMENT.	*2013 QS denied for sec (a,b,&m), City submitted defcy letter on 2/25/2014; 02/26/2014*
REFERENDUM PERIOD EXPIRATION:	*Submited by City of Flint and County of Genesse*
SPECIAL MEETING WAIVERS:	*NA*

PURPOSE: For the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

COMMENTS:

REVIEW COMPLETED

REVIEWER: AJ Zahrt & Jeff Schwartz Recommendation: Approve: - Deny: - DATE: 2/10/2014

MANAGER: Recommendation: Approve: - Deny: - DATE:

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LOCAL AUDIT AND FINANCE DIVISION
LANSING, MICHIGAN 48922

Amount Paid	$2,000 Pd by Auth
Date Received	2/11/2014

MUNICIPALITY:	*Genesee County*	MUNI CODE:	*25-0-000*
DATE RECEIVED:	*2/6/2014*	APPLICATION #:	*1305*
DEADLINE:	*3/21/2014*	PUBLIC ACT:	*233 of 1955*
AMOUNT OF SECURITY:	*not to exceed $79,500,000*	MATURITY DATE:	*11/1/2044*
TITLE OF SECURITY:	*Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 B*		

===

STAFF POINT SHEET - LONG TERM MUNICIPAL SECURITIES

5:1 RATIO:	OK - 2/10/2014
APPLICATION:	OK - 2/10/2014
AUDIT NOTES:	*OK - 2/10/2014*
AUTHORIZING RESOLUTION:	*OK - 2/10/2014 / Resolution # 13-346*
BUDGET:	*OK - 2/10/2014 / Revenues = Expenditures*
CURRENT AUDIT:	*OK - 2/10/2014 / Received 3/28/2013*
DEBT LIMITATION(s):	*NA - 2/10/2014*
DEFICIT ELIMINATION PLAN:	*OK - 2/10/2014 / DEP was Certified on June 12, 2013 for 2012*
REVENUE COVERAGE:	*Capital Improvement Bond / Rates and Charges*
PRIN. ON P+I SCHEDULE < PRIN. ON APP & RES.:	*OK - 2/10/2014*
MUNICIPALITY'S FILE:	*OK - 2/10/2014*
NEGOTIATED SALE:	*OK - Negotiates Sale on contract w/ KWA (Page 10, Section 18)*
PERMITS-GRANTS, ETC.	*OK - Genesee Cty Drain Commissioner's Office Letter*
NET PRESENT VALUE SAVINGS CALCULATION:	*NA - Not Refunding*
QUALIFYING STATEMENT:	*OK - Compliance Letter approved on June 24, 2013*
REFERENDUM PERIOD EXPIRATION:	*OK - 2/10/2014*
SPECIAL MEETING WAIVERS:	*NA - Regular Meetins on July 31, 2013*

PURPOSE: For the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

COMMENTS:

REVIEW COMPLETED

REVIEWER: AJ Zahrt & Jeff Schwartz	Recommendation:	Approve: -	Deny: -	DATE: 2/26/2014
MANAGER:	Recommendation:	Approve: -	Deny: -	DATE:

Koryzno, Edward (Treasury)

From: Darnell Earley <dearley@cityofflint.com>
Sent: Monday, February 17, 2014 2:31 PM
To: Workman, Wayne (TREASURY)
Cc: Gerald Ambrose (gambrose@cityofflint.com); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: Re: FW: Synopsis of Dec. 19, 2013 State of MI Flint Water and Sewer Opportunities

Good Afternoon Wayne:

Both Jerry and I will be there Wednesday. We will be prepared to discuss the attaqched.

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

On Mon, Feb 17, 2014 at 10:14 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

Darnell and Gerry, If you will be in Lansing for our call Wednesday, maybe we can touch on this. The State has done some business with these folks in the past.

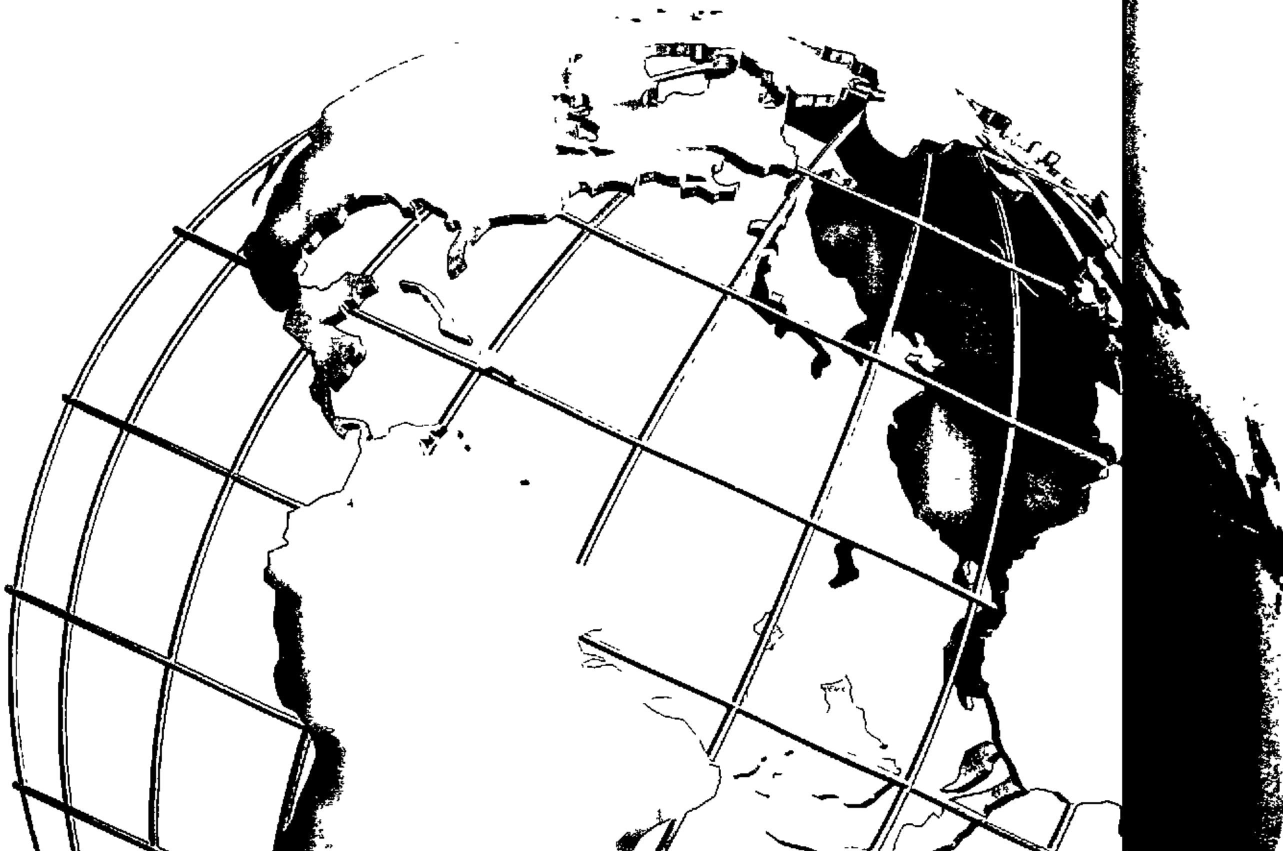
From: Pritz, Neil [mailto:neil.pritz@bmo.com]
Sent: Friday, February 14, 2014 6:10 PM
To: Workman, Wayne (TREASURY)
Subject: Synopsis of Dec. 19, 2013 State of MI Water and Sewer Opportunities

Dear Wayne,

Here is a synopsis of our Dec 13 presentation to the State. We would be pleased to discuss with the EM the range of alternatives available to the City for possibly improving operations and efficiencies with its water and wastewater enterprise.

Look forward to talking with you further.

Neil



Synopsis of

December 19, 2013 Presentation to:

State of Michigan

City of Flint Water and Sewer Division Opportunities

February 14, 2014

BMO Capital Markets

Contents

BMO Capital Markets' Value Offering

- Expertise across various products and sectors
- Relationships with key public sector stakeholders and with major private sector clients
- Integrated team based approach to providing solutions

Strong Knowledge of Government Perspectives

- Strong relationships with all levels of government
- Canadian & US focus
- Understanding of objectives / constraints and multiple stakeholder responsibilities
- Privatization / divestitures
- Infrastructure procurement
- Provincial and municipal debt

Detailed Knowledge of Infrastructure Asset Classes

- Procurement models for new infrastructure and asset divestitures
- Various sector expertise
  - Real estate
  - Transportation
  - Airports
  - Healthcare
  - Justice
  - Water
  - Power & Utilities
- Financing
- Credit expertise
- M&A

Innovative P3 Expertise

- Procurement process
- Risk transfer
- Project agreement
- Market expertise
- Proponent relationships
- Financing structure
- Financing solutions

Deep North American Footprint

- Integrated, cross border BMO team
- Canadian & US focus
- Sharing of expertise and resources across borders
- Relationships with international sponsors
- US public finance and infrastructure execution – building on Canadian expertise and execution base

Relevant Water & Utility Transaction Experience

Selected Financing and Advisory Transaction Experience

$237.5 million
Lower Colorado River Authority
Water & Wastewater System Divestiture
Financial Advisor
July 2012

Terra-Gen Power, LLC
C$665 million
Alta Wind Energy (VII & IX)
Joint Lead Arranger & Documentation Agent
April 2012

$326 million
Central Valley Project Water System Revenue Bonds
Co-Senior Manager
March 2012

C$520 million
Lower Mattagami River Project Senior Secured Notes
Joint Bookrunner
May 2011

$1.4 billion
American Municipal Power Combined Hydro Project Revenue Bonds
Joint Lead Bookrunner
December 2010

$103 million
Senior Unsecured Debentures Due 2042
Joint Lead & Bookrunner
October 2012

Selected BMO Team Experience while at Prior Firms

$146 million
Rialto Water Services
Water & Wastewater System Concession
Private Placement

$500 million
Carlsbad Desalination Project Project Financing
Financial Advisor

Truckee Meadows Water Authority
P3 Sole Sell-Side Advisor
2007

$91 million
New Haven Water Pollution Control Authority
Financial Advisor/ Lead Bookrunner
2002 & 2005

$452 million
Truckee Meadows Water Authority
Asset Acquisition Lead Manager
2001

A growing presence in the infrastructure advisory and financing space

Why Governments Use P3 Methods

Four Main Benefits of P3

Risk Transfer

- Ability to transfer key risks to the private sector owner/operator
  - Revenue/demand risk
  - Construction risk
  - Technology and performance risk
  - Operating and maintenance risk
  - Lifecycle/capital reinvestment risk

Private Sector Expertise

- Access to top international best practices in private sector
  - New technologies
  - Innovative management techniques
  - Cost innovation in lifecycle/rehabilitation planning
  - Innovative designs to reduce cost and enhance performance

Additional Resources

- P3 projects maximize the capital proceeds which can be raised against infrastructure asset
  - Access to debt **and equity** capital
  - Competitive bid process ensures most attractive valuation
  - Leasing of existing assets often bring large upfront sums
  - Brings outside personnel to supplement agency staff

Timing & Certainty of Delivery

- P3 structures can accelerate the delivery of the asset by years
  - Private firms often submit multiple design alternatives to speed permitting and construction timeline
  - Construction price is fixed at financial close
  - Delays past the guaranteed delivery date result in liquidated damages paid per day to the procuring authority

Risk transfer, accelerating delivery and tapping equity capital for infrastructure are drivers of P3 rationale

Potential Timeline

Step 1: Hire Advisory Team & Prepare Asset

HIRE ADVISORY TEAM

- **Concession Specialist :** BMO's knowledge of the US Water and Wastewater Asset Classes will allow us to "quarterback" the process
- **Industry Consultant:** Should prepare reports and ready for dissemination to investors
- **Legal Team:** Will prepare Transaction Agreement with advise from BMO

ACQUIRE LEGAL APPROVALS AND BEGIN TO PREPARE ASSET

- Begin to prepare teaser and Confidential Information Memorandum, and work with Nassau County stakeholders to define transaction goals

Step 2: Investor Solicitation and RFP Issued

ASSET TEASER DISTRIBUTED

- BMO & industry consultant prepare asset description for potential investors

CONFIDENTIALITY AGREEMENTS & CONFIDENTIAL INFORMATION MEMORANDUM DISTRIBUTED

- Concession Advisor and Industry Consultant prepare detailed asset description for potential investors who sign Confidentiality Agreements, both of which will be managed by BMO to extent desired

RFP ISSUED TO DETERMINE QUALIFIED BIDDERS

- Only bidders with experienced teams and meeting certain minimum requirements will be permitted to bid on assets

Step 3: Due Diligence and Investor Meetings

INVESTOR PRESENTATIONS SCHEDULED WITH NASSAU COUNTY

DUE DILIGENCE COMMENCES INCLUDING DIGITAL DATA ROOM

- BMO manages the data room and assists with the development of presentations and due diligence

LEGAL TEAM AND BMO FINALIZE LEASE AGREEMENT

Step 4: Final Bidding and Closing

FINAL BIDDING

- Final, Binding Bids will be used to select the winner

CLOSING

- Length of closing after award of contract should allow sufficient time for debt syndication by bidders or County lease securitization – i.e., 2-3 months

Step 1

- March to April

Step 2

- April to July

Step 3

- July to September

Step 4

- September to November

Schedule is driven by concessionaire's goals with the type of process being the key variable

Bid Process Options

When there is sufficient time to conduct an auction the wide audience of potential investors for water and wastewater assets suggests either full or limited auction as opposed to a direct negotiation with a limited subset of buyers

	Public Auction	Limited Auction	Negotiated Sale
Mechanism	• Issue press release and contact broad universe of potential buyers • Solicit indications of interest and final bids • Negotiate with highest bidders	• Identify and discreetly contact a limited number of potential buyers • Solicit proposals • Negotiate with one or more bidders	• Identify and contact most logical potential buyer • Negotiate exclusively with potential buyer
Buyer Universe	• 15 – 30 Buyers	• Fewer than 10 Buyers	• 1 to 5 buyers
Price Competition	• May optimize price by attracting previously unidentified partners	• Opportunity to create price competition • Create leverage to negotiate better terms with original partner	• Without other bidders this option may offer the least competitive price
Process Flexibility	• Less flexibility than other processes	• Offers high flexibility	• Most flexible process
Execution Timeframe	• Longer Execution time	• Medium execution time	• Shorter execution time
Negative Implications from Failed Process	• Time consuming process that puts the asset under intense scrutiny	• Risk of losing pre-emptive offer	• Risk of leaving value on the table
Considerations	• Reluctance of certain potential buyers to participate in auctions • Most effective with broad list of potential buyers	• Risk of both alternative forms	• Risk of unsuccessful sale and suboptimal valuation

Challenges for Owners/Operators of Water/Wastewater Assets

Challenge	Risk / Opportunity
Increasing Costs	• Maintenance costs increase, particularly with older infrastructure • Many areas facing electricity cost increases • Availability of water
Aging Infrastructure	• 700 water main breaks per day in the US
Rate Structures	• Per capita consumption declining, which will inevitably impact rates
Efficiency & Innovation	• System modernization • Automatic water meters
Capacity / Shifting Demands	• Densification in existing areas and growth in underdeveloped areas
Public Backlash against privatization	• Agencies considering privatization may face public backlash
Aging workforce	• Retaining best staff comes at a price
Increasing Regulation	• Clean and safe drinking water may be threatened by pharmaceuticals and fracking • Increased regulation by EPA on VOCs • More stringent enforcement of CSO overflow events
Security and Climate Uncertainty	• Adapting to ensure safe and secure water supply as well as wastewater conveyance and treatment for future generations
Political risks of doing nothing	• May be forced to increase rates even under a "Do Nothing" scenario

Water and Wastewater Alternatives

Potential value realization options for governmentally owned water and waste water utility assets include:

Option	Comments
Complete privatization of assets and operations	▪ Sell profitable assets to the private sector ▪ Private Sector investment of capital in productivity improvements ▪ Costs become private sector responsibility ▪ Private sector bidders usually include strategic buyers and infrastructure funds
Privatization of operations under municipal ownership	▪ Fee stream paid up front or possibility of higher annual payments ▪ Private Sector investment of capital in productivity improvements ▪ Value could also be embedded in required capital expenditure upgrades ▪ Take advantage of private sector expertise
Public-private partnership under a concession agreement (length determined based on lifecycle)	▪ Government retains ownership of the asset ▪ Private sector builds Government assets for Land value, monopoly rights or value of government availability payment stream ▪ This option works best for discrete assets that have a significant construction value (pipes, treatments plants)
"Hybrid" utility, with the City as a majority owner or stock holder	▪ Government sells existing utility assets to corporation of which government is a majority stock owner ▪ Remaining shares sold to private investor, pension fund or specialized fund ▪ Corporation is operated like a regulated private utility, with some tax exempt borrowing available ▪ This is a complex structure to complete but allows the continued use of tax-exempt bonds
Other Considerations	▪ Water facilities are very popular with global infrastructure and corporate investors ▪ It is possible to split the asset and unbundling allows some of the asset to be kept by the city and also target different investors with different interests to maximize return

Lower Colorado River Authority (LCRA) - Summary of 32 Water & Wastewater System P3s / Divestitures

Background

- BMO Capital Markets was appointed to serve as sole sell-side advisor to the Lower Colorado River Authority (LCRA) in its proposed divestiture of its retail 19 water and 13 wastewater systems
- LCRA is a conservation and reclamation district in the state of Texas created by the State Legislature in 1934. LCRA is a governmental entity and body politic and corporate of the State without taxing power
- LCRA has invested approximately $300 million since the mid-1990s to expand and construct new facilities and improve substandard system performance

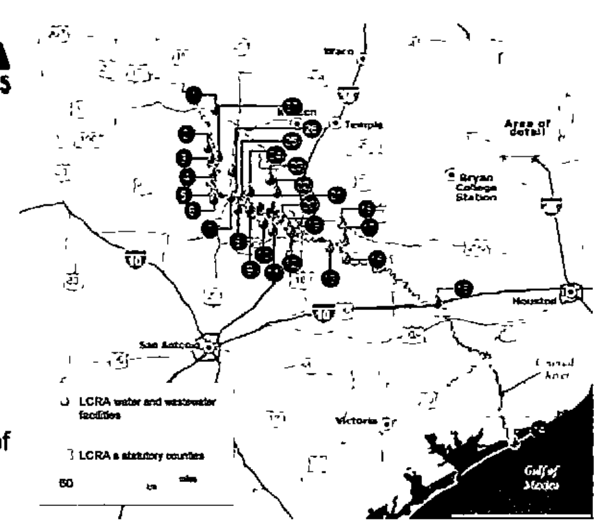
Rationale

- LCRA operates four business units: wholesale energy, transmission, water and community services
- Through its water unit, LCRA manages water supplies for cities, farmers and industries along a 600-mile stretch of the Colorado River, rising out of Dawson County in west Texas to Matagorda Bay, southwest of Houston
- The LCRA Board of Directors did not view the water and wastewater systems as core assets as they constituted less than 5% of their aggregate revenues but consumed significantly more staff and management time with many systems operating with sizable financial losses

System Statistics

- LCRA's water service area, which includes not only LCRA's statutory boundaries but also the watershed of the Colorado River below the intersection of Coleman, Brown and McCulloch counties, covers approximately 20,000 square miles in all or part of 33 counties
- Based on service area and the number of independent systems, it is believed to be one of the largest Water - Wastewater P3s / Divestitures in US history

LCRA Water & Wastewater Systems



West Travis County Region
- 20 Glenlake Water
- 11 West Travis County Water
- 12 Rollingwood Wastewater
- 19 West Lake Hills Wastewater
- 11 West Travis County Wastewater

Williamson County Region
- 22 Sandy Creek (Leander) Water
- 23 Liberty Hill Wastewater

Southeast Region
- 15 Alleyton Water
- 14 Matagorda Dunes Water
- 15 Alleyton Wastewater
- 17 Camp Swift Wastewater
- 18 Elgin Wastewater
- 16 Tahitian Village Wastewater
- 14 Matagorda Dunes Wastewater
- 13 McKinney Roughs Wastewater
- \- Windmill Ranch Wastewater

Hill Country Region
- 27 Bonanza Beach Water
- 4 Lake Buchanan Water
- [illegible]
- 1 Lometa Water
- 1 Lometa Wastewater
- 3 Paradise Point Water
- 8 Quail Creek Water
- 9 Ridge Harbor Water
- 9 Ridge Harbor Wastewater
- 6 Sandy Harbor Water
- 25 Smithwick Mills Water
- [illegible]
- 21 Spicewood Beach Water
- 5 Sunrise Beach Water
- 2 Tow Village Water
- 24 Whitewater Springs Water

Raw Water Pumping Systems
- 10 Lakeway Raw Water Transp
- \- Windmill Ranch Raw Water Transp

*Systems not a part of this divestiture

Diversity of approaches from Public-to-Public and Public-to-Private transactions with a combination of asset sales, concessions and operating agreements represents a one-of-a-kind strategic approach

LCRA – Development of an Optimized Approach

Approach

- BMO conducted an international and domestic investor outreach effort that included local governmental entities as well as international infrastructure funds and the investor owned utilities (IOUs)
- Nearly 100 firms or entities were contacted
- BMO then helped LCRA conduct a rigorous due diligence process with a large number of finalists
- It was determined that splitting the assets was necessary to achieve LCRA's goals
- Optimized structure developed by BMO in concert with LCRA helped achieve LCRA goals of eliminating its operational risks, receiving maximum compensation and ensuring high-quality long-term operations

Structure Overview

- LCRA is utilizing public-to-public and public-to-private transactions as well as a mix of full asset sales, partnerships and operating agreements to achieve its goal of reducing its operating risk and achieving the maximum valuation
- The Corix Utilities transaction is pending State regulatory approval
- Other structures have reached financial close

LCRA
ENERGY • WATER • COMMUNITY SERVICES

Systems	Structure of Transaction	Purchaser	Operator
West Travis County Water and Wastewater Systems	Public-to-Public Lease-to-Own (P4)	West Travis Co. PUA (new water district)	Severn Trent (international operator)
4 Standalone Water Systems	Public-to-Public Asset Sales	4 Local Entities	Various
18 Water and Wastewater Systems	Public-to-Private Asset Sales & P3s	Corix Utilities (international operator)	Corix Utilities (international operator)
4 Wastewater Systems	Public-Private O&M Agreement (P3)	N.A.	Corix Utilities (international operator)

BMO helped LCRA achieve goals of eliminating its operational risks, receiving maximum compensation and ensuring high-quality long-term operations

LCRA West Travis County: Private Operator of Public Utility Agency Public-to-Public Lease-to-Own (P4)

Background

- West Travis County represents the largest system with over 11,000 local LUEs
- BMO worked extensively with a collection of local governmental entities as they formed a start-up utility acquisition vehicle – the West Travis County Public Utility Agency (PUA)
- West Travis County Water and Wastewater Systems represented approximately 75% of the historical investment in the LCRA retail assets

Private / IOU Constraints

- Significant use of impact fees created rate-base uncertainty
- An on-going rate case added to valuation constraints

Existing Debt Constraints

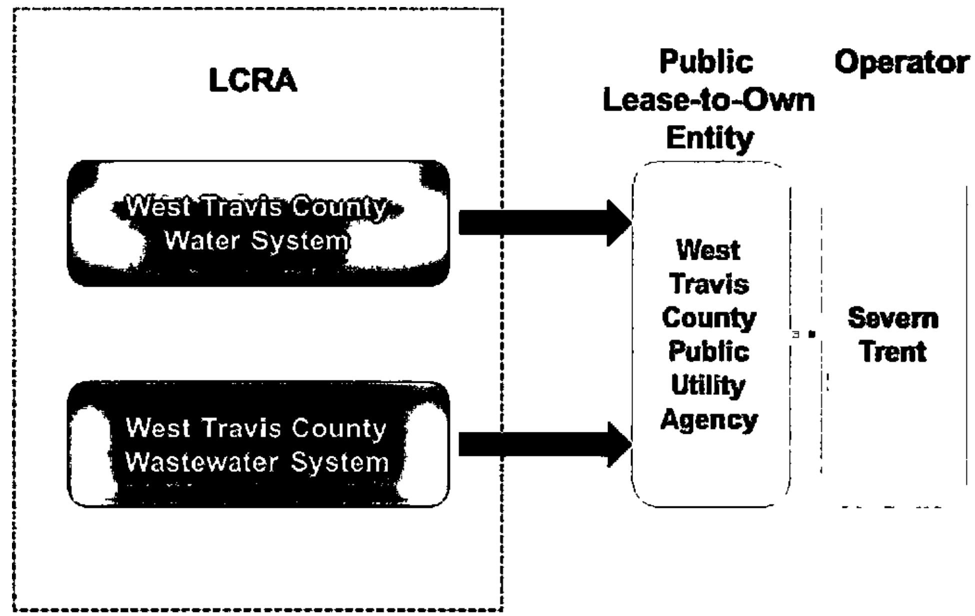
- Significant Debt Defeasance Costs

PUA Constraints

- No operating history
- Inability to replicate LCRA credit structure & leverage

Outcome

- PUA determined to be optimal bidder
- Severn Trent selected as operator
- Lease-to-Own allows PUA to grow into leverage
- Lease payment covenants mirror LCRA bond covenants to preserve LCRA credit
- LCRA fully recovered historical investment in assets
- Staggered defeasance of existing debt eliminated negative arbitrage on defeasance escrow

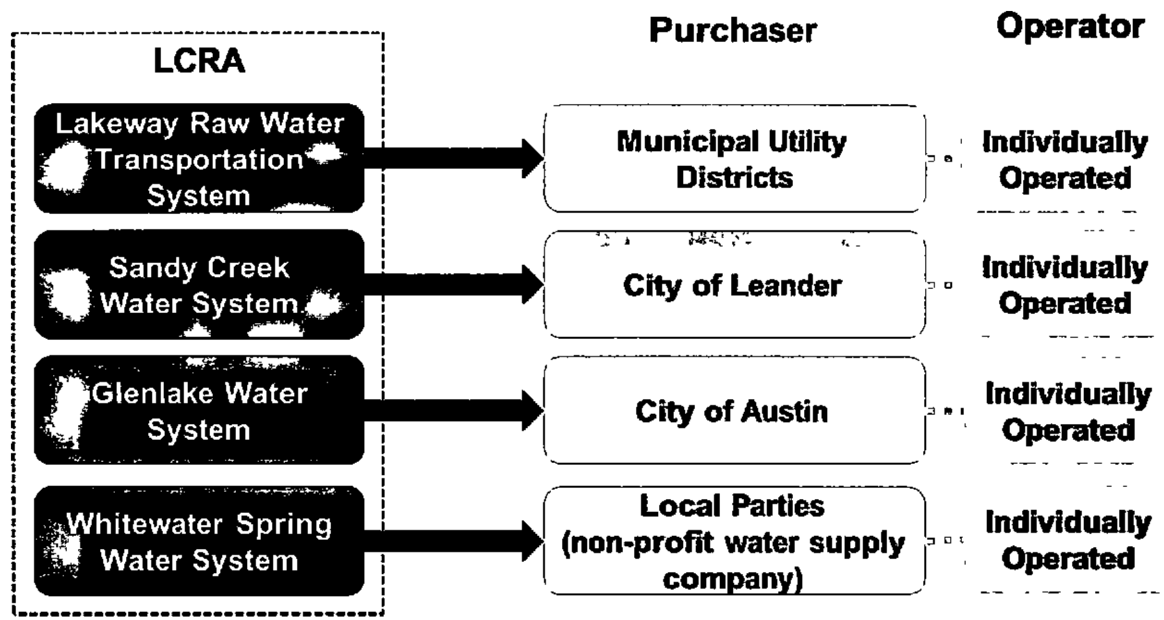


BMO facilitated a rare example of a Public-Public-Private Partnership (P4)

LCRA Public-to-Public Asset Sales

Summary of Four Standalone Water System Asset Sales

- 4 water systems were sold to local sponsors who provided compelling valuations
- As each of these asset acquisitions were determined to be relatively easy to finance, they were structured as asset sales rather than the modified lease for the West Travis County assets
- 3 of the purchasers had existing operations; the Whitewater Spring system was sold to a newly created water supply corporation

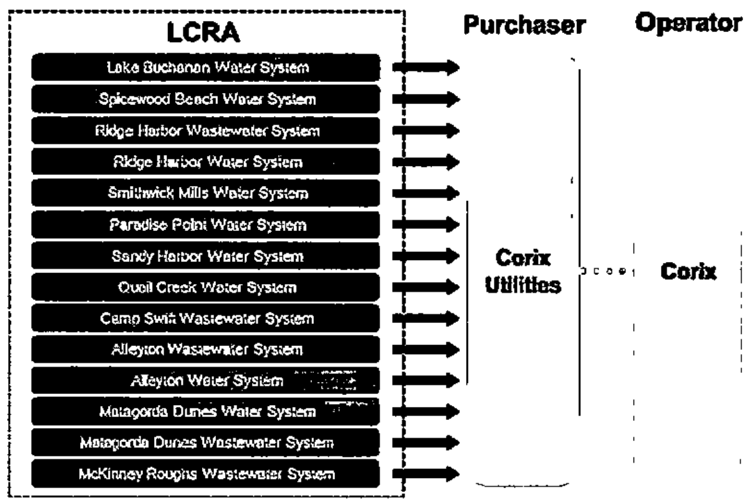


Asset sales to local sponsors are being utilized where optimal

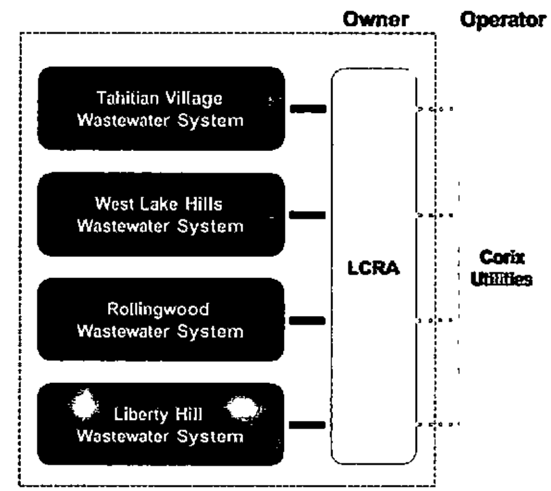
LCRA - Southeastern and Hill Country Region Public-to-Private Asset Sales and P3s

- 18 water and wastewater systems comprising the Southeastern and Hill Country regional assets are presently under Texas regulatory review to be sold to Corix Utilities, a Vancouver based utility service provider expanding in the U.S. through acquisition and P3s
- Corix not only provided the highest proposed compensation for the assets, but pledged to develop a local presence in Austin, retain the affected employees, phase-in rate increases, offer a long P3 financing mechanism for two Lometa systems, operate 4 wastewater systems under a cost-effective P3-O&M contract, and build two new systems under a P3-style structure for Tow Village and Bonanza Beach which had been operating under EPA requirements for high levels of radionuclides
- The proceeds of this transaction will be used to defease the outstanding tax-exempt debt and cover certain costs incurred by LCRA and provide a reserve for the remaining systems

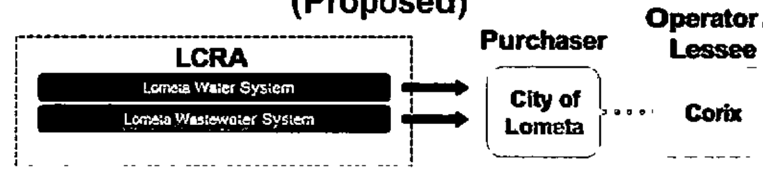
14 Water and Wastewater Systems Asset Sale – Hill Country and Southeast



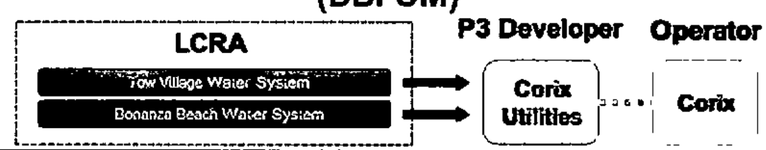
4 Wastewater System P3s (O&M)



2 Lometa Water and Wastewater System P3s (Proposed)



2 Environmentally Sensitive Water System P3s (DBFOM)



P3s and Asset Sales have been tailored on a system by system basis

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Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, February 18, 2014 3:15 PM
To: ByrneR1@michigan.gov; Deasy, Thomas (MSP); Etue, Kriste (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Bi-Weekly Conference Call Agenda
Attachments: Weekly Phone Conference Agenda 02192014.doc

Good afternoon,

Please find attached the agenda for the Wednesday, February 19th conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00 am Phone Conference Agenda
Feb. 19, 2014

1) **Public Safety Update – FPD, MSP (FFD if needed)**

   FPD, FFD – Proposal for Comprehensive Analysis of Public Safety Services, to be conducted by IMCA, complete in June 2014. Determine best use of manpower, facilities and equipment; and based on resources available - level of service which can be expected.

   Other update by Chief Tolbert and MSP.

2) **Governor's Office Update – B. Clement and/or Rich Baird, H. Hollins**

3) **Retiree Lawsuit – Status, Issues**

   This matter is scheduled for a status conference with Judge Tarnow on Wednesday, February 26. In preparation, the attorneys for all parties will be meeting at Flint City Hall on Friday, February 21 to discuss a variety of issues. Included in those discussions will be a settlement proposal by the City of Flint. At this point, it is unclear whether plaintiffs have a sincere desire to compromise.

   At the status conference, we anticipate the court will issue a scheduling order, including a trial date. We will be requesting that trial be scheduled as soon as possible.

   Early Monday, plaintiffs filed a motion for protective order asking the court to prevent the City from communicating with retirees. This is in reaction to a recent letter from Emergency Manager Darnell Earley to retirees warning of dire consequences if the City does not obtain relief from retiree healthcare costs.

   In the motion, plaintiffs' counsel alleges that plaintiffs are pursuing a class action, however a class has never been certified. Moreover, a large number of retirees have contacted the City to voice opposition to the lawsuit. Thus, plaintiffs' counsel seeks to compel retirees to participate in a lawsuit they oppose; that will significantly harm their interests if he succeeds; and wants to shield them from communication from the City concerning how they will be affected.

4) **Budget Status/ Deficit Elimination Plan**

   We plan to have an amendment to the budget, also an outline of a revised DEP. Also need to alert Treasury of several approvals relating to the WTP expansion which need prompt response.

5) **Model Labor Contracts – Status**

Final drafts of FPOA contract being done, meetings w AFSCME being scheduled. IAFF contract being drafted.

6) **Water Transition Plan, Negotiations, Communications**

DEQ is in final review for COF permit to temporarily store spent lime from water treatment plant – needed for full river water operation. Negotiations have begun with the GCDC and KWA for purchase of existing water pipe and back up plans.

Equipment timing for water plant on schedule.

7) **Hardest Hit Funds, MHSDA process**

EM addressed the GC Commissioners meeting 2/5/14 on Hardest Hit demo funds and line of credit needs. City is also a contractor, we will wait to bill to assist cash-flow and assist however we can to keep reimbursements flowing regularly. Commission passed resolution to back line of credit 9-0.

8) **City Council Update**

Mayor and Council members attended weekend Michigan Municipal League training conference in Frankenmuth.

First three Council committee meetings have been held: Public Safety, Finance and Legislative. Well received, City Attorney drafted a memo detailing how committees work in relation to EM and Council as a whole. Monthly city council meeting met Monday 2/17. Two more committees appointed: Planning and Development, and Public Works.

Finance Cmte agreed to develop a Council/Mayor Strategic Plan for the City. EM has asked Dr. Scorsone to facilitate this process.

9) **Blue Ribbon Cmte.**

Committee has met three times, three more meetings planned. Working now on charter revision recommendations.

10) **EM 7 Point Plan Transition Management Plan**

The 7 points will serve as broad measurement categories to assess when the City is prepared to move to a TAB. See Plan attached to the end of this document.

11) NEW EVIP Proposal

Impact on Flint? Receive 3% constitutional shared rev increase, can still participate in std. reporting AND receive a 20-30% population count increase for funding from the new $28.8 million. Can we project a 15%+ statutory increase?

Created on: 02/14/13

1-[redacted] access code [redacted]

Cousineau, Sara (Treasury)

Subject:	FW: Weekly Flint Meetings
Location:	Conference Call - Info Below
Start:	Wed 2/19/2014 9:00 AM
End:	Wed 2/19/2014 10:00 AM
Show Time As:	Tentative
Recurrence:	Weekly
Recurrence Pattern:	every 2 weeks on Wednesday from 9:00 AM to 10:00 AM
Meeting Status:	Not yet responded
Organizer:	Koryzno, Edward (Treasury)

This meeting was changed to bi weekly.

-----Original Appointment-----
From: Koryzno, Edward (Treasury)
Sent: Tuesday, January 21, 2014 11:49 AM
To: Koryzno, Edward (Treasury); 'gambrose@cityofflint.com'; Byrne, Randall (Treasury); Sands, Thomas (MSP); Clement, Elizabeth (GOV); Saxton, Thomas (Treasury); Etue, Kriste (MSP); Maxine Murray (mmurray@cityofflint.com); Roberts, John (GOV); Larkin, Brian (GOV); Klotz, Josephine (MSP); Kapp, Gene (MSP); Deasy, Thomas (MSP); Workman, Wayne (TREASURY); Sipes, Stephen (MSP); Pekrul, Daniel (MSP); O'Neill, Stephen (MSP); Lee, Nichole (MSP); 'Elizabeth Murphy'; Hollins, Harvey (GOV); Baird, Richard (GOV); Muchmore, Dennis (GOV); West, Samantha (GOV); 'James Tolbert'; Darnell Early (dearly@cityofflint.com)
Cc: 'Darnell Earley'
Subject: Weekly Flint Meetings
When: Occurs every 2 weeks on Wednesday effective 2/19/2014 from 9:00 AM to 10:00 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Conference Call - Info Below

This meeting will now be bi-weekly with the next meeting scheduled for February 19, 2014.

Ed Koryzno to Host
Call in – 1[redacted]
Access Code –[redacted]
Darnell, Jerry to be in Lansing for call

Dayne Walling
Mayor

City of Flint

Utilities Division

Darnell Earley
ICMA-CM, MPA
Emergency Manager

To: Darnell Earley, Emergency Manager
Howard Croft, DPW Director
Jerry Ambrose, Finance Director

From: Daugherty Johnson, Utilities Administrator

RE: Water Plant Upgrade February expenditure request

In accordance with the Water Plant Upgrade plan (Phase II Segments I & II) the following budgeted requisitions will need State Treasury approval. These upgrades will allow for the City to utilize the Flint River as our primary drinking water source until KWA supply is available. These planned expenditures are contained within the FY14 Budget Amendment. These final items are expected to total $3,982,475.

Item 1 Chemical Systems/Ozone: Design work is completed and ready to bid. Expected total cost is $700,000.

Item 2 Electrical Upgrades: The purchase of the equipment was approved by the State in November and orders were placed. The installation design is completed and bids are due February 20th. Expected cost is $1,200,000. The City will need an executed contract by February 28th in order to have the work completed prior to April start up date.

/ Consumers Energy's portion of the Electrical upgrades is $225,000. The attached Work Agreement and Purchase Order needs to be executed by Feb. 19th in order to meet the April start up date.

Item 3 Mid-point Chlorination: Design work is completed and ready to bid. The equipment and installation is expected to cost $445,000. The City will need an executed installation contract and purchase orders by Feb 28th in order to meet the April start up date.

Item 4 Pump Station 4: Design complete, bids opened. We need to issue the PO to order the pump and valve for installation early next fiscal year. Bids came in at $307,475. Actual expense will be in July.

Item 5 Raw Water Piping Connection: The design work is complete and ready to bid. This work must be completed prior to the April start date because we will be unable to shut down when KWA Raw Water arrives. The expected cost is $380,000.

Item 6 Lime Softening residuals disposal: Design work is well underway in accordance with the proposed DEQ Consent Order. This work will entail berm construction and drain demolition in the lagoon. It will also require pumping facilities to dewater the lagoon into our Sanitary Sewer. This work is expected to be completed prior to April start up to improve water quality and address environmental concerns. Estimated Cost is $725,000.

Flint Water Treatment Plant expansion

18-Feb-14

	Actual					Budget		
Category	Item #	Prior expenses	Action Items on list	Future Items	Projected Actual	LAN Budget	Item #	Category
chem storage	1		$700,000			$1,180,000	1	chem storage
electrical	2	$1,800,000	$1,200,000			$3,840,000	2	electrical
electrical	2		$225,000					
clorination	3		$445,000			$579,000	3	clorination
pump station #4	4		$307,000			$665,000	4	pump station #4
raw water piping	5		$380,000			$661,000	5	raw water piping
lime softening	6		$725,000			$0		
design			$0	$512,800		$512,800		design
allowances			$0	$30,000		$30,000		allowances
Other								Other
Other								Other
		$1,800,000	**$3,982,000**	**$542,800**	**$6,324,800**	**$7,467,800**		

Cline, Richard (Treasury)

From: Dempkowski, Angela (Treasury)
Sent: Friday, February 21, 2014 4:44 PM
To: Cline, Richard (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014
Attachments: EME1632014.pdf; EME1642014.pdf; EME1652014.pdf; EME1662014.pdf

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, February 21, 2014 4:40 PM
To: Dempkowski, Angela (Treasury)
Subject: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Good afternoon Angela,

We are submitting the following resolutions for State approval. It is my understanding that Treasury was apprised of three of these resolutions on Wednesday, as they are part of the Water Plant upgrade project. The resolution for Newkirk Electric has a very aggressive timeline in which we are asking for an approval no later than Monday afternoon in order to meet the project's deadline of April 1st.

The resolutions are:

1. EME1632014 - Resolution to Newkirk for Electrical Improvements - $852,000.00 (Water Fund)

2. EME1642013 - Resolution to Xylem Water Solution for Pump and Large Motor - $277,000.00 (Water Fund)

3. EME1652014 - Resolution to McNaughton-McKay Electric for Electrical Distribution Upgrades - $1,528,850.00 (Water Fund)

4. EME1662014 - Resolution to AIS Construction Equipment for Leasing of Various Equipment $48,537.14 (Fleet/Central Garage Fund)

In additional information is required, please advise.

Thank you.

--
Maxine Murray
Executive Assistant to

Cline, Richard (Treasury)

From:	Cline, Richard (Treasury)
Sent:	Tuesday, February 25, 2014 8:41 AM
To:	Dempkowski, Angela (Treasury)
Cc:	Byrne, Randall (Treasury)
Subject:	FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014
Attachments:	EME1632014.pdf
Importance:	High

Angela,

I have reviewed the following resolution:

1. EME1632014 - Resolution to Newkirk for Electrical Improvements - $852,000.00 (Water Fund)

The City wishes a priority response to this.

The resolution is intended to upgrade obsolete electrical equipment.

The bid was the lowest price quoted that submitted a complete bid and complied with all bid process parameters.

As such, I am recommending approval of this Resolution.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

From: Dempkowski, Angela (Treasury)
Sent: Friday, February 21, 2014 4:44 PM
To: Cline, Richard (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, February 21, 2014 4:40 PM
To: Dempkowski, Angela (Treasury)
Subject: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

14-S032

(Bid No. 14-088)

EM SUBMISSION NO.: EME1632014

PRESENTED: 2-21-14

ADOPTED: ______________________

BY THE EMERGENCY MANAGER:

RESOLUTION TO NEWKIRK FOR ELECTRICAL IMPROVEMENTS

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited a bid for electrical improvements to the Water Plant as requested by Utilities Department; and

Newkirk Electric, 2751 Lippincott Blvd., Flint, MI was the lowest responsive bidder from five solicitations for said requirements. The funding for this request will come from the following account number: 591-545.300-801.000; and

IT IS RESOLVED, that the Proper City Official, upon the Emergency Manager's approval, are hereby authorized to enter into a contract with Newkirk Electric for electrical improvements at the Water Plant in an amount not to exceed $852,000.00. (Water Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

\EFM DISPOSITION:

ENACT ________ REFER TO COUNCIL ________ FAIL ________

______________________________ DATED: ______________

Darnell Earley, Emergency Manager

071013 – DFJ

RESOLUTION STAFF REVIEW

February 20, 2014

Agenda Item Title: Phase II Segment III Installation of Electrical Improvements at Water Plant

Prepared By: John Florshinger, WPC SCADA Supervisor

Background/Summary of Proposed Action

The phase II segment III installation of improvements includes the installation of all medium voltage switchgear lineups, construction of a new substation on plant grounds, and installation of a new medium voltage VFD for pump #1 at PS4.

Current equipment is over 50 years old and is obsolete, unreliable and past its service life. New equipment is safer, reliable, more efficient, and allows for redundant power to the entire facility which is critical once the plant is put into full time service, and required by MDEQ.

All of the equipment is already on ordered and is scheduled to ship by March 20th.

Financial Implications

Please issue a contract with New Kirk Electric in the approved FY2014 budgeted amount of $852,000.00 using account number 591-545.300-801.000.

Budgeted Expenditure: Yes x No Please explain if no:

Account No.: 591-545.801-300.00 - $852,000.00

Pre-encumbered: Yes x No Requisition: 140000094

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person: ______________________
(Approved Staff)

Department Approval: ______________________
(Department Head)

SEALED BIDS RECEIVED PURCHASING DEPARTMENT ON FEBRUARY 11, 2014
FOR ELECTRICAL IMPROVEMENTS @ WATER PLANT
BID #14-088

NewKirk Electric 2751 Lippincott Blvd. Flint, MI	J. Ranck Electric Inc. 1993 Gover Pkwy. Mt. Pleasant, MI
Total	Total
$852,000.00	$714,545.00*

*Vendor did not submit bid bond as required by bid, nor information disposal of debris, site security, hazardous materials remediation, sanitary facilities, and NETA testing.

Cline, Richard (Treasury)

From:	Cline, Richard (Treasury)
Sent:	Tuesday, February 25, 2014 8:49 AM
To:	Dempkowski, Angela (Treasury)
Cc:	Byrne, Randall (Treasury)
Subject:	FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014
Attachments:	EME1642014.pdf
Importance:	High

Angela,

I have reviewed the following resolution:

2. EME1642013 - Resolution to Xylem Water Solution for Pump and Large Motor - $277,000.00 (Water Fund)

The City has indicated that the purpose of this purchase is to improve water pumping efficiency to accommodate treating river water for drinking production.

The submittal is the lowest bid by nearly $45,000. As such, I am recommending approval of this resolution.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

From: Dempkowski, Angela (Treasury)
Sent: Friday, February 21, 2014 4:44 PM
To: Cline, Richard (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, February 21, 2014 4:40 PM
To: Dempkowski, Angela (Treasury)
Subject: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Good afternoon Angela,

14-5031

(Bid No. 14-084)

EM SUBMISSION NO.: EME1642014

PRESENTED: 2-21-14

ADOPTED: ____________________

BY THE EMERGENCY MANAGER:

RESOLUTION TO XYLEM WATER SOLUTION FOR PUMP AND LARGE MOTOR

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited a bid for pump and large motor as requested by the Water Plant; and

Xylem Water Solutions, N27 W23293 Roundy Dr., Pewaukee, WI is the lowest bidder from seven solicitations for said requirements. The funding for this purchase will come from the following account number: 591-545.300-977.000; and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to Xylem Water Solutions for pump and motor in an amount not to exceed $277,000.00. (Water Fund)

APPROVED PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

EFM DISPOSITION:

ENACT ________ REFER TO COUNCIL ________ FAIL ________

______________________________ DATED: ______________

Darnell Earley, Emergency Manager

071013-DFJ

RESOLUTION STAFF REVIEW

February 10, 2014

<u>Agenda Item Title</u>: Water Plant – Pump Station #4 High Service Pump and Motor

<u>Background/Summary of Proposed Action</u>:
The Flint Water Plant has requested to amend their operating permit to treat larger quantities of water for human consumption from the Flint River. The Michigan Department of Environmental Quality requires that the City of Flint, Water Plant replace the 1948 pump #1 and motor. The water Plant staff and the consultants Andrew, Lockwood and Newnam Inc. concur that a 16MGD pump mated with a Variable Frequency Drive Motor will give the Water Plant a more efficient pumping system.

Xylem Water Solutions U.S.A. Inc. met the bid specifications for the pump and motor replacement with lowest bid in the amount of $277,000.00.

<u>Financial Implications</u>:
Please approve the Purchase Order with Xylem Water Solutions Inc. The funds are available in the FY 2014 amended budget amount of $277,000.00 using account 591-545.300-977.000.

<u>Budgeted Expenditure</u>? Yes x No **Please explain if no:**

<u>Account No</u>.: 591-545.300-977.000,

<u>Pre-encumbered</u>? Yes x No **Requisition: 140000088**

<u>Other Implications (i.e., collective bargaining)</u>: None

<u>Staff Recommendation</u>: Approve

Staff Person: ______________

Department Approval: ______________

SEALED BIDS RECEIVED PURCHASING DEPARTMENT ON January 30, 2014
PUMP AND LARGE MOTOR
BID #14-006

Xylem Water Solutions N27 W23293 Roundy Dr. Pewaukee, WI	Flowserve US 5310 Taneytown Pike Taneytown, MD	Patterson Pump Co 2129 Ayresville Rd. Toccoa, GA	Goulds Pump Co. 41300 Coca Cola Dr. Belleville, MI
Total	Total	Total	Total
$277,000.00	$321,398.00	$349,200.00	$351,535.00

Cline, Richard (Treasury)

From:	Cline, Richard (Treasury)
Sent:	Tuesday, February 25, 2014 9:46 AM
To:	Dempkowski, Angela (Treasury)
Cc:	Byrne, Randall (Treasury)
Subject:	FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014
Attachments:	EME1652014.pdf
Importance:	High

Angela,

I have reviewed the following resolution:

3. EME1652014 - Resolution to McNaughton-McKay Electric for Electrical Distribution Upgrades - $1,528,850.00 (Water Fund)

This resolution was initially approved by Treasury in November 2013. This resolution amends the original purchase so that next day delivery of the equipment can be acquired. The amendment adds $16,850 to the cost of the project.

As such, I am recommending approval of this resolution.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

From: Dempkowski, Angela (Treasury)
Sent: Friday, February 21, 2014 4:44 PM
To: Cline, Richard (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, February 21, 2014 4:40 PM
To: Dempkowski, Angela (Treasury)
Subject: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Good afternoon Angela,

14-5034

(Bid No. 001400073)

EM SUBMISSION NO.: EME165 2014

PRESENTED: 2-21-14

ADOPTED: ________________________

BY THE EMERGENCY MANAGER:

RESOLUTION TO McNAUGHTON-McKAY ELECTRIC FOR ELECTRICAL DISTRIBUTION UPGRADES

BY THE EMERGENCY MANAGER

RESOLUTION

On November 18, 2013, the Emergency Manager authorized the Department of Purchases and Supplies to issue purchase order # 14-060 to McNaughton-McKay, 1101 E. Fifth Ave., Flint, MI for electrical distribution upgrades at the Water Plant in an amount not to exceed $1,512,000.00; and

The Water Plant is requesting to have said equipment to be shipped next day delivery in an amount not to exceed $16,850.00, in order to adhere to the project's aggressive timeline. The funding for this request will come from the following account number: 591-545.300-977.000; and

IT IS RESOLVED, that the Department of Purchases & Supplies, upon the Emergency Manager's approval, is hereby authorized to issue change order #1 to purchase order # 14-060 to McNaughton-McKay for next day shipping of equipment in an amount not to exceed $16,850.00 for a revised purchase order amount of $1,528,850.00. (Water Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

EFM DISPOSITION:

ENACT ________ REFER TO COUNCIL ________ FAIL ________

________________________________ DATED: ______________

Darnell Earley, Emergency Manager

071013-DFJ

RESOLUTION STAFF REVIEW

February 21, 2014

Agenda Item Title: Water Plant – Switch-Gear Shipping.

Background/Summary of Proposed Action:
The Flint Water Plant has requested to amend their operating permit to treat larger quantities of water for human consumption from the Flint River. An April 1st deadline has been set for the Water Plant to be fully operational. To meet this deadline we must expedite the shipment of the Switch-gear that is currently being built.

Financial Implications:
Please process a change order to purchase order #14-060 with McNaughton-McKay for overnight shipping of Switch-Gear for the Water Plant. Funds are available in the FY 2014 amended budget in the amount of $16,850.00 using account 591-545.300-977.000.

Budgeted Expenditure? Yes x No Please explain if no:

Account No.: 591-545.300-977.000

Pre-encumbered? Yes x No Requisition:

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person: ____________

Department Approval: ____________ For D Johnson

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, February 25, 2014 7:47 AM
To: Cline, Richard (Treasury)
Subject: Flint Resolutions

Eric:

Jerry Ambrose called this morning to find out the status of the Kirtland contract? This one is critical for the water system to function when the water supply changes. Please discuss.

Thanks,
Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St., Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521

Goodrich, Harlan G. (Treasury)

From: Massaron, David P. <Massaron@MillerCanfield.com>
Sent: Tuesday, February 25, 2014 4:12 PM
To: Goodrich, Harlan G. (Treasury)
Cc: Dimov, Sylvia; Gerald Ambrose
Subject: Letter for Treasury
Attachments: KWA Qualifying Ltr.PDF

Harlan,
We hope this works for Application Approval purposes. Please let us know if you need anything else with respect to the application.

Thanks very much,
-Dave

David P. Massaron | Attorney and Counselor at Law
Miller Canfield
Detroit 1.313.496.7523 | **Lansing** 1.517.483.4912 |
Mobile 1.313.319.0659 | **Fax** 1.313.496.8451 |
massaron@millercanfield.com | View Profile + VCard

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Suzanne Schafer, Administrator
Local Audit and Finance Division
Michigan Department of Treasury
P.O. Box 30728
Lansing, MI 48909-3227

Re: FLINT CITY (252040)
Qualifying Statement

Dear Ms. Schafer,

We are in receipt of your letter dated February 21, 2014 denying authorization to issue municipal securities without further approval from the Department of Treasury.

As you know, the City of Flint is currently in receivership pursuant to Act 436, and operating under the control of an Emergency Manager since December 2011. Much progress has been made to reduce the City's accumulated deficit and to restore Flint to long term financial solvency. We are currently working with Treasury to finalize a Deficit Elimination Plan which will not only eliminate the deficit but begin to establish an appropriate level of reserves. The securities issued within the past five years pursuant to the Fiscal Stabilization Act were done prior to the City being placed under the control of an Emergency Manager.

The request to issue securities at this time is in conjunction with the City's partnership with Genesee County and others to construct a new source of water supply for the City and the region. This is being accomplished through the newly created Karegnondi Water Authority, of which the City of Flint is a member. The result of this project will be a new source of water for the region at a cost which is significantly less than the current costs. It is an important component of restoring the City of Flint to financial solvency.

Treasury approval of Flint's request to issue municipal securities for this purpose is requested.

Thank you and please contact me if you have any questions.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Goodrich, Harlan G. (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Tuesday, February 25, 2014 4:15 PM
To: Goodrich, Harlan G. (Treasury); Schafer, Suzanne K. (Treasury)
Cc: Dave Massaron; Darnell Earley; Antonio Brown
Subject: City of Flint (#252040)
Attachments: KWA Qualifying Ltr.PDF

Attached please find the City of Flint's response to your letter of February 21, 2014 denying the request to Issue municipal securities without further Treasury approval.

Please contact me if you have any questions.

Jerry Ambrose, Finance Director

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: February 26, 2014

TO: Suzanne Schafer, Administrator

FROM: Angelica Zahrt, Auditor
Jeffrey Schwartz, Auditor

SUBJECT: Karegnondi Water Authority, City of Flint & County of Genesee #1305
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 B

As a part of all prior approval applications, the Department of Treasury has the statutory responsibility to determine the following three items:

- Whether the municipality has indicated the authority to issue the municipal security requested;
- Whether the municipality is projected to be able to repay the municipal security when due; and
- Whether the municipality has achieved compliance or in the alternative, adequately addressed each of the qualifying criteria that were previously determined to be non-compliant.

The following is a summary of the information provided and its corresponding relevance:

1. **Indicated the authority to issue** – The Karegnondi Water Authority, the County of Genesee, and the City of Flint submitted Authorizing Resolutions approved at regular meetings authorizing the issuance of Water Supply System Bonds 2014 A and B (Karegnondi Water Pipeline) not to exceed $300,000,000 for the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local units, together and all and necessary appurtenances and attachments thereto. The bonds are being issued under the provisions of PA 233 of 1955 and PA 34 of 2001.

2. **Projected ability to repay** – The current application is for an issuance amount not to exceed $79,500,000. The Local Units, in the Contract, pledged their limited tax full faith and credit for the prompt payment of the Bonds. The Authority shall establish a Debt Service Fund, to which there shall be deposited all Contractual Payments as received. Each Local Unit has covenanted and agreed to provide annually general or special funds, (rates and charges) in amounts sufficient to meet when due its Contractual Payments in anticipation of which the Bonds, including the replenishment of the Debt Service Reserve Account, are issued or, if necessary, to levy taxes upon all taxable property within its boundaries for such purpose.

3. **Adequately Addressing Non-compliance** – The County of Genesee was found to be in compliance with MCL 141.2303[3]. The Karegnondi Water Authority is a new entity, and therefore has no determination of non-compliance to address. The City of Flint was found to be non-compliant under MCL 141.2303(3)[a] the municipality is operating under the provisions of the Local Government Responsibility Act., [b] the municipality has issued securities in the immediately preceding five fiscal years or the current fiscal year pursuant to the Emergency Municipal Loan Act or the Fiscal Stabilization Act, and [m] the municipality ended its last fiscal year with a deficit in one or more funds and an acceptable deficit elimination plan has not been certified or conditionally approved. The City addressed non-compliance with MCL 141.2303(3) in a letter received via email on February 25, 2014. The City explained that it has been operating under control of an Emergency Manager since December 2011. The City is also working to finalize a Deficit Elimination Plan in conjunction with Treasury's assistance, which will not only eliminate the deficit but begin to establish reserves. In addition, the City explained an Emergency Manager was placed within five years of the securities being issued pursuant to the Fiscal Stabilization Act. The request to issue securities at this time is in conjunction with the Genesee County and Karegnondi Water Authority to establish a new source of water for the region at a cost significantly less than the current costs, an essential component of restoring the City of Flint to financial solvency.

We would recommend approval of application #1305 for the Water System Supply Bonds, Series 2014 B.

4425 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

February 28, 2014

APPROVAL
Municipality Code: **25-7-552**
Application ID No: **1304**

Jeff Wright, CEO
Karegnondi Water Authority
G-4610 Beecher Road
Flint, MI 48502

Dear Chief Administrative Officer:

Thank you for submitting to the Department of Treasury an Application for the State Treasurer's Approval to Issue Long-Term Securities under Section 303(7) of Public Act 34 of 2001, for the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Based upon the information provided, the Department of Treasury has determined that the Authority has indicated the authority to issue the municipal security requested; projected the ability to repay the municipal security when due; and, adequately addressed any non-compliance with Section 303(3) of Act 34.

This approval is for the Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A, in an amount not to exceed $220,500,000, which mature by no later than November 1, 2043. In approving this application, the Department has relied upon information supplied by the municipality which would indicate the probable revenues pledged for the payment of the municipal security will be sufficient to pay the principal thereof and interest thereon when due. No person may rely on the issuance of this approval as evidence that the Department has undertaken any due diligence with regard to that information. No material changes, amendments, or addenda may be made to the information provided without further approval of the Department.

Within 15 business days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in Section 319, Public Act 34 of 2001. Please mail them to the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228. If you have any questions, contact the Division at (517) 373-0660.

Sincerely,

Suzanne Schafer

Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosure

c: David P. Massaron – Miller, Canfield, Paddock and Stone, P.L.C.
Paul R. Stauder – Stauder, Barch & Associates, Inc.

HA 2-27-14

4425 (Rev 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: February 26, 2014

TO: Suzanne Schafer, Administrator

FROM: Angelica Zahrt, Auditor AZ
Jeff Schwartz, Auditor

SUBJECT: Karegnondi Water Authority, City of Flint & County of Genesee #1304
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

As a part of all prior approval applications, the Department of Treasury has the statutory responsibility to determine the following three items:

- Whether the municipality has indicated the authority to issue the municipal security requested;
- Whether the municipality is projected to be able to repay the municipal security when due; and
- Whether the municipality has achieved compliance or in the alternative, adequately addressed each of the qualifying criteria that were previously determined to be in non-compliant.

The following is a summary of the information provided and its corresponding relevance:

1. **Indicated the authority to issue** – The County of Genesee, the City of Flint, and the Karegnondi Water Authority submitted resolutions approved at regular meetings, authorizing the issuance of Water Supply System Bonds, Series 2014 A & Series 2014 B (Karegnondi Water Pipeline) not to exceed $300,000,000. The Bonds are being issued under PA 233 of 1955, and PA 34 of 2001.

2. **Projected ability to repay** – The current application is for an issuance amount not to exceed $220,500,000. Each Local Unit states its intention to pay its obligations under this Contract from sources of money as are provided by Act 233 and applicable law, including the levy and collection of rates and charges to users of its respective water supply system for operating and maintaining its system provided by each Local Unit to customers in the Local Unit. The bonds are to be sold at a negotiated sale. This will allow the Authority to achieve the most advantageous interest rates, and allow better control over pricing of the Bonds. All the local units pledge their limited tax full faith and credit for the payment of the principal and interest of the Bonds.

3. **Adequately Addressing Non-compliance** - The County of Genesee and the Karegnondi Water Authority (new entity) were found to be compliant with MCL 141.2303(3). However, the City of Flint was found to be non-compliant with MCL 141.2303(3) (a), (b), and (m). The City addressed its non-compliance in a letter stating that the City is currently under receivership pursuant to Act 436, and operating under the control of an Emergency Manager since 2011. The City explained that is currently working the Department to finalize a deficit elimination plan, and that the securities issued within the past five years pursuant to the Fiscal Stabilization Act were done prior to the City being placed under the control of an Emergency Manager.

We would recommend approval of application # 1304.

Michigan Department of Treasury
1428 (Rev. 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Long term Municipal Securities can be issued.

Application for State Treasurer's Approval to Issue Long-Term Securities

INSTRUCTIONS: Complete all parts of this application. The Department of Treasury may request additional information.
FILE WITH: Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228.
Direct questions to (517) 373-0660 or email to TREAS_LAFD@michigan.gov

The municipality identified below applies for permission to issue securities under authority of the statutes(s) and resolution as follows:

[X] P.A. 34 of 2001, as amended
[X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
Karegnondi Water Authority	Authority	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,500,000	To Be Determined

	Address and Telephone No.
Chief Administrative Officer - Person Jeff Wright, CEO Karegnondi Water Authority	G-4610 Beecher Road Flint, MI 48502 phone: 810-732-7870 fax: 810-732-1474
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	3989 Research Park Drive Ann Arbor, MI 48108 phone: 734-668-6688 fax: 734-668-6723
Underwriter - Person and Firm Thomas J. Whitehouse JP Morgan	1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-579-9482 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E. Wade Trim	500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

RECEIVED
DEPT. OF TREASURY
FEB 11 2014
0017 2/10
LOCAL AUDIT & FINANCE DIV.

CERTIFICATION: I the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality and that they are complete and accurate in all respects. I further certify that the funds on hand (if any) listed on page 4 of this application are on hand and available for use on this project.

Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Jeff Wright, CEO, Karegnondi Water Authority	[signature]	1.14.14

Michigan Department of Treasury
1428 (Rev 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Long-term Municipal Securities can be issued

Application for State Treasurer's Approval to Issue Long-Term Securities

INSTRUCTIONS: Complete all parts of this application. The Department of Treasury may request additional information.
FILE WITH: Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228
Direct questions to (517) 373-0660 or email to TREAS_LAFD@michigan.gov

The municipality identified below applies for permission to issue securities under authority of the statutes(s) and resolution as follows:

- [X] P.A. 34 of 2001, as amended
- [X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
County of Genesee	County	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,500,000	To Be Determined

	Address and Telephone No.
Chief Administrative Officer - Person Keith Francis Genesee County Controller	1101 Beach St Flint, MI 48532 phone: 810-257-2627 fax: 810-257-3560
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	3989 Research Park Drive Ann Arbor, MI 48108 phone: 734-668-6688 fax: 734-668-6723
Underwriter - Person and Firm Thomas J Whitehouse JP Morgan	1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-579-9482 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E. Wade Trim	500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

CERTIFICATION: I the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality and that they are complete and accurate in all respects. I further certify that the funds on hand (if any) listed on page 4 of this application are on hand and available for use on this project.

Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Keith Francis, Genesee County Controller	Keith Francis	1/14/2014

Michigan Department of Treasury
1428 (Rev. 2-02)

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Application for State Treasurer's Approval to Issue Long-Term Securities

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[X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
City of Flint	Home Rule City	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,500,000	To Be Determined
Chief Administrative Officer - Person Darnell Earley Emergency Manager	**Address and Telephone No.** 1101 South Saginaw Street Flint, MI 48502 phone: 810-237-2057 fax: 810-766-8876
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	**Address and Telephone No.** 150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	**Address and Telephone No.** phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	**Address and Telephone No.** 3989 Research Park Drive Ann Arbor, MI 48108 phone: 734-668-6688 fax: 734-668-6723
Underwriter - Person and Firm Thomas J. Whitehouse JP Morgan	**Address and Telephone No.** 1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-579-9482 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E. Wade Trim	**Address and Telephone No.** 500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

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Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Darnell Earley, Emergency Manager	Darnell Earley	1-15-14

Michigan Department of Treasury
1428 (Rev. 2-02)

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- [X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
Karegnondi Water Authority	Authority	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,600,000	To Be Determined

	Address and Telephone No.
Chief Administrative Officer - Person Jeff Wright, CEO Karegnondi Water Authority	G-4610 Beecher Road Flint, MI 48502 phone: 810-732-7870 fax: 810-732-1474
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	3989 Research Park Drive Ann Arbor, MI 48108 phone: 734-668-6688 fax: 734-668-6723
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Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Jeff Wright, CEO, Karegnondi Water Authority		1·14·14

Purpose

For the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Maturity Schedule

See Attached

Interest Not to exceed 10% Maximum	First Interest Payment	Interest Payments
	To Be Determined	May 1 and November 1

Optional Securitie (To be determined)

Securities maturing 20___ / ________ are non callable.

Securities maturing 20___ / ________ are callable on any interest payment date on or after ________

at par and accrued interest, plus a premium ranging from ________ % to ________ % in ________ order.

SECURITY

Full Faith and Credit Pledge

- [ ] Unlimited Tax Full Faith and Credit Pledge
- [X] Limited Tax Full Faith and Credit Pledge
- [ ] No Full Faith and Credit Pledge

Authorized by a Vote?

- [X] NO
- [ ] YES - Date of Election:

Votes For:	Votes Against:	Spoiled Ballots:

Sources of Revenues

- [X] Rates and Charges
- [ ] Taxes
- [ ] Special Assessments
- [ ] Michigan Transportation Fund Revenues
- [ ] Other (Specify)

Additional Security

TAX INFORMATION

Fiscal Year	Date Taxes are Due	Date Taxes Delinquent
Oct 1 - Sept 30	July 1 - Dec 1	01-Mar

Maximum authorized statutory, constitutional or charter tax levy..................................	5.68 mills
Maximum estimated annual millage requirement for this issue..	- 0 - mills
Date of first levy for this issue (if tax supported)..	N/A

Tax Collection History for Last Four Completed Fiscal Years

Fiscal Year Ending	Tax Levy	Collections to Date Delinquent	Percentage
2012	$77,487,325	$72,746,879	93.88%
2011	$83,767,765	$78,101,948	93.24%
2010	93,767,535	$86,508,053	92.26%
2009	97,004,331	$90,979,934	93.79%

MUNICIPAL MILLAGE RATES for 2012	Operating	Debt	Other
	5.5072	0.0000	2.7694

This municipality is in compliance with the provisions of Article IX, Section 6, of the Michigan Constitution of 1963 .... ☒ Yes ☐ No

SEV INFORMATION

Breakdown of Current Year's State Taxable Valuation 2013					
Industrial	$250,527,317	2.92%	STATE EQUALIZED VALUATION	CURRENT YEAR 2013	$8,998,549,108
Commercial	$1,712,997,352	19.94%		PRIOR YEAR 2012	$9,183,568,010
				PRIOR YEAR 2011	$9,950,805,569
Utility	$0	0.00%	TAXABLE VALUE	CURRENT YEAR 2013	$8,591,144,574
Agricultural	$122,092,317	1.42%		PRIOR YEAR 2012	$8,805,229,871
Residential	$5,837,245,297	67.94%		PRIOR YEAR 2011	$9,450,208,638
Other (Personal)	668,282,291	7.78%	POPULATION	CENSUS Current	425,790
TOTAL	$8,591,144,574	100.00%		CENSUS 2000	436,141
				CENSUS 1990	430,459
			SEV PER CAPITA	Current Year	$21,129.08

DEBT INFORMATION

You must attach the following lists unless the Department of Treasury waives the requirement for this detail:

1. All outstanding securities or debt with no full faith and credit pledge. Include title and date of issue and the amount outstanding.
2. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge. Include title, date and type of issue, and the amount supported by taxes.
3. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge that has been issued by an overlapping municipality. Include the name of the issuing municipality, the amount outstanding, the share applicable to your municipality, the net tax supported amount outstanding and the share applicable to your municipality.
4. All projects currently being planned for future indebtedness. Include an estimate of the amount of indebtedness to be incurred.

REPAYMENT SCHEDULE

Attach a schedule of revenues available for repayment of the proposed and outstanding securities and indicate coverage. Include operation and maintenance expenses and reserve requirements (when applicable) in addition to principal and interest requirements. Begin with one year of actual revenues and expenses. Revenue supported securities need only project for a 7 to 10 year period. In lieu of this schedule, voted general obligation securities may submit a principal and interest schedule.

Karegnondi Water Authority

10 LARGEST PROPERTY TAXPAYERS

	Name			2013 Taxable Value	IFT VALUE	TOTAL
1.	Consumers Energy	Utility	1.	$221,742,449		$221,742,449
2.	General Motors Corp	Automotive	2.	96,569,800	9,388,600	105,958,400
3.	Genesee Valley Partners LP	Investments	3.	49,129,300		49,129,300
4.	Wal-Mart/Sam's Club	Retail/grocery	4.	41,076,788		41,076,788
5.	Edward Rose Assoc. ETAL	Construction	5.	25,660,242		25,660,242
6.	Meijer Inc./Goodwill Co., Inc.	Retail/grocery	6.	25,407,943		25,407,943
7.	Comcast	Retail cable	7.	19,356,902		19,356,902
8.	Magna	Automotive	8.	6,770,800	11,123,600	17,894,400
9.	Michigan Electric Trans. Co.	Utility	9.	15,979,400		15,979,400
10.	Kroger	Grocery	10.	14,617,238		14,617,238

10 LARGEST EMPLOYERS AND EMPLOYMENT DATA

	Name			Number of Employees
1.	General Motors Corp.	Automotive parts & bodies	1.	3,417
2.	Genesys Health Care System	Health care	2.	3,265
3.	Hurley Medical Center	Medical center	3.	2,650
4.	Square D	Computer programming srvcs	4.	2,500
5.	McLaren Health Care Corporation	Hospital & other health care	5.	2,500
6.	Flint Metal Cntr Vehicle Mfg. Operating Div.	Metal fabrication	6.	2,180
7.	United States Postal Service	US Postal Service	7	1,200
8.	General Motors Corp., Powertrain Div.	Engines, gears & transmissions	8	1,200
9.	Flint, City of	Municipality	9	1,100
10.	Genesee County (full time employees)	Government	10	1,093

Local unemployment rate for the most recently available month	Genesee County	9.40%
Seasonally adjusted unemployment rate for the preceding month		

ESTIMATED COSTS

Project Category	Estimated Costs
Construction cost (materials and labor)	See Attached
Equipment	
Site Acquisition and development	
Architect or engineering (including survey, design, inspection, etc..)	
Issuance Costs	
Capitalized Interest (______ months at _______%)	
Other Costs	
Contingencies	
Total Project Costs	
Less:	
Grants ....______________	
Funds on Hand	
BALANCE: Amount of the security	

WADETRIM AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility		12/20/13 Estimate
Contract S.4000 - Intake, Shorewell and Tunnel	KWA		
Contract S.4001 - Lake Huron Pump Station	KWA	$	15,925,942
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$	19,435,641
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$	32,582,383
Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$	33,680,912
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$	32,733,511
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$	38,255,181
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$	24,019,644
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$	1,377,736
System Control and Monitoring	KWA	$	552,800
	Subtotal	$	198,583,750
Design Contingency	3%	$	5,957,513
Construction Contingency (5%)	10%	$	9,929,188
Design Engineering		$	5,700,000
Construction Administration		$	7,216,127
Legacy Costs			
Bond, Legal & Project Administration	3%	$	5,957,513
	Subtotal	$	[illegible]
Power Service to Lake Huron Pump Station	KWA	$	85,000
Substation at Lake Huron Pump Station	KWA	$	2,239,308
Power Service to Intermediate Pump Station	KWA	$	2,300,000
Substation at Intermediate Pump Station	KWA	$	1,654,496
Power Service (Valves & Meters)	KWA		
Land (Lake Huron Pump Station)	KWA		
Land (Intermediate Pump Station)	KWA		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$	60,000
Land (Lapeer Co. Transmission)	KWA		
	Subtotal	$	6,338,804
	Grand Total	$	239,682,894

WadeTrim AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility		KWA Cost		GCDC-WWS Cost		City of Flint Cost
Contract S.4000 - Intake, Shorewell and Tunnel	KWA	$	-				
Contract S.4001 - Lake Huron Pump Station	KWA	$	15,925,942				
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$	19,435,641				
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$	32,592,383				
Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$	33,690,912				
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$	32,733,511				
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$	38,255,181				
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$	24,019,644				
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$	1,377,736				
System Control and Monitoring	KWA	$	552,800				
	Subtotal	$	198,583,750	$		$	
Design Contingency	3%	$	5,957,513				
Construction Contingency	10%	$	9,929,188				
Design Engineering		$	5,700,000				
Construction Administration		$	7,216,127				
Legacy Costs		$	-				
Bond, Legal & Project Administration	3%	$	5,957,513				
	Subtotal	$	34,760,340	$		$	
Power Service to Lake Huron Pump Station	KWA	$	85,000				
Substation at Lake Huron Pump Station	KWA	$	2,239,308				
Power Service to Intermediate Pump Station	KWA	$	2,300,000				
Substation at Intermediate Pump Station	KWA	$	1,654,496				
Power Service (Valves & Meters)	KWA	$	-				
Land (Lake Huron Pump Station)	KWA	$	-				
Land (Intermediate Pump Station)	KWA	$	-				
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$	60,000				
Land (Lapeer Co. Transmission)	KWA	$	-				
	Subtotal	$	6,338,804	$		$	
	Grand Total	$	239,682,894	$		$	

$300,000,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 A
(LIMITED TAX GENERAL OBLIGATION)

Estimated Sources & Uses of Funds

		Series 2014 A	Series 2014 B	Total
Sources of Funds				
Par Amount of Bonds		$220,500,000.00	$79,500,000.00	$300,000,000.00
Production		(477,809.45)	0.00	(477,809.45)
Accrued Interest		0.00	0.00	0.00
Other		0.00	0.00	0.00
Contribution from Debt Fund		0.00	0.00	0.00
Total Sources		$220,022,190.55	$79,500,000.00	$299,522,190.55
Uses of Funds				
Deposit to Construction Account		$170,086,078.63	$64,597,528.38	$234,683,607.01
Deposit to Debt Fund-Bond Reserve		17,714,737.50	$5,139,575.00	22,854,312.50
Deposit to Debt Fund-Cap Int		29,524,233.33	8,745,000.00	38,269,233.33
Underwriter's Discount @	0.430%	948,150.00	341,850.00	1,290,000.00
Bond Insurance	0.250%	1,115,112.83	441,174.88	1,556,287.71
Costs of Issuance		633,878.25	234,871.75	868,750.00
Miscellaneous		0.00	0.00	0.00
Total Uses		$220,022,190.55	$79,500,000.00	$299,522,190.55

Stauder, Barch & Associates, Inc.
Municipal Bond Financial and Marketing Consultants
3989 Research Park Drive
Ann Arbor, Michigan 48108
Phone: (734) 668-6688 Fax (734) 668-6723

Michigan Department of Treasury
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City of Flint	Home Rule City	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,500,000	To Be Determined

	Address and Telephone No.
Chief Administrative Officer - Person Darnell Earley Emergency Manager	1101 South Saginaw Street Flint, MI 48502 phone: 810-237-2057 fax: 810-799-8675
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Local Attorney - Person and Firm	phone: fax:
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Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Darnell Earley, Emergency Manager	Darnell Earley	1-15-14

Purpose

For the purpose of acquiring, construct and equip a water system to provide raw untreated watr to the Local Units, together with all and necessary appurtenances and attachments thereto.

Maturity Schedule

See Attached

Interest Not to exceed 10% Maximum	First Interest Payment	Interest Payments
	To Be Determined	May 1 and November 1

Optional Securitis (To be determined)

Securities maturing 20___ / ________ are non callable.

Securities maturing 20___ / ________ are callable on any interest payment date on or after ________

at par and accrued interest, plus a premium ranging from ________ % to ________ % in ________ order.

SECURITY

Full Faith and Credit Pledge

- [ ] Unlimited Tax Full Faith and Credit Pledge
- [X] Limited Tax Full Faith and Credit Pledge
- [ ] No Full Faith and Credit Pledge

Authorized by a Vote?

- [X] NO
- [ ] YES - Date of Election:

Votes For:	Votes Against:	Spoiled Ballots:

Sources of Revenues

- [X] Rates and Charges
- [ ] Taxes
- [ ] Special Assessments
- [ ] Michigan Transportaton Fund Revenues
- [ ] Other (Specify)

Additional Security

TAX INFORMATION

Fiscal Year	Date Taxes are Due	Date Taxes Delinquent
July 1 - June 30	July 1 - Oct 1 - Feb 1	1-Mar

Maximum authorized statutory, constitutional or charter tax levy..................................	10.00 mills
Maximum estimated annual millage requirement for this issue..................................	- 0 - mills
Date of first levy for this issue (if tax supported)...	N/A

Tax Collection History for Last Four Completed Fiscal Years

Fiscal Year Ending	Tax Levy	Collections to Date Delinquent	Percentage
2013	28,192,664	24,134,164	85.60%
2012	18,022,916	15,868,017	88.03%
2011	21,029,381	19,431,043	92.40%
2010	22,864,857	21,950,721	96.00%

MUNICIPAL MILLAGE RATES for 2012	Operating	Debt	Other
	7.5000	0.0000	8.5000

This municipality is in compliance with the provisions of Article IX, Section 6, of the Michigan Constitution of 1963 .... [X] Yes [ ] No

TV INFORMATION

Breakdown of Current Year's State Taxable Valuation 2013		
Industrial	$77,833,677	10.02%
Commercial	$181,351,218	23.35%
Utility	$0	0.00%
Agricultural	$0	0.00%
Residential	$362,887,708	46.72%
Other (Personal)	$154,602,400	19.91%
TOTAL	$776,654,903	100.00%

STATE EQUALIZED VALUATION	CURRENT YEAR 2013	$796,172,400
	PRIOR YEAR 2012	$969,129,600
	PRIOR YEAR 2011	$1,191,616,300
TAXABLE VALUE	CURRENT YEAR 2013	$776,654,903
	PRIOR YEAR 2012	$917,513,440
	PRIOR YEAR 2011	$1,112,393,943
POPULATION	CENSUS Current	97,932
	CENSUS 2000	124,943
	CENSUS 1990	140,761
SEV PER CAPITA	Current Year	$8,119.84

DEBT INFORMATION

You must attach the following lists unless the Department of Treasury waives the requirement for this detail:

1. All outstanding securities or debt with no full faith and credit pledge. Include title and date of issue and the amount outstanding.
2. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge. Include title, date and type of issue, and the amount supported by taxes.
3. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge that has been issued by an overlapping municipality. Include the name of the issuing municipality, the amount outstanding, the share applicable to your municipality, the net tax supported amount outstanding and the share applicable to your municipality.
4. All projects currently being planned for future indebtedness. Include an estimate of the amount of indebtedness to be incurred.

REPAYMENT SCHEDULE

Attach a schedule of revenues available for repayment of the proposed and outstanding securities and indicate coverage. Include operation and maintenance expenses and reserve requirements (when applicable) in addition to principal and interest requirements. Begin with one year of actual revenues and expenses. Revenue supported securities need only project for a 7 to 10 year period. In lieu of this schedule, voted general obligation securities may submit a principal and interest schedule.

10 LARGEST PROPERTY TAXPAYERS

	Name			2013 Taxable Value	IFT VALUE	TOTAL
1.	Consumers Energy	utility	1.	$51,464,247	$0	$51,464,247
2.	General Motors LLC	automotive	2.	47,820,558	9,386,600	57,207,158
3.	Delphi Authomotive	automotive	3.	12,087,500	0	12,087,500
4.	Barrette	retail	4.	10,102,700	0	10,102,700
5.	4405 Continental	distribution warehouse	5.	6,418,880	0	6,418,880
6.	IINN	health care	6.	5,251,400	0	5,251,400
7.	Comcast Cablevision	cable service	7.	5,106,000	0	5,106,000
8.	Saginaw & Court	real-estate	8.	4,160,735	0	4,160,735
9.	Citizens Bank (First Merrill)	banking	9.	3,363,904	0	3,363,904
10.	Diplomat	manufacturing	10.	3,201,900	0	3,201,900

10 LARGEST EMPLOYERS AND EMPLOYMENT DATA

	Name			Number of Employees
1.	General Motors LLC	automotive	1.	13,975
2.	McClaren Health Care Group	health care	2.	3,014
3.	Hurley Medical Center	hospital & other heath care	3.	2,811
4.	University of Michigan	education	4.	2,624
5.	Flint School District	education	5.	2,559
6.	Genesee County	government	6.	2,361
7.	CS Mott Community College	education	7	2,022
8.	Employment Plus	employment agent	8	1,214
9.	State of Michigan	government	9	1,183
10.	Kettering University	education	10	1,010

Local unemployment rate for the most recently available month	16.90%
Seasonally adjusted unemployment rate for the preceding month	

ESTIMATED COSTS

Project Category	Estimated Costs
Construction cost (materials and labor)	See Attached
Equipment	
Site Acquisition and development	
Architect or engineering (including survey, design, inspection, etc.)	
Issuance Costs	
Capitalized Interest (______ months at ______%)	
Other Costs	
Contingencies	
Total Project Costs	
Less:	
Grants........................	
Funds on Hand	
BALANCE: Amount of the security	

Municipal Advisory Council of Michigan

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Debt Summary Report

Debt as of 11/18/2013

Municipal City of
FLINT

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross: Original Amt	Gross: Outstanding	Municipality's Portion: Outstanding	-	Escrowed	=	Net Amt
04/13/2011 NA	GO LT XSEC XF XEN XTD XUSA XR	1- MFA - Series 2011 - Financial Stabilization	N	8,000 M	Report 7,620 M	$7,620 M	-	0 M	=	7,620,000
			GO	Subtotal	7,620 M	$7,620 M	-	0 M	=	7,620,000
03/25/2010 339510	GOAU XT SS XF XEN XTD XUSA XR	1- Series 2010 (Hurley Medical Center) - Health	N	35,215 M	Report 33,215 M	$33,215 M	-	0 M	=	33,215,000
04/02/2013 339510	GOAU XT SS XF XEN XTD XUSA XR	1- Hurley Medical Center, Series 2013A - Health	N	21,940 M	Report 21,940 M	$21,940 M	-	0 M	=	21,940,000
04/02/2013 339511	GOAU XT SS XF XEN XTD XUSA RF	1- Hurley Medical Center Ref., Series 2013B -	N	36,590 M	Report 36,035 M	$36,035 M	-	0 M	=	36,035,000
			GOAU	Subtotal	91.190 M	$91,190 M	-	0 M	=	91,190,000
09/30/1999 NA	REV XT REV XF XEN XTD XUSA XR	1- SERIES 1999 - Utilities Water Call: legaldw	N	7,220 M	Report 2,930 M	$2,930 M	-	0 M	=	2,930,000
09/28/2000 NA	REV XT REV XF XEN XTD XUSA XR	1- SERIES 2000 - Utilities Water	N	8,035 M	Report 3,700 M	$3,700 M	-	0 M	=	3,700,000
09/28/2001 NA	REV XT REV XF XEN XTD XUSA XR	1- SERIES 2001 - Utilities Water	N	9,480 M	Report 4,850 M	$4,850 M	-	0 M	=	4,850,000
09/25/2003 NA	REV XT REV XF XEN XTD XUSA XR	1- SERIES 2002 - Utilities Water	N	19,180 M	Report 11,700 M	$11,700 M	-	0 M	=	11,700,000
			REV	Subtotal	23,180 M	$23,180 M	-	0 M	=	23,180,000

Municipal City of

FLINT

Dated Cusip	Debt Type	Sub# Description - Purpose Note	Shared	Gross Original Amt	Gross Outstanding	Municipality's Portion Outstanding -	Escrowed =	Net Amt
06/11/2003 339511	REVAU XT SS XF XEN XTD XUSA RF	1- hurley medical center - Health Care Facilities series 1995b bonds.	N	35,000 M	Report 5,150 M	$5,150 M -	0 M =	5,150,000
12/28/2007 NA	REVAU XT REV XF XEN XTD XUSA XR	1- Cap Impvt., Parking - Public Garage/Parking	N	10,000 M	Report 8,955 M	$8,955 M -	0 M =	8,955,000
09/30/2011 NA	REVAU XT SS XF XEN XTD XUSA XR	1- Equipment - Health Care Facilities	N	5,074 M	Report 3,829 M	$3,829 M -	0 M =	3,829,661
			REVAU	Subtotal	17,934 M	$17,934 M -	0 M =	17,934,661
				Grand Total	139,924 M	$139,924 M -	0 M =	139,924,661

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CITY - FLINT (GENESEE)

Taxable Value	
2013	754,083,994
2012	920,073,024
2011	1,113,523,735
2010	1,274,340,776
2009	1,446,086,098
2008	1,587,996,219

Year	Population
2011	102,434
2010	102,434
2008	125,000
2007	125,000

Overlapping Debt as of 11/18/2013

	%	Municipality	Net Tax Supported Debt	Share
School District				
	7.68	CARMAN-AINSWORTH (GENESEE)	40,208,000	3,087,974
	100.00	FLINT (GENESEE)	13,890,000	13,890,000
	0.03	KEARSLEY (GENESEE)	0	0
	1.33	SWARTZ CREEK (GENESEE)	12,615,000	167,780
	4.25	WESTWOOD HEIGHTS (GENESEE)	0	0
			School District Total:	17,145,754
County				
	8.81	GENESEE	74,124,040	6,530,328
			County Total:	6,530,328
Intermediate School District				
	8.32	GENESEE ISD	0	0
			Intermediate School District Total:	0
Community College				
	8.32	MOTT COMMUNITY COLLEGE	46,050,000	3,831,360
			Community College Total:	3,831,360
Library				
	100.00	FLINT PUBLIC LIBRARY	0	0
			Library Total:	0
Authority				
	8.81	BISHOP AIRPORT AUTH	10,605,000	934,301
			Authority Total:	934,301
				28,441,742

WadeTrim AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility		12/20/13 Estimate
Contract S.4000 - Intake, Shorewell and Tunnel	KWA		
Contract S.4001 - Lake Huron Pump Station	KWA	$	15,925,942
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$	19,435,641
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$	32,592,383
Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$	33,690,912
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$	32,733,511
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$	38,266,181
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$	24,019,644
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$	1,377,736
System Control and Monitoring	KWA	$	552,800
	Subtotal	$	198,583,750
Design Contingency	3%	$	5,957,513
Construction Contingency (5%)	10%	$	9,929,188
Design Engineering		$	5,700,000
Construction Administration		$	7,216,127
Legacy Costs			
Bond, Legal & Project Administration	3%	$	5,957,513
	Subtotal	$	[illegible]
Power Service to Lake Huron Pump Station	KWA	$	85,000
Substation at Lake Huron Pump Station	KWA	$	2,239,308
Power Service to Intermediate Pump Station	KWA	$	2,300,000
Substation at Intermediate Pump Station	KWA	$	1,654,496
Power Service (Valves & Meters)	KWA		
Land (Lake Huron Pump Station)	KWA		
Land (Intermediate Pump Station)	KWA		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$	60,000
Land (Lapeer Co. Transmission)	KWA		
	Subtotal	$	6,338,804
	Grand Total	$	239,682,894

WadeTrim AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility	KWA Cost	GCDC-WWS Cost	City of Flint Cost
Contract S.4000 - Intake, Shorewell and Tunnel	KWA	$ -		
Contract S.4001 - Lake Huron Pump Station	KWA	$ 15,925,942		
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$ 19,435,641		
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$ 32,592,383		
Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$ 33,690,912		
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$ 32,733,511		
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$ 38,255,181		
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$ 24,019,644		
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$ 1,377,736		
System Control and Monitoring	KWA	$ 552,800		
	Subtotal	$ 198,583,750	$ -	$ -
Design Contingency	3%	$ 5,957,513		
Construction Contingency	10%	$ 9,929,188		
Design Engineering		$ 5,700,000		
Construction Administration		$ 7,216,127		
Legacy Costs		$ -		
Bond, Legal & Project Administration	3%	$ 5,957,513		
	Subtotal	$ 34,760,340	$ -	$ -
Power Service to Lake Huron Pump Station	KWA	$ 85,000		
Substation at Lake Huron Pump Station	KWA	$ 2,239,308		
Power Service to Intermediate Pump Station	KWA	$ 2,300,000		
Substation at Intermediate Pump Station	KWA	$ 1,654,496		
Power Service (Valves & Meters)	KWA	$ -		
Land (Lake Huron Pump Station)	KWA	$ -		
Land (Intermediate Pump Station)	KWA	$ -		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$ 60,000		
Land (Lapeer Co. Transmission)	KWA	$ -		
	Subtotal	$ 6,338,804	$ -	$ -
	Grand Total	$ 239,682,894	$ -	$ -

$300,000,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 A
(LIMITED TAX GENERAL OBLIGATION)

Estimated Sources & Uses of Funds

		Series 2014 A	Series 2014 B	Total
Sources of Funds				
Par Amount of Bonds		$220,500,000.00	$79,500,000.00	$300,000,000.00
Production		(477,809.45)	0.00	(477,809.45)
Accrued Interest		0.00	0.00	0.00
Other		0.00	0.00	0.00
Contribution from Debt Fund		0.00	0.00	0.00
Total Sources		$220,022,190.55	$79,500,000.00	$299,522,190.55
Uses of Funds				
Deposit to Construction Account		$170,086,078.63	$64,597,528.38	$234,683,607.01
Deposit to Debt Fund-Bond Reserve		17,714,737.50	$5,139,575.00	22,854,312.50
Deposit to Debt Fund-Cap Int		29,524,233.33	8,745,000.00	38,269,233.33
Underwriter's Discount @	0.430%	948,150.00	341,850.00	1,290,000.00
Bond Insurance	0.250%	1,115,112.83	441,174.88	1,556,287.71
Costs of Issuance		633,878.25	234,871.75	868,750.00
Miscellaneous		0.00	0.00	0.00
Total Uses		$220,022,190.55	$79,500,000.00	$299,522,190.55

Stauder, Barch & Associates, Inc.
Municipal Bond Financial and Marketing Consultants
3989 Research Park Drive
Ann Arbor, Michigan 48108
Phone: (734) 668-6688 Fax (734) 668-6723

Michigan Department of Treasury
1428 (Rev. 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Long term Municipal Securities can be issued.

Application for State Treasurer's Approval to Issue Long-Term Securities

INSTRUCTIONS: Complete all parts of this application. The Department of Treasury may request additional information.
FILE WITH: Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228.
Direct questions to (517) 373-0660 or email to TREAS_LAFD@michigan.gov

The municipality identified below applies for permission to issue securities under authority of the statutes(s) and resolution as follows:

[X] P.A. 34 of 2001, as amended
[X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
County of Genesee	County	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,500,000	To Be Determined

Chief Administrative Officer - Person Keith Francis Genesee County Controller	Address and Telephone No. 1101 Beach St Flint, MI 48532 phone: 810-257-2627 fax: 810-257-3560
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	Address and Telephone No. 150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	Address and Telephone No. phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	Address and Telephone No. 3989 Research Park Drive Ann Arbor, MI 48108 phone. 734-668-6688 fax: 734-668-6723
Underwriter - Person and Firm Thomas J. Whitehouse JP Morgan	Address and Telephone No. 1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-579-9482 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E Wade Trim	Address and Telephone No. 500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

CERTIFICATION: I the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality and that they are complete and accurate in all respects. I further certify that the funds on hand (if any) listed on page 4 of this application are on hand and available for use on this project.

Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Keith Francis, Genesee County Controller	Keith Francis	1/14/2014

Purpose

For the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Maturity Schedule

See Attached

Interest Not to exceed 10% Maximum	First Interest Payment To Be Determined	Interest Payments May 1 and November 1

Optional Securitie (To be determined)

Securities maturing 20 ___ / ___ are non callable.

Securities maturing 20 ___ / ___ are callable on any interest payment date on or after ___

at par and accrued interest, plus a premium ranging from ___ % to ___ % in ___ order.

SECURITY

Full Faith and Credit Pledge

- [ ] Unlimited Tax Full Faith and Credit Pledge
- [x] Limited Tax Full Faith and Credit Pledge
- [ ] No Full Faith and Credit Pledge

Authorized by a Vote?

- [x] NO
- [ ] YES - Date of Election:

Votes For:	Votes Against:	Spoiled Ballots:

Sources of Revenues

- [x] Rates and Charges
- [ ] Taxes
- [ ] Special Assessments
- [ ] Michigan Transportation Fund Revenues
- [ ] Other (Specify)

Additional Security

TAX INFORMATION

Fiscal Year	Date Taxes are Due	Date Taxes Delinquent
Oct 1 - Sept 30	July 1 - Dec 1	01-Mar

Maximum authorized statutory, constitutional or charter tax levy..................................	5.68	mills
Maximum estimated annual millage requirement for this issue..	- 0 -	mills
Date of first levy for this issue (if tax supported)..	N/A	

Tax Collection History for Last Four Completed Fiscal Years

Fiscal Year Ending	Tax Levy	Collections to Date Delinquent	Percentage
2012	$77,487,325	$72,746,879	93.88%
2011	$83,767,765	$78,101,948	93.24%
2010	93,767,535	$86,508,053	92.26%
2009	97,004,331	$90,979,934	93.79%

MUNICIPAL MILLAGE RATES	Operating	Debt	Other
for 2012	5.5072	0.0000	2.7694

This municipality is in compliance with the provisions of Article IX, Section 6, of the Michigan Constitution of 1963 .... [X] Yes [ ] No

SEV INFORMATION

Breakdown of Current Year's State Taxable Valuation 2013					
			STATE EQUALIZED VALUATION	CURRENT YEAR 2013	$8,996,549,108
Industrial	$250,627,317	2.92%		PRIOR YEAR 2012	$9,183,568,010
Commercial	$1,712,897,352	19.94%		PRIOR YEAR 2011	$9,950,805,569
Utility	$0	0.00%	TAXABLE VALUE	CURRENT YEAR 2013	$8,591,144,574
Agricultural	$122,092,317	1.42%		PRIOR YEAR 2012	$8,805,229,871
Residential	$5,837,245,297	67.94%		PRIOR YEAR 2011	$9,450,209,638
Other (Personal)	668,282,291	7.78%	POPULATION	CENSUS Current	425,790
TOTAL	$8,591,144,574	100.00%		CENSUS 2000	436,141
				CENSUS 1990	430,459
			SEV PER CAPITA	Current Year	$21,129.08

DEBT INFORMATION

You must attach the following lists unless the Department of Treasury waives the requirement for this detail:

1. *All outstanding securities or debt with no full faith and credit pledge.* Include title and date of issue and the amount outstanding.
2. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge. Include title, date and type of issue, and the amount supported by taxes.
3. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge that has been issued by an overlapping municipality. Include the name of the issuing municipality, the amount outstanding, the share applicable to your municipality, the net tax supported amount outstanding and the share applicable to your municipality.
4. All projects currently being planned for future indebtedness. Include an estimate of the amount of indebtedness to be incurred.

REPAYMENT SCHEDULE

Attach a schedule of revenues available for repayment of the proposed and outstanding securities and indicate coverage. Include operation and maintenance expenses and reserve requirements (when applicable) in addition to principal and interest requirements. Begin with one year of actual revenues and expenses. *Revenue supported securities need only project for a 7 to 10 year period. In lieu of this schedule, voted general obligation securities may submit a principal and interest schedule.*

10 LARGEST PROPERTY TAXPAYERS

	Name			2013 Taxable Value	IFT VALUE	TOTAL
1.	Consumers Energy	Utility	1.	$221,742,449		$221,742,449
2.	General Motors Corp	Automotive	2.	96,569,800	9,386,600	105,956,400
3.	Genesee Valley Partners LP	Investments	3.	49,129,300		49,129,300
4.	Wal-Mart/Sam's Club	Retail/grocery	4.	41,076,788		41,076,788
5.	Edward Rose Assoc. ETAL	Construction	5.	25,660,242		25,660,242
6.	Meijer Inc./Goodwill Co., Inc.	Retail/grocery	6.	25,407,943		25,407,943
7.	Comcast	Retail cable	7.	19,356,902		19,356,902
8.	Magna	Automotive	8.	6,770,800	11,123,600	17,894,400
9.	*Michigan Electric Trans. Co.*	Utility	9.	15,979,400		15,979,400
10.	Kroger	Grocery	10.	14,617,238		14,617,238

10 LARGEST EMPLOYERS AND EMPLOYMENT DATA

	Name			Number of Employees
1.	General Motors Corp.	Automotive parts & bodies	1.	3,417
2.	Genesys Health Care System	Health care	2.	3,265
3.	Hurley Medical Center	Medical center	3.	2,650
4.	Square D	Computer programming srvcs	4.	2,500
5.	McLaren Health Care Corporation	Hospital & other health care	5.	2,500
6.	Flint Metal Cntr Vehicle Mfg. Operating Div.	Metal fabrication	6.	2,180
7.	United States Postal Service	US Postal Service	7	1,200
8.	General Motors Corp., Powertrain Div.	Engines, gears & transmissions	8	1,200
9.	Flint, City of	Municipality	9	1,100
10.	Genesee County (full time employees)	Government	10	1,093

Local unemployment rate for the most recently available month	9.40%
Seasonally adjusted unemployment rate for the preceding month	

ESTIMATED COSTS

Project Category	Estimated Costs
Construction cost (materials and labor)	See Attached
Equipment	
Site Acquisition and development	
Architect or engineering (including survey, design, inspection, etc.)	
Issuance Costs	
Capitalized Interest (_____ months at ______%)	
Other Costs	
Contingencies	
Total Project Costs	
Less	
Grants...__________	
Funds on Hand	
BALANCE: Amount of the security	

Municipal Advisory Council of Michigan

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Debt Summary Report

Debt as of 11/18/2013

Municipal County of
GENESEE

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross: Original Amt	Gross: Outstanding	Municipality's Portion: Outstanding	-	Escrowed	=	Net Amt
11/01/1996 371607	GO LT XSEC XF XEN XTD XUSA XR	1- Fenton Twp-Rolston/Ripley - Utilities Sewer	N	1,240 M	Report 400 M	$0 M	-	0 M	=	0
12/01/2000 371608	GO LT XSEC XF XEN QTE XUSA XR	1- Atlas Twp. Project "A" #1610 - Utilities	N	750 M	Report 150 M	$0 M	-	0 M	=	0
12/01/2003 371608	GO LT XSEC XF INS XTD XUSA XR	1- Fenton Twp. Project - Utilities Sewer Insur: MBIA	N	4,000 M	Report 2,525 M	$0 M	-	0 M	=	0
11/01/2004 371608	GO LT XSEC XF INS TAX XUSA XR	1- General Capital Improvement Insur: MBIA	N	2,100 M	Report 1,765 M	$1,765 M	-	0 M	=	1,765,000
12/01/2004 371608	GO LT XSEC XF INS XTD XUSA XR	1- Fenton Twp. Ser. A&B - Utilities Sewer Insur: MBIA	N	12,600 M	Report 9,200 M	$0 M	-	0 M	=	0
02/01/2005 371608	GO LT XSEC XF INS QTE XUSA RF	1- Utilities Sewer Insur: FSA $12,940m act 342 3/1/86 (07/16)	Y	12,940 M	Report 4,000 M	$0 M	-	0 M	=	0
06/23/2005 371608	GO LT XSEC XF INS XTD XUSA RF	1- BA - Building Insur: MBIA $12,950m act 34 6/1/99 (10/19)	N	12,950 M	Report 8,415 M	$8,415 M	-	0 M	=	8,415,000
12/22/2005 371608	GO LT XSEC XF INS XTD XUSA RF	1- mt morris twp - Utilities Sewer Insur: FSA $2,900m act 342 12/1/99 (09/19).	N	2,900 M	Report 1,695 M	$0 M	-	0 M	=	0
08/01/2006 628457	*GO LT XSEC XF* INS QTE XUSA XR	*1- Meyers - Utilities Drainage* Insur: FSA	Y	*1,110 M*	Report 375 M	$126 M	-	0 M	=	126,600
09/01/2006 371608	GO LT XSEC XF INS XTD XUSA XR	1- Western Trunk No. 1 - Utilities Sewer Insur: CIFG	Y	3,685 M	Report 2,775 M	$0 M	-	0 M	=	0

Municipal County of
GENESEE

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross Original Amt	Gross Outstanding	Municipality's Portion Outstanding	-	Escrowed	=	Net Amt
11/16/2007 371608	GO LT XSEC XF INS XTD XUSA RF	1- no.3 - Utilities Sewer Insur: FSA $5,615m act 342 7/1/98 (09/19)	Y	5,615 M	Report 4,305 M	$0 M	-	0 M	=	0
12/01/2010 NA	GO LT XSEC XF XEN XTD XUSA XR	1- Qual. Energy Conservation Bonds - Public	N	7,816 M	Report 7,175 M	$7,175 M	-	0 M	=	7,175,784
04/08/2011 NA	GO LT XSEC XF XEN XTD XUSA XR	1- Fenton Rd. Watermain Project DNRE #7340-01	Y	1,105 M	Report 859 M	$0 M	-	0 M	=	0
04/12/2012 NA	GO LT XSEC XF XEN XTD XUSA RF	1- Building	N	4,830 M	Report 4,430 M	$4,430 M	-	0 M	=	4,430,000
06/03/2013 NA	GO LT XSEC XF XEN TAX XUSA XR	1- Delinquent Tax Notes - Financial Tax	N	39,900 M	Report 39,900 M	$39,900 M	-	0 M	=	39,900,000
			GO	Subtotal	87,969 M	$61,811 M	-	0 M	=	61,812,384
07/01/1998 371620	GOAU LT XSEC XF INS XTD XUSA RF	1- ba, series 1998 - Building Insur: MBIA $3,460m act 31 9/1/89; 6/1/91; 9/1/91;	N	3,460 M	Report 155 M	$155 M	-	0 M	=	155,000
02/16/2005 115777	GOAU LT XSEC XF INS XTD XUSA XR	1- Brownfield Redev. . - Building Insur: AMBAC	N	5,000 M	Report 4,405 M	$4,405 M	-	4,405 M	=	0
11/20/2007 115777	GOAU LT XSEC XF INS XTD XUSA RF	1- tifa, Brownfield Redev. . - Building Insur: FGIC $13,035m act 381 2/16/05 (09/34)	N	13,035 M	Report 12,110 M	$12,110 M	-	0 M	=	12,110,000
			GOAU	Subtotal	16,670 M	$16,670 M	-	4,405 M	=	12,265,000
08/01/2003 371608	REV LT GOP XF INS XTD XUSA XR	1- Utilities Water Insur: AMBAC	N	9,000 M	Report 3,585 M	$3,585 M	-	0 M	=	3,585,000
08/01/2003 371608	REV LT GOP XF INS XTD XUSA XR	1- Western Trunk Relief - Utilities Sewer Insur: MBIA	N	9,000 M	Report 2,585 M	$2,585 M	-	0 M	=	2,585,000
10/01/2003 371608	REV LT GOP XF INS XTD XUSA XR	1- Series 2003B - Utilities Water Insur: MBIA Term: 2021 is a serial bond.	N	18,000 M	Report 15,730 M	$15,730 M	-	0 M	=	15,730,000
09/01/2004 371608	REV LT GOP XF INS XTD XUSA XR	1- Utilities Water Insur: AMBAC	N	14,960 M	Report 13,260 M	$13,260 M	-	0 M	=	13,260,000
06/23/2005 NA	REV XT GOP XF XEN XTD XUSA XR	1- Series 2005A - SRF - Utilities Sewer	N	22,180 M	Report 15,210 M	$15,210 M	-	0 M	=	15,210,000

Municipal County of
GENESEE

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross: Original Amt	Gross: Outstanding	Municipality's Portion: Outstanding	-	Escrowed	=	Net Amt
09/22/2005 NA	REV XT GOP XF XEN XTD XUSA XR	1- Series 2005B - SRF - Utilities Sewer	N	15,505 M	Report 10,640 M	$10,640 M	-	0 M	=	10,640,000
09/21/2006 NA	REV XT GOP XF XEN XTD XUSA XR	1- Series 2006A - SRF - Utilities Sewer	N	2,815 M	Report 2,065 M	$2,065 M	-	0 M	=	2,065,000
11/01/2006 371614	REV XT MTF XF NCS QTE XUSA XR	1- Notes, Ser. 2006A - HWY MTF Comprehensive	N	2,460 M	Report 850 M	$850 M	-	0 M	=	850,000
12/14/2006 NA	REV XT GOP XF XEN XTD XUSA XR	1- - Utilities Sewer	N	7,705 M	Report 5,650 M	$5,650 M	-	0 M	=	5,650,000
12/14/2006 NA	REV XT GOP XF XEN XTD XUSA XR	1- Series 2006C - SRF - Utilities Sewer	N	4,335 M	Report 3,175 M	$3,175 M	-	0 M	=	3,175,000
01/01/2007 371608	REV LT GOP XF INS XTD XUSA XR	1- Series 2007 - Utilities Water Insur: CIFG	N	6,000 M	Report 5,100 M	$5,100 M	-	0 M	=	5,100,000
09/01/2007 371608	REV LT GOP XF INS XTD XUSA XR	1- Northeast Ext., Series B - Utilities Sewer Insur: MBIA	N	8,000 M	Report 6,665 M	$6,665 M	-	0 M	=	6,665,000
09/20/2007 NA	REV LT GOP XF XEN XTD XUSA XR	1- Northeast Ext., 2007A - Utilities Sewer Call: per mmba	N	10,500 M	Report 8,180 M	$8,180 M	-	0 M	=	8,180,000
10/01/2007 371614	REV XT MTF XF NCS QTE XUSA XR	1- Notes - HWY MTF Comprehensive	N	4,430 M	Report 1,970 M	$1,970 M	-	0 M	=	1,970,000
12/01/2007 371608	REV LT GOP XF INS XTD XUSA XR	1- #3 - Utilities Sewer Insur: FSA	N	6,000 M	Report 4,920 M	$4,920 M	-	0 M	=	4,920,000
08/01/2008 371614	REV XT MTF XF XEN QTE XUSA XR	1- Notes - HWY MTF Comprehensive	N	4,045 M	Report 2,305 M	$2,305 M	-	0 M	=	2,305,000
02/12/2009 371608	REV LT GOP XF INS XTD XUSA XR	1- Utilities Sewage Disposal Insur: FSA	N	15,000 M	Report 13,075 M	$13,075 M	-	0 M	=	13,075,000
09/01/2009 371614	REV XT MTF XF NCS QTE XUSA XR	1- HWY MTF Comprehensive Transportation	N	3,300 M	Report 2,085 M	$2,085 M	-	0 M	=	2,085,000
01/22/2010 NA	REV LT GOP XF XEN XTD XUSA XR	1- Sewer #3 - Utilities Sewer	N	1,089 M	Report 955 M	$955 M	-	0 M	=	955,000
01/22/2010 NA	REV LT GOP XF XEN XTD XUSA XR	1- - Utilities Sewer	N	14,544 M	Report 12,790 M	$12,790 M	-	0 M	=	12,790,000

Dated Cusip	Debt Type	Sub# Description - Purpose Note	Shared	Gross Original Amt	Gross Outstanding	Municipality's Portion Outstanding	-	Escrowed	=	Net Amt
04/08/2011 NA	REV LT GOP XF XEN XTD XUSA XR	1- Interceptors Treatment Facilities, Series A -	N	1,445 M	Report 1,330 M	$1,330 M	-	0 M	=	1,330,000
07/28/2011 371608	REV LT GOP XF INS XTD XUSA XR	1- Interceptors and Treatment Facilities, Series	N	4,825 M	Report 4,825 M	$4,825 M	-	0 M	=	4,825,000
09/14/2011 371608	REV LT GOP XF XEN XTD XUSA RF	1- Sewage Disp, Series C - Utilities Sewer	N	7,870 M	Report 4,965 M	$4,965 M	-	0 M	=	4,965,000
10/03/2013 371608	REV LT XSEC XF INS XTD XUSA XR	1- Water - Utilities Water	N	35,000 M	Report 35,000 M	$35,000 M	-	0 M	=	35,000,000
			REV	Subtotal	176,915 M	$176,915 M	-	0 M	=	176,915,000
				Grand Total	281,554 M	$255,396 M	-	4,405 M	=	250,992,384

Municipal Advisory Council of Michigan

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Indirect Debt

Debt as of 11/18/2013

Municipal County of
GENESEE

Municipal Water and Sewer Auth. Multi-Municipality of GILKEY CREEK AND BRANCH DRAINAGE DISTRICT						
Type	O. Secur.	Dated	Purpose		Gross	Net
GO		12/01/2011	1 - Genesee County - Utilities Drainage		2,160,000	46,656
				Outstanding:	2,160,000	46,656
				Outstanding:	**2,160,000**	**46,656**

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COUNTY - GENESEE

Taxable Value	
2013	8,562,063,983
2012	8,776,479,708
2011	9,410,419,812
2010	10,098,609,525
2009	11,320,690,849
2008	11,768,581,323

Year	Population
2011	425,790
2010	425,790
2008	436,141
2007	436,141

Overlapping Debt as of 11/18/2013

	%	Municipality	Net Tax Supported Debt	Share
City				
	100.00	BURTON (GENESEE)	8,429,420	8,429,420
	100.00	CLIO (GENESEE)	800,000	800,000
	100.00	DAVISON (GENESEE)	2,460,000	2,460,000
	99.95	FENTON (GENESEE)	10,259,941	10,254,811
	100.00	FLINT (GENESEE)	7,620,000	7,620,000
	100.00	FLUSHING (GENESEE)	0	0
	100.00	GRAND BLANC (GENESEE)	2,340,000	2,340,000
	100.00	LINDEN (GENESEE)	5,567,940	5,567,940
	100.00	MONTROSE (GENESEE)	1,100,000	1,100,000
	100.00	MOUNT MORRIS (GENESEE)	690,000	690,000
	100.00	SWARTZ CREEK (GENESEE)	1,170,791	1,170,791
			City Total:	40,432,962
Township				
	100.00	ARGENTINE (GENESEE)	0	0
	100.00	ATLAS (GENESEE)	173,328	173,328
	100.00	CLAYTON (GENESEE)	1,323,949	1,323,949
	100.00	DAVISON (GENESEE)	23,328	23,328
	100.00	FENTON (GENESEE)	25,977,119	25,977,119
	100.00	FLINT (GENESEE)	2,879,500	2,879,500
	100.00	FLUSHING (GENESEE)	0	0
	100.00	FOREST (GENESEE)	0	0
	100.00	GAINES (GENESEE)	850,260	850,260
	100.00	GENESEE (GENESEE)	0	0
	100.00	GRAND BLANC (GENESEE)	10,180,328	10,180,328
	100.00	MONTROSE (GENESEE)	0	0
	100.00	MOUNT MORRIS (GENESEE)	1,695,000	1,695,000
	100.00	MUNDY (GENESEE)	0	0
	100.00	RICHFIELD (GENESEE)	0	0
	100.00	THETFORD (GENESEE)	0	0
	100.00	VIENNA (GENESEE)	0	0
			Township Total:	43,102,812
Village				
	100.00	GAINES (GENESEE)	0	0
	100.00	GOODRICH (GENESEE)	275,000	275,000
	24.92	LENNON (SHIAWASSEE)	0	0

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COUNTY - GENESEE

100.00	OTISVILLE (GENESEE)	275,000	275,000
26.75	OTTER LAKE (LAPEER)	2,080,000	556,400
		Village Total:	1,106,400

School District

100.00	ATHERTON (GENESEE)	4,435,000	4,435,000
100.00	BEECHER (GENESEE)	4,530,000	4,530,000
100.00	BENDLE (GENESEE)	15,695,930	15,695,930
100.00	BENTLEY (GENESEE)	4,055,000	4,056,000
1.40	BIRCH RUN (SAGINAW)	14,981,977	209,748
32.28	BYRON (SHIAWASSEE)	0	0
100.00	CARMAN-AINSWORTH (GENESEE)	40,208,000	40,208,000
99.90	CLIO (GENESEE)	0	0
99.40	DAVISON (GENESEE)	22,585,000	22,449,490
12.03	DURAND (SHIAWASSEE)	19,575,000	2,354,873
60.47	FENTON (GENESEE)	41,110,000	24,859,217
100.00	FLINT (GENESEE)	13,890,000	13,890,000
100.00	FLUSHING (GENESEE)	19,410,000	19,410,000
100.00	GENESEE (GENESEE)	10,633,646	10,633,646
84.91	GOODRICH (GENESEE)	47,731,947	40,529,198
99.90	GRAND BLANC (GENESEE)	74,365,000	74,290,635
100.00	KEARSLEY (GENESEE)	0	0
100.00	LAKE FENTON (GENESEE)	22,020,000	22,020,000
54.32	LAKEVILLE (GENESEE)	12,055,000	6,548,276
76.49	LINDEN (GENESEE)	27,460,000	21,004,154
8.17	MILLINGTON (TUSCOLA)	4,225,000	345,183
98.27	MONTROSE (GENESEE)	21,618,914	21,244,907
100.00	MOUNT MORRIS (GENESEE)	0	0
0.07	NEW LOTHROP (SAGINAW)	15,950,985	11,166
100.00	SWARTZ CREEK (GENESEE)	12,615,000	12,615,000
100.00	WESTWOOD HEIGHTS (GENESEE)	0	0
		School District Total:	361,339,419

Intermediate School District

93.25	GENESEE I/S/D	0	0
0.08	SAGINAW I/S/D	2,200,000	1,760
4.78	SHIAWASSEE I/S/D	0	0
1.02	TUSCOLA I/S/D	0	0
		Intermediate School District Total:	1,760

Community College

93.29	MOTT COMMUNITY COLLEGE	46,050,000	42,960,045
		Community College Total:	42,960,045

Library

100.00	FLINT PUBLIC LIBRARY	0	0
		Library Total:	0

Authority

100.00	BISHOP AIRPORT AUTH	10,605,000	10,605,000
		Authority Total:	10,605,000
			499,548,398

WadeTrim AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility		12/20/13 Estimate
Contract S.4000 - Intake, Shorewell and Tunnel	KWA		
Contract S.4001 - Lake Huron Pump Station	KWA	$	15,925,942
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$	19,435,641
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$	32,692,383
Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$	33,690,912
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$	32,733,611
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$	38,255,181
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$	24,019,644
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$	1,377,736
System Control and Monitoring	KWA	$	552,800
	Subtotal	$	198,583,750
Design Contingency	3%	$	5,957,513
Construction Contingency (5%)	10%	$	9,929,188
Design Engineering		$	5,700,000
Construction Administration		$	7,216,127
Legacy Costs			
Bond, Legal & Project Administration	3%	$	5,957,513
	Subtotal	$	[illegible]
Power Service to Lake Huron Pump Station	KWA	$	85,000
Substation at Lake Huron Pump Station	KWA	$	2,239,308
Power Service to Intermediate Pump Station	KWA	$	2,300,000
Substation at Intermediate Pump Station	KWA	$	1,654,496
Power Service (Valves & Meters)	KWA		
Land (Lake Huron Pump Station)	KWA		
Land (Intermediate Pump Station)	KWA		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$	60,000
Land (Lapeer Co. Transmission)	KWA		
	Subtotal	$	6,338,804
	Grand Total	$	239,682,894

WadeTrim AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility	KWA Cost	GCDC-WWS Cost	City of Flint Cost
Contract S.4000 - Intake, Shorewell and Tunnel	KWA	$ -		
Contract S.4001 - Lake Huron Pump Station	KWA	$ 15,925,942		
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$ 19,435,641		
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$ 32,592,383		
Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$ 33,690,912		
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$ 32,733,511		
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$ 38,255,181		
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$ 24,019,644		
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$ 1,377,736		
System Control and Monitoring	KWA	$ 552,800		
	Subtotal	$ 198,583,750	$	$
Design Contingency	3%	$ 5,957,513		
Construction Contingency	10%	$ 9,929,188		
Design Engineering		$ 5,700,000		
Construction Administration		$ 7,216,127		
Legacy Costs		$ -		
Bond, Legal & Project Administration	3%	$ 5,957,513		
	Subtotal	$ 34,760,340	$	$
Power Service to Lake Huron Pump Station	KWA	$ 85,000		
Substation at Lake Huron Pump Station	KWA	$ 2,239,308		
Power Service to Intermediate Pump Station	KWA	$ 2,300,000		
Substation at Intermediate Pump Station	KWA	$ 1,654,496		
Power Service (Valves & Meters)	KWA	$ -		
Land (Lake Huron Pump Station)	KWA	$ -		
Land (Intermediate Pump Station)	KWA	$ -		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$ 60,000		
Land (Lapeer Co. Transmission)	KWA	$ -		
	Subtotal	$ 6,338,804	$	$
	Grand Total	$ 239,682,894	$	$

$300,000,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 A
(LIMITED TAX GENERAL OBLIGATION)

Estimated Sources & Uses of Funds

		Series 2014 A	Series 2014 B	Total
Sources of Funds				
Par Amount of Bonds		$220,500,000.00	$79,500,000.00	$300,000,000.00
Production		(477,809.45)	0.00	(477,809.45)
Accrued Interest		0.00	0.00	0.00
Other		0.00	0.00	0.00
Contribution from Debt Fund		0.00	0.00	0.00
Total Sources		$220,022,190.55	$79,500,000.00	$299,522,190.55
Uses of Funds				
Deposit to Construction Account		$170,086,078.63	$64,597,528.38	$234,683,607.01
Deposit to Debt Fund-Bond Reserve		17,714,737.50	$5,139,575.00	22,854,312.50
Deposit to Debt Fund-Cap Int		29,524,233.33	8,745,000.00	38,269,233.33
Underwriter's Discount @	0.430%	948,150.00	341,850.00	1,290,000.00
Bond Insurance	0.250%	1,115,112.83	441,174.88	1,556,287.71
Costs of Issuance		633,878.25	234,871.75	868,750.00
Miscellaneous		0.00	0.00	0.00
Total Uses		$220,022,190.55	$79,500,000.00	$299,522,190.55

Stauder, Barch & Associates, Inc.
Municipal Bond Financial and Marketing Consultants
3989 Research Park Drive
Ann Arbor, Michigan 48108
Phone: (734) 668-6688 Fax (734) 668-6723

KAREGNONDI WATER AUTHORITY
ACTING IN LAPEER COUNTY, MICHIGAN

RESOLUTION NO. 2013-15

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $300,000,000 KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE)

At a meeting of the Karegnondi Water Authority Board, acting in Lapeer County, Michigan, held on November 20, 2013, at 2 p.m., local time.

PRESENT: Joshua Freeman, Larry Green, Richard E. Hammel, Ted Henry, Marilyn Hoffman, Steve Landaal, Sheldon Neeley, Thomas Svrcek, Tracey Tucker, Paula Zelenko, Joseph Suma, Dale Kerbyson, Greg Alexander

ABSENT: Dayne Walling, Jamie Curtis

The following preamble and resolution were offered by Josh Freeman and seconded by Larry Green;

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $300,000,000 KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE)

WHEREAS, the Karegnondi Water Authority (the "Authority") has been incorporated under the provisions of Act 233, Public Acts of Michigan, 1955, as amended (the "Act"), for the purposes set forth in the Act; and

WHEREAS, the Authority and the City of Flint in the County of Genesee and the County of Genesee (collectively the "Local Units" and each a "Local Unit") have each approved and executed a Contract dated August 1, 2013 (the "Contract") for the acquisition, construction and installation of various water supply system improvements, together with all necessary appurtenances and attachments thereto, to serve the Local Units all as more fully described in the Contract (the "System"); and

WHEREAS, the Local Units have published a notice of intent to enter into the Contract, which provides that the Contract shall become effective upon the expiration of a forty-five day referendum period beginning on the date of publication thereof (the "Referendum Period"), provided that during such period no petition for a referendum is signed by at least ten percent of or 15,000, whichever is less, of the registered electors of either Local Unit and properly filed with the clerk of such Local Unit; and

WHEREAS, the Referendum Period has passed and no such petition has been filed with either Local Unit; and

WHEREAS, plans, specifications and estimates of cost for the System have been prepared by the Authority's consulting engineers, Wade Trim (the "Consulting Engineers"), and are hereby granted the approval of the Authority; and

WHEREAS, under the provisions of the Contract, the Local Units have obligated themselves to pay the cost of the System to be financed by the issuance of bonds of the Authority by paying the principal installments plus interest thereon, as specified in Section 9 of the Contract, and the Local Units have further obligated themselves to levy taxes annually to the extent necessary for the purpose of meeting said installments plus interest thereon, subject, however, to applicable constitutional, statutory and charter tax rate limitations, all as provided in Section 10 of the Contract; and

WHEREAS, the use of the System will be made available to the Local Units, and citizens thereof, in return for annual payments which will be applied to offset the payment obligations of the Authority; and

WHEREAS, the Authority now proposes to issue one or more series of its bonds, as authorized by Section 9 of the Act in anticipation of and secured solely by the contractual obligations of the Local Units to provide the necessary funds to pay the Local Units' share of the cost of acquiring and constructing the System, including capitalized interest therefor, and all things necessary to the authorization and issuance of the Authority's bonds under the Act having been done and the Authority being now empowered to issue, and desirous of authorizing the issuance of, the bonds.

THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE AUTHORITY AS FOLLOWS:

Section 1. Definitions. Wherever used in this Resolution or in the Bonds to be issued hereunder, except where otherwise indicated by the context:

(a) "Authority" means the Karegnondi Water Authority.

(b) "Authorized Officer" means the Chief Executive Officer of the Authority or his designee.

(c) "Bonds" means any of the $300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), authorized by Section 4 hereof.

(d) "Contract" means the Contract, dated as of August 1, 2013 among the Authority and the Local Units which has been approved by the Local Units and which the Authority hereby approves and authorizes its Chair and Secretary to execute.

(e) "Contractual Payments" means the debt service installment payments required to be made by the Local Units to the Authority pursuant to the provisions of Section 9 of the Contract and pledged to the payment of the principal of and interest on the Bonds authorized by the provisions of this Resolution.

(f) "Debt Service Reserve Account" means the Debt Service Reserve Account within the Debt Retirement Fund all created pursuant to Section 9 of this Resolution.

(g) "Depository Bank" means the Michigan bank or trust company selected by the Board of Trustees of the Authority or the Authorized Officer, which is a member of the Federal Deposit Insurance Corporation.

(h) "Government Obligations" means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form), (ii) obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, (iii) non-callable, non-prepayable obligations of agencies of the United States of America, including, without limitations, obligations of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Farm Credit System, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration, or any other agency or corporation which has been or is hereafter created pursuant to an act of Congress of the United States as an agency or instrumentality of the United States of America (provided the agencies listed in this clause (iii) retain ratings equivalent to or higher than the ratings held by direct obligations of the United States of America by Moody's Investors Service, Inc., by Standard & Poor's Ratings Services, a part of McGraw Hill Financial or Fitch Ratings, Inc., or any successor entities performing a similar function from which the State has requested a rating for the Bonds, as of the date the obligations are acquired); and (iv) certificates which evidence ownership of the right to payment of the principal of and interest on obligations described in clauses (i), (ii) and (iii) hereof; provided that such obligations are held in the custody of a bank or trust company satisfactory to the Authority in a special account separate from the general assets of the custodian; provided, however, Government Obligations shall not include any investment which is prohibited or not permitted by the Act or other applicable law.

(h) "Outstanding" means, when used in reference to the Bonds as of any given date, all Bonds which have been duly authenticated and delivered by the Transfer Agent under this Resolution except:

(a) Bonds which have been canceled by the Transfer Agent at or prior to such date or which have been delivered to the Transfer Agent at or prior to such date for cancellation;

(b) Bonds which have been defeased pursuant to Section 23 hereof.

(i) "Reserve Account Requirement" means the (i) lesser of (a) the maximum annual principal and interest requirements during any calendar on the Bonds then Outstanding, (b) ten percent (10%) of the initial face amount of the Bonds, less original issue discount, if any, or (c) one hundred twenty-five percent (125%) of the average annual principal and interest requirements during any calendar on the Bonds then Outstanding or (ii) such other amount as shall be set forth in the Sale Order for the initial series of Bonds.

(j) "System" means the Karegnondi Water Authority Water Supply System (Karegnondi Water Pipeline), consisting of the acquisition, construction and equipping of water supply system improvements to serve the Local Units, including site acquisition and development therefor, as more particularly described in the Contract, together with all necessary appurtenances and rights in land thereto, being defrayed from the proceeds of the Bonds.

(k) "Sale Order" means an order of an Authorized Officer awarding the sale of a series of Bonds and setting the terms of such series of Bonds.

(k) "Transfer Agent" means a bank or trust company qualified and approved by the Authorized Officer of the Authority to serve as transfer agent for the Bonds.

Section 2. Plans and Specifications; Necessity. The plans, specifications and cost estimates for the System as prepared by the Consulting Engineers are hereby accepted and approved, and it is hereby determined to be advisable and necessary for the public health of citizens of the Local Units to complete the acquisition, construction, and completion of the System as provided in said plans and specifications.

Section 3. Estimated Cost; Useful Life of System. The total estimated cost of acquiring and constructing the System, including payment of incidental expenses as specified in Section 4 of this Resolution, in the amount of approximately $300,000,000 and the Local Units' share thereof (100%) is hereby approved and confirmed. The cost of the System shall be defrayed from Bonds to be issued by the Authority under the Contract in an amount not to exceed $300,000,000, in one or more series. The estimated period of usefulness of the System is determined to be not less than thirty (30) years.

Section 4. Authorization of Bonds. For the purpose of defraying the Local Units' share of the cost of the System, including payment of engineering, legal and financing expenses, including a bond discount and capitalized interest, and other expenses incident thereto and incident to the issuance of the Bonds, there shall be borrowed the sum of not to exceed $300,000,000, in one or more series, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 5. Details of Bonds. The Bonds shall be designated KAREGNONDI WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE) (the "Bonds"), are authorized to be issued in the aggregate principal sum of not to exceed Three Hundred Million Dollars ($300,000,000) with such changes to the designation of the Bonds as provided in the Sale Order, in one or more series, for the purpose of paying all or a portion of the cost of the System as provided in Section 4, and the costs incidental to the issuance, sale and delivery of the Bonds. Each series of Bonds shall consist of Bonds in fully-registered form of the denomination of $5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, numbered consecutively in order of registration. Each series of the Bonds will be dated as of the date of delivery (or such other date as provided in the Sale Order), be payable on such dates as provided in the Sale Order in the annual amounts determined at the time of sale of each series of Bonds as provided in the Sale Order with a final payment not later than 30 years from the date of issuance. Each series of the Bonds shall subject to redemption prior to maturity, or subject to mandatory redemption, as shall be determined at the time of sale as provided in the Sale Order.

The Bonds shall bear interest at a rate or rates to be determined at the time of sale as provided in the Sale Order, but in any event not exceeding 10% per annum, payable as determined at the time of sale for each series of the Bonds, and semiannually thereafter, by check drawn on the Transfer Agent, mailed to the registered owner at the registered address, as shown on the registration books of the Authority maintained by the Transfer Agent. Interest shall be payable to the registered owner of record as of the fifteenth day of the month prior to the payment date for each interest payment. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Authority to conform to market practice in the future. The principal of the Bonds shall be payable upon presentation and surrender of the appropriate Bond at the office of the Transfer Agent.

<u>Section 6</u>. <u>Execution and Delivery of Bonds; Transfer Agent Duties</u>. The Bonds shall be signed with the facsimile signature of the Chair of the Authority and countersigned by the facsimile signature of the Secretary of the Authority. The Bonds shall have the corporate seal, or a facsimile thereof, of the Authority impressed or imprinted thereon. No Bond of any series shall be valid until authenticated by an authorized officer of the Transfer Agent. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, of the same series and aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Bond or Bonds. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

The Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Authority. Upon presentation for such purpose, the Transfer Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

The Authorized Officer is hereby authorized to execute an agreement with the Transfer Agent regarding the duties and responsibilities of the Transfer Agent.

Section 7. Source of Payment; Pledge; Remedies. The Bonds and the interest thereon shall be payable solely from the Contractual Payments received by the Authority and from any funds held in the Debt Retirement Fund, for the payment of which the Local Units have, in the Contract, pledged their limited tax full faith and credit pursuant to the provisions of the Act, in the amounts set forth in the Contract. Each Local Unit has covenanted and agreed to provide annually general or special funds in amounts sufficient to meet when due its Contractual Payments in anticipation of which the Bonds, including the replenishment of the Debt Service Reserve Account as set forth in Section 9 hereof, are issued, or, if necessary, to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory, and charter tax rate limitations. All of such Contractual Payments are hereby irrevocably pledged solely and only for the payment of principal of and interest on the Bonds. The holder or holders of the Bonds, representing in the aggregate not less than twenty percent (20%) of the entire issue then Outstanding, may, by suit, action or other proceedings, protect and enforce the aforesaid pledge and enforce and compel the performance of all duties of the officials of the Authority, including, but not limited to, compelling the Local Units, by proceedings in a court of competent jurisdiction or other appropriate forum, to make the Contractual Payments, appropriate general funds, and levy and collect appropriate taxes as herein authorized and as may be required under the Contract to be so appropriated, certified, levied and collected by the Local Units for the Contractual Payments.

Section 8. Custody of Funds. The Treasurer of the Authority shall be custodian of all funds of the Authority belonging to or associated with the System, and such funds shall be deposited in the Depository Bank.

Section 9. Establishment of the Debt Retirement Fund.

(a) The Authority shall, after the adoption of this Resolution and the delivery of the initial series of Bonds herein authorized, open a special depository account with the Depository Bank to be designated DEBT RETIREMENT FUND – KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM (KAREGNONDI WATER PIPELINE) (the "Debt Retirement Fund"), pursuant to which there shall be deposited all Contractual Payments as received. The moneys from time to time on hand in the Debt Retirement Fund shall be used solely and only for the payment of the principal of and interest on all series of Bonds issued pursuant to this Resolution.

(b) Within the Debt Retirement Fund, the Authority shall establish a Debt Service Reserve Account. From the proceeds of each series of Bonds or other legally available funds, the Authority shall deposit an amount equal to the Reserve Account Requirement. There shall be credited to the Debt Service Reserve Account beginning on the 1st day of the month following any month in which the amount in the Debt Service Reserve Account shall be less than an amount equal to the Reserve Account Requirement as a result of the failure of a Local Unit to pay its Contractual Payments, and continuing on the 1st day of each month thereafter, an amount equal to one-thirty-sixth (1/36) of any deficit therein, until the amount on deposit is equal to the Reserve Account Requirement; however, if the amount on deposit in the Debt Service Reserve Account is less than 100% of the Reserve Account Requirement as a result of investment losses with respect to the Debt Service Reserve Account, commencing on the 1st day of the month following such evaluation, and continuing on the first day of each month thereafter, an amount equal to one-fourth (1/4) of the amount necessary to restore the Debt Service Reserve Account to 100% of the Reserve Account Requirement, unless and until the amount on deposit in the Debt Service Reserve Account shall equal 100% of the Reserve Account Requirement. Further, if a Local Unit fails to pay its Contractual Payment causing a shortfall and the Debt Service Reserve Account is drawn upon to pay the Bonds, the replenishment of such Debt Service Reserve Account shall be an obligation of the Local Unit that failed to pay such Contractual Payment, in the manner described above. Provided, however, if the City of Flint fails to fulfill its obligation to replenish the Debt Service Reserve Account, as with other payment obligations under the Contract, the County of Genesee has agreed in the Contract to make such payments. If there is a deficiency in the Debt Service Reserve Account as a result of investment losses, each Local Unit shall have an obligation to pay a pro-rata share of the Authority's monthly replenishment obligation with such pro-rata share being equal to the percentage set forth on Exhibit B of the Contract.

(c) Assets held for the credit of the Debt Service Reserve Account shall be used solely for the purpose of paying interest on the Bonds and maturing principal of the Bonds, whether at the stated payment date or by the retirement of Bonds in satisfaction of the redemption requirements therefor, whenever and to the extent that the moneys held for the credit of the Debt Retirement Fund from Contractual Payments shall be insufficient for those purposes.

(d) Whenever there shall be held in the Debt Retirement Fund, including any funds in the Debt Service Reserve Account, a total amount sufficient for paying in full all Outstanding Bonds, including the principal of and the interest on all Bonds and any redemption premium and any amounts needed to pay redemption expenses, such moneys shall be applied by the Transfer Agent to the payment, purchase or redemption of the Bonds and the payment of all expenses in connection with the payment, purchase or redemption. The Local Units shall receive a pro-rata credit for the amount of such balance against the Contractual Payment next due for any such funds so used.

Section 10. Operation and Maintenance. The operation, maintenance and administration of the System, and the acquisition and construction thereof, shall be under the overall jurisdiction and control of the Authority.

Section 11. Bond Form. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF MICHIGAN
COUNTY OF GENESEE

KAREGNONDI WATER AUTHORITY
WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE)
SERIES ____

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
	April 1, ____	________, 201_	

Registered Owner:

Principal Amount: Dollars

KAREGNONDI WATER AUTHORITY, a public corporation of the State of Michigan (the "Issuer"), for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on ______ 1, 201_, and semiannually thereafter. Principal of this bond is payable upon presentation and surrender thereof at the principal corporate trust office of ________________, ______________, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who is as of the fifteenth (15^{th}) day of the month prior to each interest payment date, the registered owner, at the registered address as shown on the registration books of the Issuer maintained by the Transfer Agent.

The bonds of this issue are payable solely from the proceeds of contractual payments ("the Contractual Payments") to be paid by the City of Flint in the County of Genesee, Michigan and the County of Genesee, Michigan (the "Local Units") to the Issuer pursuant to a certain contract dated as of August 1, 2013 (the "Contract"), among the Local Units and the Issuer, whereby the Issuer is to assist in the financing of the cost of acquiring and constructing water supply system improvements and appurtenances and attachments thereto in the Local Units, said system being designated as Karegnondi Water Authority Water Supply System (Karegnondi Water Pipeline) (the "System"). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Units have pledged their limited tax full faith and credit for the payment of their respective Contractual Payments, and the Local Units are obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable charter, statutory, and constitutional tax rate limitations. The bonds of this issue are further secured by funds held in the Debt Retirement Fund, including the Debt Service Reserve Account. The Issuer has irrevocably pledged to the payment of this series of bonds the Contractual Payments, which said Contractual Payments are established in the amount required to pay the principal of and interest on the bonds of this series when due.

This bond is one of a series of bonds aggregating the principal sum of $________, issued under and in pursuance of a resolution duly adopted by the Board of Trustees of the Issuer (the "Resolution") under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of paying part of the cost of constructing the System.

[Insert term bond provisions, if applicable]

[Bonds maturing in the years ____ to ____, inclusive, shall not be subject to redemption prior to maturity.]

[Bonds or $5,000 portions thereof maturing in the years ____ to ____, inclusive, shall be subject to redemption prior to maturity, at the option of the Authority, in any order and by lot within a single maturity, on any date on or after April 1,

2022. Bonds called for redemption shall be redeemed at par and accrued interest to the date fixed for redemption.]

Notice of redemption shall be given to the registered owner of any bond to be redeemed by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered owner at the address of the registered owner as shown on the registration books of the Authority kept by the Transfer Agent. Bonds shall be called for redemption in multiples of $5,000 shall be treated as representing the number of bonds obtained by dividing the denominations of the bond by $5,000 and such bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that upon surrender of the bond to be redeemed, a new bond or bonds in the same aggregate principal amount equal to the registered owner thereof with the same interest rate and maturity. No further interest shall accrue on bonds called for redemption after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bond or portion thereof.

Any bond may be transferred by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney or legal representative, upon surrender of the bond to the Transfer Agent for cancellation, together with a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond is surrendered for transfer, the Transfer Agent shall authenticate and deliver, a new bond or bonds, in like aggregate principal amount, interest rate and maturity. The Transfer Agent shall require the registered owner requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent shall not be required to issue, register the transfer of or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption and ending at the close of business on the day of that mailing.

It is hereby certified and recited that all acts, conditions and things required to be done, exist and happen, precedent to and in the issuance of said bonds, in order to make them valid and binding obligations of said Authority, have been done, exist and have happened in regular and due form and time as provided by law, and that the total indebtedness of said Local Units does not exceed any applicable constitutional, statutory, or charter limitation.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

For a complete statement of the funds from which and the conditions under which this bond is payable and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Contract and the Resolution.

IN WITNESS WHEREOF, KAREGNONDI WATER AUTHORITY, by its Board of Trustees, has caused this bond to be signed in the name of said Authority by the facsimile signature of its Chair and to be countersigned by the facsimile signature of its Secretary and a facsimile of its corporate seal to be hereunto imprinted, all as of the Date of Original Issue.

By: ______________________________
Chair

(SEAL)

Countersigned:

By: ______________________________
Secretary

[FORM OF TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION]
Certificate of Authentication

This bond is one of the bonds described in the above- referenced Resolution.

______________________,
______________________, Michigan
Transfer Agent

By: ______________________________
Authorized Signature

Date of Registration: ____________________

Section 12. Additional Bonds. Nothing contained in this Resolution or in the Contract shall be construed to prevent the Authority from issuing additional bonds under the provisions of the Act for the purpose of the paying additional costs of the System or improvements thereto, subject to the requirements of the Act and other applicable law.

Section 13. Construction Fund. The proceeds of sale of the Bonds, other than proceeds for accrued interest and capitalized interest described below, shall be deposited in a special depository account in the Depository Bank designated "KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM (KAREGNONDI WATER PIPELINE) CONSTRUCTION FUND" (the "Construction Fund"). Proceeds of the Bonds representing any accrued interest paid at the time of delivery of the Bonds and any funds to be used for capitalized interest as determined at the time of sale of any series of Bonds shall be deposited into the Debt Retirement Fund established under the provisions of Section 9 of this Resolution. The moneys in the Construction Fund shall be used solely and only to pay costs of the System authorized in this Resolution and any engineering, legal, bond insurance, financing or other expenses incidental thereto on authorization of the Authority, in accordance with the provisions of the Contract. Any unexpended balance remaining in the Construction Fund after completion of the System may be used for the improvement or enlargement of the System or for other projects of the Authority undertaken on behalf of the Local Units, if such use be approved by the Local Units. Any balance remaining after such use, if any, shall be paid into the Debt Retirement Fund, and the Local Units shall receive a credit for the amount of such balance against the Contractual Payment next due.

Section 14. Investment of Funds. Moneys in any funds and accounts of the Authority may be invested by the Authority in United States government obligations, the principal of and interest on which are guaranteed by the United States government, or in interest-bearing time deposits, as shall from time to time be determined by the Authority. In the event such investments are made, the securities representing the same shall be kept on deposit with the depository or depositories of the fund or funds from which such investments are made and such securities and the income therefrom shall become part of the fund from which such investments are made.

Section 15. Resolution and Contract. The provisions of this Resolution, together with the Contract, shall constitute a contract between the Authority and the holder or holders from time to time of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of the provisions of this Resolution and the Contract may be made which would materially lessen the security for the Bonds.

Section 16. Covenants with Bondholders. The Authority covenants and agrees with the successive holders of the Bonds, so long as any of the Bonds remain Outstanding and unpaid as to either principal or interest, as follows:

(a) The Authority will punctually perform all of its obligations and duties under this Resolution and the Contract, including the collection, segregation and application of the Contractual Payments in the manner required by the provisions of this resolution.

(b) The Authority will apply and use the proceeds of sale of the Bonds for the purposes and in the manner required by the Contract and this Resolution.

(c) The Authority will maintain and keep proper books of record and account relative to the application of funds for the construction of the System and the Contractual Payments received pursuant to the Contract. Not later than six (6) months after the end of each fiscal year, the Authority shall cause to be prepared a statement in reasonable detail, sworn to by its chief accounting officer, showing the application of the proceeds of sale of the Bonds, the cash receipts from the Contractual Payments during such year and the application thereof, and such other information as may be necessary to enable any taxpayer or any holder or owner of the Bonds, or anyone acting in their behalf, to be fully informed as to all matters pertaining to the construction of the System and application of funds therefor or for the payment of the Bonds during such year. A certified copy of said statement shall be filed with the Clerks of the Local Units and a copy shall also be sent to the holder or owner of the Bonds requesting the same. The Authority shall also cause an annual audit of the books of record and account for the preceding operating year to be made by a recognized independent certified public accountant and shall mail such audit to the holder or owner of the Bonds requesting the same. The aforesaid audit may be submitted to such holder or owner of the Bonds in place of the aforesaid statement.

Section 17. Tax Covenant. The Authority shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

Section 18. Negotiated Sale. The Authority has considered the option of selling the Bonds through a competitive sale and a negotiated sale, and, pursuant to the requirements of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), hereby determines that a negotiated sale of the Bonds will result in the most efficient and expeditious means of selling the Bonds, to allow better control over pricing of the Bonds and to achieve the most advantageous interest rates and cost to the Authority.

Section 19. Bond Purchase Agreement; Delegation to Authorized Officer; Sale Order. The Authorized Officer is hereby authorized to appoint one or more underwriters (the "Underwriter") and, subject to the parameters set forth in this Resolution, negotiate and execute a Bond Purchase Agreement, execute a Sale Order specifying the final terms of each series of Bonds and take all other necessary actions required to effectuate the sale, issuance and delivery of the Bonds within the parameters authorized in this Resolution.

Section 20. Adjustment of Bond Terms. The Authorized Officer is hereby authorized to adjust the final bond details as set forth herein to the extent necessary or convenient to complete the sale of a series of Bonds and in pursuance of the forgoing is each authorized to exercise the authority and make the determinations pursuant to Sections 315(1)(d) of Act 34, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, date of issuance, interest payment dates, redemption rights, designation as qualified tax-exempt obligations and other matters; provided, however, that the interest rate on any series of Bonds shall not exceed 10%, have a final maturity later than 30 years from the date of issuance of such series of Bonds, and aggregate principal amount of all series of Bonds issued pursuant to this Resolution shall not exceed $300,000,000.

Section 21. Other Actions. The Authorized Officer is hereby authorized and directed to cause the preparation and circulation of a preliminary and final Official Statement with respect to each series of Bonds; to procure a policy or policies of municipal bond insurance with respect to each series of Bonds or cause the qualification of the each series of Bonds therefor if, upon the advice of the

Authority's financial advisor for the Bonds, the acquisition of such insurance would be of economic benefit to the Authority; and to obtain ratings on the Bonds. The Authorized Officer is hereby authorized to complete, execute and file any and all applications or requests for waivers with the Michigan Department of Treasury necessary to effectuate the sale and delivery of any series of Bonds as contemplated by this Resolution, including, if necessary, an Application for State Treasurer's Approval to Issue Long-Term Securities, in such form as shall be approved by such officer. The Authorized Officer is further authorized to pay any necessary fees in connection with any such applications or waivers.

The Authorized Officer is hereby authorized and directed to execute and deliver all other documents and certificates and to take all other actions and to make such other filings with any parties necessary or advisable to enable the sale and delivery of the Bonds as contemplated herein, including the filing of a qualifying statement or application for prior approval to issue the Bonds in accordance with Act 34.

Section 22. Selection of Financial Advisor/Bond Counsel. Stauder, Barch & Associates, Inc. Associates, is hereby approved as the financial advisor to the Authority. Miller, Canfield, Paddock and Stone, P.L.C. is hereby approved as Bond Counsel to the Authority. The Authority acknowledges that Miller, Canfield, Paddock and Stone, P.L.C. currently represents, and has represented in the past, the County of Genesee, the County Agency of Genesee County, and the City of Flint in various matters, including representing the County of Genesee in its financing of the water intake system to be used by the Authority. Miller, Canfield, Paddock and Stone, P.L.C. also represents several underwriters and investment banks in unrelated matters, including J.P. Morgan Securities, LLC. The Authority hereby consents to such representation of the those entities by Miller, Canfield, Paddock and Stone, P.LC.

Section 23. Defeasance. If all the Bonds (i) shall have become due and payable in accordance with their terms, (ii) are to be paid at their maturity or maturities or (iii) to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given to the Transfer Agent by the Authority, and the whole amount of the principal of and the interest and the premium, if any, so due and payable upon all of the Bonds then Outstanding shall be paid or sufficient cash, or cash and Government Obligations (as defined below), the principal of and interest on which without reinvestment, when due and payable, will provide sufficient moneys for such payment, shall be segregated and held by an escrow agent for the benefit of the owners of the Bonds, then this Resolution shall be defeased and terminated with respect to the Bonds and all obligations of the Authority hereunder with respect to the Bonds, shall thereupon cease except the bondholders shall still have the right to receive payment of the principal of, premium, if any, and interest on the Bonds from the cash or Government Obligations deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein and the tax covenant contained in the section of this Resolution entitled "Tax Covenant," shall be continued in force until the Bonds have been fully paid. Any Government Obligations held pursuant to this section shall not be callable at the option of the issuer of such obligation, if such call could result in less than sufficient money being available for the purposes required hereby

Section 24. Cancellation. All Bonds surrendered to the Transfer Agent for payment upon redemption or maturity, or for transfer or exchange, shall be canceled by the Transfer Agent by perforation, and notice of such cancellation shall be given by the Transfer Agent to the Authority. Upon the direction of the Authority, all such canceled Bonds shall be destroyed, and a certificate of destruction with respect thereto shall be delivered by the Transfer Agent to the Authority.

Section 25. Headings. Section headings are for convenience only and do not constitute a part of this resolution.

Section 26. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution be and the same hereby are repealed.

[reminder of page left intentionally blank]

Section 27. Effective Date. This Resolution shall become effective immediately upon its adoption.

Minutes of a Regular Meeting of the Board of Trustees of the Karegnondi Water Authority held on the 20th day of November, 2013 at which the following Trustees were present:

Joshua Freeman, Larry Green, Richard E. Hammel, Ted Henry, Marilyn Hoffman, Steve Landaal, Sheldon Neeley, Thomas Svrcek, Tracey Tucker, Paula Zelenko, Joseph Suma, Dale Kerbyson, Greg Alexander, and the following were absent: Dayne Walling, Jamie Curtis.

The attached resolution was moved by Trustee Josh Freeman and seconded by Trustee Larry Green.

VOICE VOTE: Motion carried on unanimous voice vote.

RESOLUTION 2013-15 DECLARED ADOPTED.

Printed Name: Dayne Walling
Its: Chairperson

Janis M. Wells
Printed Name: Janis M. Wells
Its: Deputy Secretary

STATE OF MICHIGAN }
} ss
COUNTY OF GENESEE }

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of a resolution adopted by the Karegnondi Water Authority Board, acting in Lapeer County, at a regular meeting held on November 20, 2013, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this 23rd day of January, 2014.

Janis M. Wells
Printed Name: Janis M. Wells

13- 5342

EM SUBMISSION NO.: EM 1082013

PRESENTED: 9-11-13

ADOPTED: 9-11-13

RESOLUTION APPROVING CONTRACT BETWEEN THE CITY OF FLINT, GENESEE COUNTY AND THE KAREGNONDI WATER AUTHORITY AND AUTHORIZING PUBLICATION OF NOTICE

BY THE EMERGENCY MANAGER:

It is necessary to acquire and construct a new water supply system consisting of the acquisition, construction and installation of various water main and related facilities, together with all necessary appurtenances and attachments thereto as described in the Contract (the "System"), to serve the City and the County of Genesee (the "County"); and

A Contract has been prepared between the City, County and the Karegnondi Water Authority (the "Authority") whereby the Authority will issue its bonds, in one or more series (the "Bonds") on behalf of the City and the County to provide for the financing of the cost of the acquisition, construction and installation of the System; and

The City has carefully reviewed the Contract and finds that it provides the best means for accomplishing the acquisition, construction and installation of the System and for providing the needed services.

IT IS RESOLVED, THAT:

1. Approval of Contract; Effectiveness. The Contract is hereby approved and the Emergency Manager and the City Clerk are hereby authorized and directed to execute and deliver the Contract for and on behalf of the City; provided, however, that Contract shall not become effective until the expiration of forty-five (45) days after the date of the publication of the notice attached hereto as Exhibit A as a display advertisement of at least one-quarter (1/4) page size in one or more newspapers of general circulation within the territory encompassed by the Authority, which manner of publication is deemed by the City to be the most effective manner of informing the taxpayers and electors of the City of the details of the proposed Contract and the rights of referendum thereunder.

2. Publication of Notice. The City Clerk is hereby directed to publish the attached notice as soon as possible after the adoption hereof in substantially the form attached, with such changes as shall be approved by the City Clerk, upon the advice of bond counsel, so as to permit the Bonds to be issued as contemplated herein. The City Clerk may agree to publish the attached notice pursuant to this Section jointly with the Clerk of the County *provided* that the attached notice shall appear in a newspaper having a general circulation in the City.

3. Application to Michigan Department of Treasury. The Emergency Manager, City Clerk and Treasurer are each authorized and directed to take such further steps and actions as are necessary or desirable to enable the Authority to issue the Bonds for and on behalf of the City and the County as contemplated herein and in the Contract, including making an application to the Michigan Department of Treasury for prior approval with respect to the issuance of the Bonds by the Authority, if such prior approval is required, and the payment of any fees required by the Michigan Department of Treasury in connection with such application. The Emergency Manager, City Clerk and Treasurer are each further authorized to apply for any waivers or other orders from the Michigan Department of Treasury as may be necessary or advisable to issue, sell and deliver the Bonds as contemplated herein and to pay any filing fees related thereto.

4. Bond Counsel. The City has been advised that the Authority has retained Miller, Canfield, Paddock and Stone, P.L.C. ("Miller Canfield") as its bond counsel in connection with the Bonds and the City hereby consents to the representation of the Authority by Miller Canfield.

5. Rescission. All resolutions and parts of resolutions in conflict with this resolution be, and the same hereby are repealed.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL** ______ **FAIL** ______

DATED: 09.11.13

Michael K. Brown, Emergency Manager

S:\P. Bade\EM2013\Resolutions\KWA-Reso Approving Contract and Authorizing Notice.9-04-13 DOC

CERTIFIED COPY OF RECORD

STATE OF MICHIGAN)
)SS.
County of Genesee)

I, JOHN J. GLEASON, County Clerk of the County of Genesee, Michigan, and Clerk of the Genesee County Board of Commissioners, and Clerk of the Circuit Court for said County, do hereby certify that I have compared the foregoing copy of Resolution approving the KWA Financing Contract and Notice of Intent with original record thereof now remaining in my office, and that the attached is a true and correct copy therefrom, and of the whole of such original record.

In Testimony Whereof, I have hereunto set my hand, and affixed the seal of said Court and County, this 31st day of July A.D. 2013.

GENESEE COUNTY BOARD
OF COUNTY COMMISSIONERS
Resolution No.: 13-346
Date Adopted : 7-31-2013

JOHN J. GLEASON, Clerk

BY: Mary A. Lach
Deputy County Clerk

RESOLUTION APPROVING CONTRACT AND AUTHORIZING NOTICE

County of Genesee, State of Michigan

Minutes of a regular meeting of the Board of Commissioners of the County of Genesee, State of Michigan (the "County"), held on the 31 day of July, 2013, at 9:00 a.m., prevailing Eastern Time.

PRESENT: Members: Omar A. Sims, Brenda Clack, Jamie W. Curtis, Mark Young, Tony Brown, Archie H. Bailey, Ted Henry, Pegge Adams

ABSENT: Members: John Northrup

The following preamble and resolutions were offered by Member Tony Brown and supported by Member Mark Young:

WHEREAS, it is necessary to acquire and construct a new water supply system consisting of the acquisition, construction and installation of various water main and related facilities, together with all necessary appurtenances and attachments thereto as described in the Contract (the "System"), to serve communities in the County Agency's System and the City of Flint, County of Genesee, State of Michigan (the "City"); and

WHEREAS, a Contract has been prepared between the County, the City and the Karegnondi Water Authority (the "Authority") whereby the Authority will issue its bonds, in one or more series (the "Bonds") on behalf of the County and the City to provide for the financing of the cost of the acquisition, construction and installation of the System; and

WHEREAS, the County has carefully reviewed the Contract and finds that it provides the best means for accomplishing the acquisition, construction and installation of the System and for providing the needed services.

NOW, THEREFORE, BE IT RESOLVED, THAT:

1. Approval of Contract; Effectiveness. The Contract is hereby approved and the Chairperson of the Board of Commission and the County Clerk are hereby authorized and directed to execute and deliver the Contract for and on behalf of the County; provided, however, that Contract shall not become effective until the expiration of forty-five (45) days after the date of the publication of the notice attached hereto as Exhibit A as a display advertisement of at least one-quarter (1/4) page size in one or more newspapers of general circulation within the territory encompassed by the Authority, which manner of publication is deemed by the County to be the most effective manner of informing the taxpayers and electors of the County of the details of the proposed Contract and the rights of referendum thereunder.

2. Publication of Notice. The County Clerk, is hereby directed to publish the attached notice as soon as possible after the adoption hereof in substantially the form attached, with such changes as shall be approved by the County Clerk, upon the advice of bond counsel, so as to permit the Bonds to be issued as contemplated herein. The County Clerk may agree to publish the attached notice pursuant to this Section jointly with the Clerk of the City *provided* that the attached notice shall appear in a newspaper having a general circulation in the County.

3. Application to Michigan Department of Treasury. The Controller, the County Drain Commissioner, acting as the County Agency, pursuant to Act No. 342, Public Acts of Michigan of 1939, and the Treasurer of the County, are each authorized and directed to take such further steps and actions as are necessary or desirable to enable the Authority to issue the Bonds for and on behalf of the County and the City as contemplated herein and in the Contract, including making an application to the Michigan Department of Treasury for prior approval with respect to the issuance of the Bonds by the Authority, if such prior approval is required, and the payment of any fees required by the Michigan Department of Treasury in connection with such application. The Controller, the County Drain Commissioner acting as County Agency, pursuant to Act No. 342, Public Acts of Michigan of 1939, and the Treasurer of the County are each further authorized to apply for any waivers or other orders from the Michigan Department of Department as may be necessary or advisable to issue, sell and deliver the Bonds as contemplated herein and to pay any filing fees related thereto.

4. Rescission. All resolutions and parts of resolutions in conflict with this resolution be, and the same hereby are repealed.

AYES: Members: Omar A. Sims, Brenda Clack, Jamie W. Curtis, Mark Young, Tony Brown, Archie H. Bailey, Ted Henry, Pegge Adams

NAYS: Members: None

RESOLUTION DECLARED ADOPTED.

John J. Gleason

County Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Commissioners of the County of Genesee, State of Michigan, at a regular meeting held on 7-31-___, 2013, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

County Clerk

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

NOTICE OF INTENT TO EXECUTE
TAX-SUPPORTED CONTRACT AND OF RIGHT TO
PETITION FOR REFERENDUM THEREON

TO THE TAXPAYERS AND ELECTORS OF THE CITY OF FLINT AND THE COUNTY OF GENESEE.

PLEASE TAKE NOTICE, the City of Flint and the County of Genesee each in the County of Genesee (collectively, the "Local Units" and each a "Local Unit") have each approved the execution of a contract (the "Contract") with the Karegnondi Water Authority (the "Authority") pursuant to Act No. 233, Public Acts of Michigan, 1955, as amended, which Contract provides, among other things, that the Authority will acquire, construct and equip a water system to provide raw untreated water to the Local Units, together with all necessary appurtenances and attachments thereto (the "Project") and will issue its bonds in one or more series in the principal amount not to exceed $300,000,000 to finance the cost of the acquisition, construction and installation of such system for the Local Units AND THE LOCAL UNIT WILL PAY TO THE AUTHORITY PURSUANT TO THE CONTRACT THE SUMS NECESSARY TO RETIRE THE PRINCIPAL OF AND INTEREST ON SAID BONDS. Each Local Unit's share of such payments shall be determined by capacity initially acquired by each Local Unit in the Project. If the City of Flint fails to fulfill its payment obligations under the Contract, the County of Genesee has covenanted and agreed to make any such missed payments. Based on an aggregate $300,000,000 in bond issues, the amounts below show the maximum each Local Unit would be responsible for repaying for the Project.

Local Unit	Bond Issue
County of Genesee	$300,000,000
City of Flint	$102.600,000

LOCAL UNIT'S CONTRACT OBLIGATIONS

It is presently contemplated that said bonds in one or more series will be issued by the Authority in the aggregate principal amount of not to exceed $300,000,000, and will be payable in not to exceed thirty (30) years, and will bear interest at the rate or rates to be determined at the time of sale of any series of bonds but in no event to exceed ten percent (10.0%) per annum on the balance of such bonds from time to time remaining unpaid. The Contract includes each Local Unit's pledge of its limited tax full faith and credit for the prompt and timely payment of each Local Unit's obligations as expressed in the Contract. PURSUANT TO SUCH PLEDGE, EACH LOCAL UNIT WILL BE REQUIRED TO LEVY AD VALOREM TAXES WITHIN APPLICABLE CONSTITUTIONAL, CHARTER AND STATUTORY TAX LIMITATIONS ON ALL TAXABLE PROPERTY WITHIN THE LOCAL UNIT TO THE EXTENT NECESSARY TO MAKE THE PAYMENTS REQUIRED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS IF OTHER FUNDS FOR THAT PURPOSE ARE NOT AVAILABLE. It is the present intention of each Local Unit to use the revenues derived from the operation of its respective water treatment system to make all of the payments required to pay its obligations under the Contract.

RIGHT OF REFERENDUM

FOR EACH LOCAL UNIT, THE CONTRACT WILL BECOME EFFECTIVE without vote of the electors as permitted by law unless a petition requesting an election on the question of the Local Unit entering into the Contract, signed by not less than 10% of the registered electors of the Local Unit, is filed with the Clerk of the Local Unit within forty-five (45) days after publication of this notice. If such petition is filed, the Contract cannot become effective with respect to such Local Unit without an approving vote of a majority of electors of the Local Unit qualified to vote and voting on the question.

This notice is given pursuant to the requirements of Section 8 of Act No. 233, Public Acts of Michigan, 1955, as amended. Further information concerning the details of the Contract and the matters set out in this notice may be secured from the Local Unit's Clerk's office.

John J. Gleason
County Clerk
County of Genesee

Inez M. Brown
City Clerk
City of Flint

21277728.3\114855-00006

MILLER CANFIELD PADDOCK AND STONE, P.L.C.

KAREGNONDI WATER AUTHORITY FINANCING CONTRACT

THIS CONTRACT, dated as of August 1, 2013, by and among the Karegnondi Water Authority, a municipal authority and public body corporate of the State of Michigan (hereinafter referred to as the "Authority"), the City of Flint in the County of Genesee and the County of Genesee (collectively, the "Local Units" and each a "Local Unit").

WITNESSETH:

WHEREAS, the Authority has been incorporated under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended (hereinafter referred to as "Act 233"), for the purposes set forth in Act 233; and

WHEREAS, the Authority will acquire, construct and operate a water supply system to be known as the Karegnondi Water Supply System that provides untreated water to the Local Units, each of which is a constituent municipality of the Authority; and

WHEREAS, it is immediately necessary and imperative for the public health and welfare of the present and future residents of each of the Local Units that a certain water supply system, as more fully described on Exhibit A hereto, together with all necessary interests in land, appurtenances and attachments thereto (the "System") be acquired, installed and constructed; and

WHEREAS, plans and an estimate of cost of the System have been prepared by the Authority's consulting engineers, Wade Trim (the "Consulting Engineers"), which said estimate of aggregate cost totals an amount not to exceed $300,000,000; and

WHEREAS, each of the Local Units is desirous of having the Authority acquire and own the System in order to continue to operate the System in order to furnish the Local Units with untreated raw water; and

WHEREAS, the parties hereto have determined that the System is essential to the general health, safety and welfare of each of the Local Units; and

WHEREAS, the Authority and each of the Local Units are each agreeable to the execution of this Contract by and among themselves which provides, among other things, for the financing of all or a portion of the cost of the System; and

WHEREAS, this Contract contemplates the issuance of bonds in one or more series by the Authority to pay all or part of the costs of the System; and

WHEREAS, each of the Local Units has or will approve and authorize the execution of this Contract by resolution of its governing body; and

WHEREAS, each of the Local Units has published or will publish, individually or jointly, a notice of intention to enter into this Contract in a newspaper of general circulation in the territory encompassed by each Local Unit; and

WHEREAS, this Contract will become effective for each Local Unit upon expiration of a period of forty-five (45) days following publication by each Local Unit of its notice of intention without filing of a petition for referendum on the question of its entering into this Contract, or if such referendum election be required, then upon approval by the qualified electors of the Local Unit.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS MADE HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

SECTION 1. The Authority and the Local Units hereby approve the acquisition, construction and operation of System, together with all necessary interests in land, appurtenances and attachments thereto.

SECTION 2. Each of the Local Units hereby consents to the use by the Authority and any parties contracting with the Authority of the public streets, alleys, lands and rights-of-way in each Local Unit for the purpose of constructing, operating and maintaining the System including any improvements, enlargements and extensions thereto.

SECTION 3. The System is designed to provide and transport untreated raw water to each of the Local Units and the System is immediately necessary to protect and preserve the public health.

SECTION 4. The Authority and each of the Local Units hereby approve and confirm the plans for the System prepared by the Consulting Engineers and the total estimated cost thereof in the sum of not to exceed $300,000,000. Said cost estimate includes all surveys, plans, specifications, acquisition of property for rights-of-way, physical construction necessary to acquire and construct the System, the acquisition of all materials, machinery and necessary equipment, and all engineering, engineering supervision, administrative, legal and financing expenses necessary in connection with the acquisition and construction of the System and the financing thereof.

SECTION 5. The Authority shall not enter into any final contract or contracts for the acquisition and construction of the System if such contract price or prices will be such as to cause the actual cost thereof to exceed the estimated cost as approved in Section 4 of this Contract unless the Authority has sufficient funds to cover such excess, or, each of the Local Units, by resolution of its respective legislative body, (a) approves said increased total cost, and (b) agrees to pay such excess over the estimated cost, either in cash or by specifically authorizing the maximum principal amount of bonds to be issued, as provided in Sections 9 and 14 of this Contract, to be increased to an amount which will provide sufficient funds to meet said increased cost, and approves a similar increase in the installment obligations of each Local Unit, if any, pledged under the terms of this Contract to the payment of such bonds.

SECTION 6. The System shall be acquired and constructed by the Authority substantially in accordance with the plans and specifications therefor approved by this Contract. All matters relating to engineering plans and specifications, together with the making and letting of final construction contracts, the approval of work and materials thereunder, and construction supervision, shall be in the control of the Authority. All acquisition of sites and rights-of-way, if any, shall be done by the Authority. Each Local Unit's share of the costs of such acquisition in each Local Unit, if any, shall be paid from the Local Unit's share of bond proceeds and, in addition, any costs incurred by any Local Unit in connection with the acquisition or construction of the System, including, but not limited to, engineering expenses, shall be promptly reimbursed to the Local Unit by the Authority from the proceeds of the Authority's Bonds with the approval of the Authority board.

SECTION 7. The Authority shall operate, maintain and administer the System for and on behalf of the Local Units. The System shall be maintained in good condition and repair. The Authority shall provide insurance as part of its obligation to operate the System. The Authority will furnish reports to the Local Units at periodic intervals corresponding with the reporting periods of the Local Units in detail sufficient to inform the Local Units of the operations of the System and to permit the Local Units to meet their financing requirements hereunder.

SECTION 8. To provide for the construction and financing of the System in accordance with the provisions of Act 233, the Authority shall take the following steps:

(a) The Authority will take steps to adopt a resolution or resolutions providing for the issuance of its bonds in one or more series in the principal amount of not to exceed $300,000,000 (except as otherwise authorized pursuant to Section 5 of this Contract) to finance all or part of the costs of the System. Said bonds shall mature serially or be subject to mandatory sinking fund redemption as authorized by law, and shall be secured by the contractual obligations of each Local Unit in this Contract. After due adoption of the resolution or resolutions , the Authority will take all necessary legal procedures and steps necessary to effectuate the sale or sales and delivery or deliveries of said bonds.

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

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

(d) The Authority, upon receipt of the proceeds of sale of each series of bonds, will comply with all provisions and requirements provided for in the resolution authorizing the issuance of such series of bonds and this Contract relative to the disposition and use of the proceeds of sale of such series of bonds.

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

SECTION 9. Each Local Unit irrevocably covenants and agrees to pay to the Authority its Local Unit share of each series of bonds to be issued by the Authority pursuant to this Contract. The share of each Local Unit shall be determined as set forth on Exhibit B hereto.

The cost of the System to be financed with the issuance of bonds of the Authority in the aggregate principal amount of not to exceed $300,000,000 shall be paid in annual installments on the dates and in the amounts as established in the Authority's bond authorizing resolution.

Each Local Unit covenants that it will make or cause to be made its payments as required by this Contract not less than 3 days prior to the dates on which the Authority is required to make payments on the bonds described herein to the transfer agent for the bonds.

It is understood and agreed that the bonds of the Authority hereinbefore referred to will be issued in anticipation of the above contractual obligation, with principal maturities on the dates established by the Authority corresponding to the principal amount of the installments then coming due, and there shall also be paid in addition to said principal installments, on such dates as shall be determined by the Authority, *commencing on such date as determined by the Authority, as accrued interest on the principal* amount remaining unpaid, an amount sufficient to pay all interest at an interest rate not to exceed ten percent (10%) per annum, due on the next succeeding interest payment date on the bonds from time to time outstanding.

It is further understood and agreed that the bonds of the Authority may be secured by a debt service reserve fund or funds to provide additional security for the timely payment thereof if the Authority determines, in consultation with its financial advisor, that the provision of such debt service reserve fund or funds is advisable. If the bonds of the Authority are secured by a debt service reserve fund or funds, each Local Unit covenants and agrees to provide for the replenishment of such debt service reserve funds as described in Exhibit B.

From time to time as the Authority is billed by the transfer agent for its services for the bonds, and as other costs and expenses accrue to the Authority from handling of the payments made by the Local Units, or from other actions taken in connection with the System, the Authority shall promptly notify the Local Units of the amount of such paying agent fees and other costs and expenses, and the Local Units shall promptly remit to the Authority sufficient funds to meet such fees and other costs and expenses in the proportions hereinabove provided to the extent sufficient funds are not available to the

Authority. Each Local Unit warrants and represents that the amount of its obligations under this Contract, when taken together with other indebtedness of such Local Unit, will not cause its obligations under this Contract to exceed any constitutional, statutory or charter debt limitation applicable to such Local Unit.

The Authority shall, within thirty (30) days after the delivery of each series of the bonds of the Authority hereinbefore referred to, furnish each Local Unit with a complete schedule of installments of principal and interest thereon, and the Authority shall also at least sixty (60) days prior to each principal and/or interest installment due date, advise the Local Units, in writing, of the exact amount of principal and interest installments due on each series of bonds on the next succeeding bond principal and/or interest due date, and payable on the first day of the month immediately preceding, as hereinbefore provided. Failure of the Authority to notify the Local Units of any such payment shall not relieve the Local Units of the obligation to make such payment.

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

SECTION 10. Each Local Unit states its intention to pay its obligations under this Contract from sources of moneys as are provided by Act 233 and applicable law, including the levy and collection of rates and charges to users of its respective water supply system for operating and maintaining its system provided by each Local Unit to customers in the Local Unit. Nevertheless, pursuant to the authorization contained in Act 233, each Local Unit hereby irrevocably pledges its full faith and credit for the prompt and timely payment of its obligations pledged for bond payments as expressed in this Contract, and, subject to the provisions of the last sentence of this paragraph, shall each year, commencing with the first tax levy after issuance of the bonds by the Authority, levy an ad valorem tax on all the taxable property in the Local Unit in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under this Contract becoming due before the time of the following year's tax collections. Such annual tax levies shall be subject to applicable constitutional, statutory, and charter tax limitations. Nothing herein contained shall be construed to prevent a Local Unit from using any, or any combination of, the means and methods provided in Section 7 of Act 233, as now or hereafter amended, for the purpose of providing funds to meet its obligations under this Contract, and, if at the time of making the annual tax levy there shall be either other funds on hand earmarked and set aside, or funds provided in the annual budget of the water supply system of the Local Unit, for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

In the event a Local Unit shall fail for any reason to pay to the Authority at the times specified the amounts required to be paid by the provisions of this Contract, the Authority shall immediately give notice of such default and the amount thereof, to the Treasurer of each Local Unit, the Treasurer of the State of Michigan, and such other officials charged with the disbursement to such Local Unit of funds returned by the State and now or hereafter under Act 233 available for pledge as provided in this Section and in Section 12a of Act 233, and if such default is not corrected within ten (10) days after such notification, the State Treasurer, or other appropriate official charged with disbursement to such Local Unit of the aforesaid funds, is, by these presents, specifically authorized by the Local Unit, to the extent permitted by law, to withhold from the aforesaid funds the maximum amount necessary to cure said deficit and to pay said sums so withheld to the Authority, to apply on the obligations of the Local Unit as herein set forth. Any such moneys so withheld and paid shall be considered to have been paid to the Local Unit within the meaning of the Michigan Constitution and statutes, the purpose of this provision being voluntarily to pledge and authorize the use of said funds owing to the Local Unit to meet any past-due obligations of such Local Unit due under the provisions of this Contract. In addition to the foregoing, the Authority shall have all other rights and remedies provided by law to enforce the obligations of the Local Unit to make its payments in the manner and at the times required by this Contract, including the right of the Authority to direct the Local Unit to make a tax levy to reimburse the Authority for any funds advanced.

<u>SECTION 11</u>. Each Local Unit may pay in advance any of the payments required to be made by this Contract, in which event the Authority shall credit the respective Local Unit with such advance payment on future due payments to the extent of such advance payment, or use such advances to call bonds without credit to the extent provided in relevant series of bonds.

<u>SECTION 12</u>. Each Local Unit may pay additional moneys over and above any of the payments specified in this Contract, with the written request that such additional funds be used to prepay installments, in which event the Authority shall be obligated to apply and use said moneys for such purpose to the fullest extent possible. Such moneys shall not then be credited as advance payments under the provisions of Section 11 of this Contract.

<u>SECTION 13</u>. It is specifically recognized by each Local Unit that the debt service payments required to be made by each pursuant to the terms of Section 9 of this Contract are to be pledged for and used to pay the principal installments of and interest on with respect to the bonds to be issued by the Authority as provided by this Contract and authorized by law, and each Local Unit covenants and agrees that it will make all required payments to the Authority promptly and at the times herein specified without regard to whether the System is actually completed or placed in operation.

<u>SECTION 14</u>. If the proceeds of the sale of the bonds in one or more series in aggregate amount not to exceed $300,000,000 to be issued by the Authority are for any reason insufficient to complete each Local Unit's share of the cost of the System, subject to each Local Unit's approval required by Section 5 hereof, the Authority shall automatically be authorized to issue additional bonds in an aggregate principal amount sufficient to pay the cost of completing the System and to increase the annual payments required to be made by each Local Unit in an amount so that the total payments required to be made as increased will be sufficient to meet the annual principal and interest requirements on the bonds herein authorized plus the additional bonds to be issued. It is expressly agreed between the parties hereto that the Authority shall issue bonds pursuant to this Contract and each Local Unit shall be committed to retire such amount of bonds as may be necessary to pay each Local Unit's share of the costs of the System whether or not in excess of those presently estimated herein. Any such additional

bonds shall comply with the requirements of Act 233 and any increase in the annual payments shall be made in the manner and at the times specified in this Contract. In lieu of such additional bonds, each Local Unit may pay over to the Authority, in cash, sufficient moneys to complete each Local Unit's share of the cost of the System.

SECTION 15. After completion of the System and payment of all costs thereof, any surplus remaining from the proceeds of sale of bonds shall be used by the Authority for either of the following purposes: (a) for improvements or enhancements to the System or for other projects of the Authority undertaken on behalf of the Local Units, subject to approval of the Authority; or (b) credited by the Authority toward the next payments due the Authority by said Local Units hereunder.

SECTION 16. The obligations and undertakings of each of the parties to this Contract shall be conditioned on the successful issuance and sale of the first series of bonds pursuant to Act 233, and if for any reason whatsoever the first series of bonds are not issued and sold within three (3) years from the date of this Contract, this Contract, except for payment of preliminary expenses and ownership of engineering data, shall be considered void and of no force and effect.

SECTION 17. The Authority and each Local Unit each recognize that the owners from time to time of each series of bonds issued by the Authority under the provisions of Act 233 to finance the cost of the System will have contractual rights in this Contract, and it is, therefore, covenanted and agreed by the Authority and each Local Unit that so long as any of series of bonds shall remain outstanding and unpaid, the provisions of this Contract shall not be subject to any alteration or revision which would in any manner materially affect either the security of such series of bonds or the prompt payment of principal or interest thereon. Each Local Unit and the Authority each further covenant and agree that each will comply with its respective duties and obligations under the terms of this Contract promptly at the times and in the manner herein set forth, and will not suffer to be done any act which would in any way impair the said bonds, the security therefor, or the prompt payment of principal and interest thereon. It is hereby declared that the terms of this Contract insofar as they pertain to the security of any such bonds shall be deemed to be for the benefit of the owners of said bonds.

SECTION 18. This Contract shall remain in full force and effect from the effective date hereof (as provided in Section 21) until each series bonds issued by the Authority are paid in full, but in any event not to exceed a period of thirty (30) years for each series of bonds. At such time within said 30-year term as any of the series of said bonds are paid, this Contract shall be terminated. In any event, the obligation of each Local Unit to make payments required by this Contract shall be terminated at such time as all of said bonds are paid in full, together with any deficiency or penalty thereon.

SECTION 19. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

SECTION 20. This Contract shall become effective upon (i) approval by the legislative body of each Local Unit, (ii) approval by the Board of the Authority and (iii) due execution by authorized officers of each Local Unit and by the Chairman and Secretary of the Authority.

SECTION 21. This Contract may be executed in several counterparts.

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

In the presence of:

David M Jansen

KAREGNONDI WATER AUTHORITY

By: Gregory Alexander
Chairman

By:
Secretary

In the presence of:

David M Jansen

CITY OF FLINT

By:
Mayor

By: Inez M. Brown
City Clerk

In the presence of:

COUNTY OF GENESEE

By:
Chairperson of Board of Commissioners

By: John J Gleason
Clerk

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

EXHIBIT A

SYSTEM

The Karegnondi Water System is a raw water supply system. It will deliver untreated Lake Huron water 65 miles inland to the population centers of Lapeer and Genesee Counties, including the Cities of Lapeer and Flint, and the County Agency of Genesee County with 17 local municipal systems. The system will also be capable of delivering water along the route to customers in Sanilac and Lapeer County, as well as future customers in Saint Clair County.

The system will consist of a lake intake, two pumping stations, and over 65 miles of large diameter transmission watermain. The system will include fire hydrants, metering stations, reservoirs, and the appurtenances necessary to operate the system efficiently. The lake intake portion of the project and the land where the two pumping stations are located will be acquired, constructed, designed and financed by the County of Genesee and made available for use by the Karegnondi Water System.

All land and required right-of-ways and easements have been acquired.

EXHIBIT B

LOCAL UNIT ESTIMATED SHARE OF IMPROVEMENT COST

The following is a breakdown of the percent each Local Unit is required to pay of the aggregate debt service, including the obligation to replenish a debt service reserve fund(s), if any, on the Authority's bonds authorized by this Contract:

Local Unit	Bond Issue
County of Genesee	65.8%
City of Flint	34.2%

In the event the City of Flint fails to fulfill its payment obligations under this Contract, the County of Genesee irrevocably covenants and agrees to make such missed payment within 1 day of being notified of the missed payment. Further, the Authority covenants and agrees to undertake all legal action and make use of all remedies available under this Contract to enforce the payment obligations of the City of Flint under this Contract. The Authority also covenants and agrees to undertake all legal action and make use of all remedies available to it under the Raw Water Supply Contract between the Authority and the City of Flint dated as of June 28, 2013 ("Raw Water Supply Contract"), as amended, specifically sections 7.08 and 7.09 of such contract. If the County of Genesee is required to make a payment for the City of Flint under this Contract and the Authority recovers any funds from the pursuit of such remedies described above, the Authority shall reimburse the County of Genesee from such funds for any payments made. To the extent permitted by law, the capacity that the City of Flint acquired in the System pursuant to the Raw Water Supply Contract shall be transferred to the County of Genesee until the City of Flint has repaid the County of Genesee for any additional payments made hereunder. The City of Flint shall also pay a penalty of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date of the amount paid by the County of Genesee as a result of the failure of the City of Flint to fulfill its payment obligations hereunder. Further, if a Local Unit fails to pay its contractual obligation causing a shortfall and the debt service reserve fund(s) is drawn upon to pay the Authority's bonds, the replenishment of such debt service reserve fund shall be an obligation of the Local Unit that failed to pay, as provided in the resolution authorizing the bonds. Provided, however, if the City of Flint fails to fulfill its debt service reserve fund replenishment obligation, as with other payment obligations under the Contract, the County of Genesee agrees to make such payments.

Additionally, if the Authority sells raw untreated water capacity to other parties, to the extent funds are available from payments received from those parties, each Local Unit shall be credited on each day payment is due hereunder as agreed to by the Authority and the Local Units towards each Local Unit's payment obligations hereunder.

KAREGNONDI WATER AUTHORITY
ACTING IN LAPEER COUNTY, MICHIGAN

RESOLUTION NO. 2013-14

A RESOLUTION TO ESTABLISH A GENERAL APPROPRIATIONS FOR THE CAPITAL PROJECTS FUND OF THE KAREGNONDI WATER AUTHORITY; TO DEFINE THE POWERS AND DUTIES OF THE KAREGNONDI WATER AUTHORITY OFFICERS IN RELATION TO THE ADMINISTRATION OF THE CAPITAL PROJECTS BUDGET; AND TO PROVIDE REMEDIES FOR REFUSAL OR NEGLECT TO COMPLY WITH THE REQUIREMENTS OF THIS RESOLUTION

At a regular meeting of the Karegnondi Water Authority Board, acting in Lapeer County, Michigan, held on November 20, 2013, at 2:00 p.m., local time.

PRESENT: Joshua Freeman, Larry Green, Richard E. Hammel, Ted Henry, Marilyn Hoffman, Steve Landaal, Sheldon Neeley, Thomas Svrcek, Tracey Tucker, Paula Zelenko, Joseph Suma, Dale Kerbyson, Greg Alexander

ABSENT: Dayne Walling, Jamie Curtis

The following preamble and resolution was offered by Marilyn Hoffman and seconded by Ted Henry:

Section 1: Title

This resolution shall be known as the Karegnondi Water Authority General Appropriations Act for the Capital Projects Fund.

Section 2: Chief Administrative Officer

The Chief Executive Officer is designated as the Chief Administrative Officer under the Uniform Budgeting and Accounting Act and by the adoption of this Resolution by the Karegnondi Water Authority Board is the responsible party for the administration of the Karegnondi Water Authority Capital Projects budget.

Section 3: Fiscal Officer

The Treasurer shall be the Fiscal Officer and shall perform the duties of the Fiscal Officer enumerated in this Resolution.

Section 4: Public Hearings on the Budget

Pursuant to Section 2a(4) of Act 2 of the Michigan Public Acts of 1968, as amended (hereinafter "Act 2"), a Capital Project budget is not subject to a public hearing and is adopted as a guide for staff to follow.

Section 5: Estimated Revenues and Expenditures

Be it resolved, the expenditures for the fiscal year commencing October 1, 2013 and ending September 30, 2014, are hereby appropriated on a departmental and activity basis as follows:

Expenditures

Capital Project (Construction Costs)	$235,980,209.00
Professional Services	$19,181,666.00
Insurances	$50,000.00
Publication Expenses	$20,000.00
Supplies	$20,000.00
Travel Reimbursement	$10,000.00
TOTAL EXPENDITURES	**$255,261,875.00**

And be it further resolved, revenues for the 2013-2014 fiscal year are estimated as follows:

Revenues

Bond Proceeds	$255,000,000.00
Initiation Fee (Capacity Fee)	$0.00
Annual Fee	$0.00
Commodity Charge	$0.00
Interest Income	$261,875.00
TOTAL REVENUE	***$255,261,875.00***

Section 6: Millage Levy

The Karegnondi Water Authority SHALL NOT cause any millage to be levied or collected on real or personal property within the district boundaries of the Karegnondi Water Authority.

Section 7: Adoption of Budget by Reference

The Capital Projects budget of the Karegnondi Water Authority is hereby adopted by reference, with revenues and activity expenditures as indicated in Section 5 of this Resolution.

Section 8: Adoption of Budget by Activity/Department

The Board of the Karegnondi Water Authority adopts the 2013-2014 fiscal year Capital Projects budget by Activity/Department. The Karegnondi Water Authority officials responsible for the expenditures authorized in the budget may expend Karegnondi Water Authority funds up to, but not to exceed, the total appropriation authorized for each Activity/Department, and may transfer among the various line items contained in the Activity/Department appropriation.

Section 9: Appropriation not a Mandate to Spend

Appropriations will be deemed maximum authorizations to incur expenditures. The fiscal officer shall exercise supervision and control to ensure that expenditures are within appropriations, and shall not issue any order for expenditures that exceed appropriations.

Section 10: Transfer Authority

The Chief Administrative Officer shall have the authority to make transfers among the various Activities/Departments without prior board approval, if the amount to be transferred does not exceed fifty percent (50%) of the appropriation item from which the transfer is to be made. The Board shall be notified at its next meeting of any such transfers made, and reserves the right to modify, amend, or nullify any such transfers made. Under no circumstances may the total Capital Projects budget be changed without prior approval from the Karegnondi Water Authority Board.

Section 11: Periodic Fiscal Reports

The Chief Administrative Officer with assistance from the Treasurer shall transmit to the Karegnondi Water Authority Board at the end of quarter a report of financial operations of the Capital Projects budget, including, but not limited to:

a. cash balances report showing the amount of funds available in each of the various accounts.
b. A revenue and expenditure report which shows for each Activity/Department in the various funds the original, the amended budget, and the year to date actual amounts.

Section 12: Limit on Obligations and Payments

No obligation shall be incurred against, and no payment shall be made from any appropriation account unless there is a sufficient unencumbered balance in the appropriation and sufficient funds are or will be available to meet the obligation.

Section 13: Budget Monitoring

Whenever it appears to the Chief Administrative Officer that the actual and probable revenues in any fund will be less than the estimated revenues upon which appropriations from such fund were based, and when it appears that expenditures shall exceed an appropriation, the Chief Administrative Officer shall present to the Karegnondi Water Authority Board recommendations to prevent expenditures from exceeding available revenues or appropriations for the current fiscal year. Such recommendations shall include proposals for reducing appropriations, increasing revenues, or both.

Section 14: Payment of Bills

All claims (bills) against the Karegnondi Water Authority that are budgeted and within the limitations of the appropriated amount budgeted in the Activity/Department in which the expense is budgeted are pre-approved for payment by the Authority Board. The Karegnondi Water Authority Treasurer and Secretary may pay these bills upon receipt as long as there are sufficient funds available to pay said bills. The Karegnondi Water Authority Board shall receive a summary of claims (bills) that were budgeted and within the limitations of each Activity/Department in which the expense is budgeted that have been paid by the Karegnondi Water Authority Treasurer and Secretary. This list shall be approved during the consent agenda at the next regular meeting of the Karegnondi Water Authority Board. For any claims (bills) against the Karegnondi Water Authority that were not budgeted or that are in excess of the limitations of the appropriated amount budgeted in the Activity/Department in which the expense is budgeted, the Karegnondi Water Authority Board shall approve the claim (bills) prior to being paid.

Section 15: Authorized Salary, hourly and per diem rates

Pursuant to Article VII of the Articles of Incorporation of the Karegnondi Water Authority, the members of the Karegnondi Water Authority Board may receive payment for actual expenditures incurred in connection with the business of the Authority.

Section 16: Violations of This Resolution

Any obligation incurred or payment authorized in violation of this Resolution shall be void and shall subject any responsible official(s) or employee(s) to disciplinary action as outlined in Act 621 of the Michigan Public Acts of 1978.

Section 17: Board Adoption

The foregoing resolution was offered by Board Member Marilyn Hoffman and seconded by Ted Henry:

VOICE VOTE: Motion carried on unanimous voice vote.

RESOLUTION 2013-14 DECLARED ADOPTED.

Printed Name: Dayne Walling
Its: Chairperson

Printed Name: Janis M. Wells
Its: Deputy Secretary

STATE OF MICHIGAN)
) ss
COUNTY OF GENESEE)

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of a resolution adopted by the Karegnondi Water Authority Board, acting in Lapeer County, at a regular meeting held on November 20, 2013, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this 23rd day of January, 2014.

Printed Name: Janis M. Wells
Its: Deputy Secretary

05/10/2013 BUDGET REPORT FOR CITY OF FLINT

2013-2014 FISCAL YEAR

ACCOUNT	DESCRIPTION	2013-14 ADOPTED BUDGET
Fund 101: General Fund		
ESTIMATED REVENUES		
403.000	Property Taxes	4,522,000
404.000	Special Assessment Taxes	8,000
436.000	Income Taxes	14,210,000
439.000	Enforcement Tax Revenue	700,000
445.000	Penalty & Interest On Taxes	150,000
451.000	Bus.Licences & Permits-City Clerk	107,000
452.000	Cable Tv Franchise Fee	1,188,628
454.000	Liquor License Transf From State - Police	82,000
528.000	Federal Grants	1,375,748
538.000	State Grants Federal Pass Through	70,982
539.000	State Grants	1,328,001
540.000	State Payment For Fire Protection	65,000
576.000	Constitution Sales Tax	7,689,435
576.100	Statutory Sales Tax	6,182,878
580.000	Local Grants	135,000
580.200	Local grants- charges for service render	381,193
607.000	Fees	304,211
607.100	Impound lot-Towing fees	138,820
607.200	Impound lot-Storage fees	173,840
607.300	Impound lot-Admin cost fees	63,850
607.400	Impound lot-Statutory fee city portion	28,310
610.000	Fees - Development	25,000
616.000	Admin Fee -Pol Sting Operations	25,000
624.000	Special Events Fee	60,000
626.000	Charges For Services Rendered	133,700
626.300	Water & Sewer Pilot	1,858,450
626.800	Charges For Service Rendered - Intercity	5,368,088
628.000	911 Surcharge	1,308,000
630.000	False alarm fee	24,000
630.200	Accident non resident	28,000
645.000	Sale Of Printed Material	350
645.900	Sale Of Printed Material-Info	600
648.000	Scrap Sales	1,000
649.000	Auction Rev - Forfeited & Others	225,000
662.000	Fines & Cost - Traffic/Criminal	1,600,000
668.000	Rents And Royalties	19,000
670.000	Rental - City Property	6,000
671.500	Sundry	128,750
671.800	Nsf Check Fs	5,000
677.000	Reimbursements	128,000
694.000	Cash Over And Short	(3,000)
699.900	Transfers In	4,077,898
699.998	Budgetary Fund Balance	(1,000,000)
	TOTAL ESTIMATED REVENUES	53,045,072
APPROPRIATIONS		
702.000	Wages & Salaries	16,844,977
702.100	Wages & salaries - Appointees	72,258
709.000	Overtime	1,534,928
719.100	Direct Fringes	8,683,135
719.200	Other Fringes	4,882,318
720.000	Expense Allowances	28,575
726.000	Supplies	186,000
726.100	Testing Materials	30,200
727.000	Law Library Supplies	10,000
728.000	Film Developing	100
729.000	Postage	245,935
730.000	Professional Dues And Publications	58,200
730.500	Compliance Permit Fees	7,523
731.000	Subscriptions, Publications And Newspape	10,500
751.800	Gas, Oil Fuel-Intercity	303,000
768.000	Uniforms	45,450
801.000	Professional Service	2,720,200
801.100	Professional Service-Bank Fees	71,700

814.000	Edp Service	47,000
814.800	Data Processing Services	205,835
823.000	Copying Services	60,074
825.000	Contractual Payments	100,000
850.000	Communications	405,983
860.282	Transportation - Election equipment	12,000
861.000	Mileage Reimbursement	1,700
863.900	Vehicle & Equipment Intracity	816,100
880.000	Community Promotion	1,400
900.000	Printing & Publishing	173,907
920.000	Utilities	584,900
920.900	Intracity Utilities-Wat/Sewer	90,500
930.000	Repairs And Maintenance	640,850
930.282	Repairs & Maint - Election equipment	17,600
931.000	Maintenance Agreements	2,400
940.000	Rentals	805,300
940.100	Housing Assistance	1,000
956.000	Miscellaneous Expense	8,925
956.200	Bad Debts Expense	600,000
956.300	Litigations & Suits	3,500
956.800	Cash Shortage & Excesses	800
958.000	Education, Training, & Confer	148,975
958.500	Tuition Reimbursement	4,960
969.100	Indirect Cost Allocation	10,328,402
977.000	Equipment	791,400
977.500	Vehicle	130,000
999.900	Transfers Out	538,170
	TOTAL APPROPRIATIONS	53,065,576
	NET OF REVENUES/APPROPRIATIONS - FUND 101	(4)

Fund 202: Major Street Fund

ESTIMATED REVENUES

539.100	State grants - charges for service rende	230,000
546.000	Gas & Weight Tax	6,325,855
624.000	Special Events Fee	31,606
677.000	Reimbursements	24,050
677.100	Reimbursements- operating contributions	82,571
677.900	Reimbursements-Intercity	75,000
699.999	Budgetary F.B. Reserved for Encumbrances	(938,282)
	TOTAL ESTIMATED REVENUES	5,831,700

APPROPRIATIONS

702.000	Wages & Salaries	1,013,737
709.000	Overtime	99,019
719.100	Direct Fringes	855,803
719.200	*Other Fringes*	255,309
726.000	Supplies	648,580
726.900	Supplies Intracity	2,500
729.000	Postage	800
730.000	Professional Dues And Publications	1,960
751.000	Uniforms	3,380
782.000	Asphalt-Outside	59,000
801.000	Professional Service	1,312,575
823.000	Copying Services	9,199
850.000	Communications	29,500
863.900	Vehicle & Equipment Intracity	330,820
900.000	Printing & Publishing	1,900
920.000	Utilities	232,269
930.000	Repairs And Maintenance	47,000
940.000	Rentals	74,900
957.000	Real Estate Taxes	374
958.000	Education, Training, & Confer	8,000
958.500	Tuition Reimbursement	1,500
969.100	Indirect Cost Allocation	1,074,513
977.000	Equipment	12,000
992.000	Principal	109,524
998.000	Interest	9,065
	TOTAL APPROPRIATIONS	5,831,699
	NET OF REVENUES/APPROPRIATIONS - FUND 202	1

Fund 203: Local Street Fund

ESTIMATED REVENUES

546.000	Gas & Weight Tax	1,827,772
674.000	Contributions	350,000
677.000	Reimbursements	45,150
677.900	Reimbursements-Intercity	125,000
699.999	Budgetary F.B. Reserved for Encumbrances	(25,849)
	TOTAL ESTIMATED REVENUES	2,322,073

APPROPRIATIONS

702.000	Wages & Salaries	542,100
709.000	Overtime	22,000
719.100	Direct Fringes	355,187
719.200	Other Fringes	133,251
728.000	Supplies	372,894
782.000	Asphalt-Outside	123,084
863.900	Vehicle & Equipment Intercity	143,050
940.000	Rentals	6,500
968.100	Indirect Cost Allocation	611,835
	TOTAL APPROPRIATIONS	2,322,072
	NET OF REVENUES/APPROPRIATIONS - FUND 203	1

Fund 205: Public Safety

ESTIMATED REVENUES

402.000	Property Taxes	3,589,000
699.998	Budgetary Fund Balance	(1,743,173)
	TOTAL ESTIMATED REVENUES	1,845,827

APPROPRIATIONS

702.000	Wages & Salaries	1,010,838
709.000	Overtime	60,000
719.100	Direct Fringes	494,452
719.200	Other Fringes	250,590
720.000	Expense Allowances	6,000
728.000	Supplies	3,000
768.000	Uniforms	15,000
977.000	Equipment	6,000
	TOTAL APPROPRIATIONS	1,845,828
	NET OF REVENUES/APPROPRIATIONS - FUND 205	(1)

Fund 207: Police Fund

ESTIMATED REVENUES

402.000	Property Taxes	1,196,000
677.000	Reimbursements	353,180
	TOTAL ESTIMATED REVENUES	1,549,180

APPROPRIATIONS

702.000	Wages & Salaries	785,053
709.000	Overtime	120,000
719.100	Direct Fringes	418,783
719.200	Other Fringes	181,740
720.000	Expense Allowances	7,500
728.000	Supplies	4,000
801.000	Professional Service	500
823.000	Copying Services	3,200
850.000	Communications	18,219
920.000	Utilities	7,500
920.900	Intercity Utilities-Wtr/Sewer	3,500
930.000	Repairs And Maintenance	500
940.000	Rentals	500
	TOTAL APPROPRIATIONS	1,549,180
	NET OF REVENUES/APPROPRIATIONS - FUND 207	0

Fund 213: Park & Recreation Senior Citizen Centers
ESTIMATED REVENUES

535,000	*County Distribution - Senior Citizen Ctr*	200,000
	TOTAL ESTIMATED REVENUES	200,000

APPROPRIATIONS

702,000	Wages & Salaries	47,501
719,100	Direct Fringes	4,983
726,000	Supplies	28,017
728,000	Postage	100
730,000	Professional Dues And Publications	400
751,000	Gas, Oil Fuel-Intracity	6,000
801,000	Professional Service	40,000
823,000	Copying Services	600
850,000	Communications	4,500
863,900	Vehicle & Equipment Intracity	5,000
900,000	Printing & Publishing	8,500
920,000	Utilities	40,000
920,900	Intracity Utilities-Wtr/Sewer	6,700
930,000	Repairs And Maintenance	8,700
	TOTAL APPROPRIATIONS	200,001
	NET OF REVENUES/APPROPRIATIONS - FUND 213	(1)

Fund 219: Street Light
ESTIMATED REVENUES

404,100	Special assessments-Street Lights	2,982,960
	TOTAL ESTIMATED REVENUES	2,982,960

APPROPRIATIONS

920,000	Utilities	2,877,076
863,100	Indirect Cost Allocation	105,884
	TOTAL APPROPRIATIONS	2,982,960
	NET OF REVENUES/APPROPRIATIONS - FUND 219	0

Fund 226: Rubbish Collection Fund
ESTIMATED REVENUES

403,000	Property Taxes	5,131,480
478,000	Non-Bus.Perm-Dumping Permits-Waste Coll	1,000
	TOTAL ESTIMATED REVENUES	5,132,480

APPROPRIATIONS

702,000	Wages & Salaries	54,000
719,100	Direct Fringes	31,000
728,000	Postage	300
801,000	Professional Service	4,426,000
863,100	Indirect Cost Allocation	621,180
	TOTAL APPROPRIATIONS	5,132,480
	NET OF REVENUES/APPROPRIATIONS - FUND 226	0

Fund 238: Hud Grants - 2011 & prior

ESTIMATED REVENUES

502.748	Federal Grants Hud - Cdbg	1,294,477
502.749	Federal Grants Hud - Home	2,550,057
502.750	Federal Grants Hud - Esg	84,015
	TOTAL ESTIMATED REVENUES	3,928,549

APPROPRIATIONS

703.100	Unallocated budget appropriations	1,343,183
702.000	Wages & Salaries	2,059
728.000	Postage	23
801.000	Professional Service	900
805.001	01 Acquisition Of Real Property	13,243
805.066	03O Fire Stations/ Equipment	407,524
805.076	04 Clearance And Demolition	59,380
805.101	05 Public Services General	5,000
805.105	05D Youth Services	553
805.119	05R Homeownership Assistance	131,583
805.120	05S Rental Housing Subsidies	33,841
805.176	08 Relocation	1,541
805.276	12 Construction Of Housing	757,591
805.301	13 Direct Home Ownership Assistance	70,559
805.327	14A Rehab Single Unit Residential	1,017,520
805.334	14H Rehabilitation Administration	10,000
805.453	19B Home Cdo Operating Costs	1,187
805.502	21A General Program Administration	7,769
863.900	Vehicle & Equipment Intracity	15
	TOTAL APPROPRIATIONS	3,918,347
	NET OF REVENUES/APPROPRIATIONS - FUND 238	10,202

Fund 265: Drug Law Enforcement Fund

ESTIMATED REVENUES

655.000	Fines & Forfeitures - Cash/Ch -Police	130,000
677.000	Reimbursements	21,000
696.968	Budgetary Fund Balance	284,042
	TOTAL ESTIMATED REVENUES	435,042

APPROPRIATIONS

702.000	Wages & Salaries	154,676
709.000	Overtime	50,000
718.100	Direct Fringes	131,520
728.000	Supplies	3,450
801.000	Professional Service	30,000
801.500	Legal Services	8,000
823.000	Copying Services	2,396
850.000	Communications	10,000
977.500	Vehicle	45,000
	TOTAL APPROPRIATIONS	435,042
	NET OF REVENUES/APPROPRIATIONS - FUND 265	0

Fund 272: Hud Grant - 2012

ESTIMATED REVENUES

502.001	Prior yr revenue -Fed grant - HUD	33,516
502.748	Federal Grants Hud - Cdbg	1,393,479
502.750	Federal Grants Hud - Esg	20,589
	TOTAL ESTIMATED REVENUES	1,447,584

APPROPRIATIONS

700.100	Unallocated budget appropriations	17,200
709.000	Overtime	19,610
719.200	Other Fringes	3,309
728.000	Supplies	5,440
729.000	Postage	1,294
730.000	Professional Dues And Publications	2,100
731.000	Subscriptions, Publications And Newspaps	2,332
801.000	Professional Service	8,937
805.063	03L Sidewalks	300,000
805.076	04 Clearance And Demolition	250,000
805.101	05 Public Services General	93,574
805.104	05C Legal Services	21,014
805.111	05J Fair Housing Activities	63,856
805.126	06 Interim Assistance	336,027
805.327	14A Rehab Single Unit Residential	275,000
805.458	19G Unplanned Repay Of Sec 108 Principal	181
814.800	Computer Software	620
823.000	Copying Services	123
825.000	Contractual Payments	3,500
861.000	Mileage Reimbursement	4
863.900	Vehicle & Equipment Intradiy	2,963
900.000	Printing & Publishing	10,731
958.000	Education, Training, & Confer	1,832
	TOTAL APPROPRIATIONS	1,434,737
	NET OF REVENUES/APPROPRIATIONS - FUND 272	13,127

Fund 273: Hud Grant - 2013

ESTIMATED REVENUES

502.748	Federal Grants Hud - Cdbg	2,930,206
502.749	Federal Grants Hud - Home	763,832
502.750	Federal Grants Hud - Esg	254,632
	TOTAL ESTIMATED REVENUES	3,948,670

APPROPRIATIONS

700.100	Unallocated budget appropriations	545,428
702.000	Wages & Salaries	158,759
709.000	Overtime	61,880
719.100	Direct Fringes	195,131
719.200	Other Fringes	109,774
728.000	Supplies	11,000
729.000	Postage	1,500
730.000	Professional Dues And Publications	500
731.000	Subscriptions, Publications And Newspaps	500
801.000	Professional Service	59,047
805.061	03J Water & Sewer Improvements	142,520
805.062	03K Street Improvements	263,079
805.063	03L Sidewalks	180,000
805.076	04 Clearance And Demolition	281,650
805.101	05 Public Services General	345,538
805.104	05C Legal Services	5,400
805.105	05D Youth Services	194,754
805.111	05J Fair Housing Activities	42,749
805.276	12 Construction Of Housing	575,449
805.327	14A Rehab Single Unit Residential	439,597
805.351	15 Code Enforcement	142,500
805.458	19G Unplanned Repay Of Sec 108 Principal	131,058
805.502	21A General Program Administration	14,000
805.510	21I Home Chdo Operate Cost 5% Admin Cap	10,000
814.800	Computer Software	6,000
823.000	Copying Services	5,000
861.000	Mileage Reimbursement	8
863.900	Vehicle & Equipment Intracity	8,143
900.000	Printing & Publishing	25,000
958.000	Education, Training, & Confer	7,500
	TOTAL APPROPRIATIONS	3,948,669
	NET OF REVENUES/APPROPRIATIONS - FUND 273	1

Fund 274: Hud Grant - 2014

ESTIMATED REVENUES		
502.748	Federal Grants Hud - Cdbg	3,400,364
502.749	Federal Grants Hud - Home	744,639
502.750	Federal Grants Hud - Esg	324,672
	TOTAL ESTIMATED REVENUES	4,469,675
APPROPRIATIONS		
700.100	Unallocated budget appropriations	608,297
702.000	Wages & Salaries	384,645
709.000	Overtime	2,570
715.100	Direct Fringes	215,977
715.200	Other Fringes	76,019
726.000	Supplies	7,000
729.000	Postage	750
730.000	Professional Dues And Publications	320
731.000	Subscriptions, Publications And Newspaps	500
801.000	Professional Service	53,923
805.057	03F Parks, Recreational Facilities	115,000
805.101	05 Public Services General	539,000
805.104	05C Legal Services	24,000
805.105	05D Youth Services	192,000
805.111	05J Fair Housing Activities	18,000
805.128	06 Interim Assistance	300,000
805.276	12 Construction Of Housing	650,176
805.327	14A Rehab Single Unit Residential	235,000
805.351	15 Code Enforcement	704,491
805.458	19G Unplanned Repay Of Sec 108 Principal	320,000
805.502	21A General Program Administration	2,499
823.000	Copying Services	6,000
863.900	Vehicle & Equipment Intracity	4,506
900.000	Printing & Publishing	6,000
958.000	Education, Training, & Confer	3,000
	TOTAL APPROPRIATIONS	4,469,674
	NET OF REVENUES/APPROPRIATIONS - FUND 274	1

Fund 296: Other Grants Fund

ESTIMATED REVENUES		
530.000	Federal Grants	938,854
532.900	Cd Block Grant-Intracity	330,000
539.000	State Grants	73,200
580.000	Local Grants	227,557
607.000	Fees	625
664.100	Interest Earned	20,000
664.200	Interest Income/Loans	327,698
665.000	Interest Earned On Bank Ctp &	1,324
671.400	City Rfl-Principal Repayments	106,000
677.900	Reimbursements-Intercity	38,515
696.000	Proceds From Loans	296,000
699.298	Budgetary Fund Balance	70,000
	TOTAL ESTIMATED REVENUES	2,429,270
APPROPRIATIONS		
702.000	Wages & Salaries	228,294
709.000	Overtime	4,000
715.100	Direct Fringes	118,265
715.200	Other Fringes	48,231
726.000	Supplies	21,449
729.000	Postage	506
730.000	Professional Dues And Publications	2,200
731.000	Subscriptions, Publications And Newspaps	425
801.000	Professional Service	735,057
814.500	Computer Software	9,398
831.900	Admin serv charges - internal serv fds	38,515
850.000	Communications	4,000
861.000	Mileage Reimbursement	8,403
900.000	Printing & Publishing	19,273
955.000	Miscellaneous Expense	7,000
956.900	Investments - Loans	83,150
958.000	Education, Training, & Confer	12,291
992.000	Principal	639,000
995.000	Interest	422,336
997.000	Paying Agent Fees	400
	TOTAL APPROPRIATIONS	2,400,489
	NET OF REVENUES/APPROPRIATIONS - FUND 296	28,781

Fund 297: Federal Stimulus Fund

ESTIMATED REVENUES		
602.741	HUD grant NSP3	1,582,979
532.000	Federal Grants	3,261,501
	TOTAL ESTIMATED REVENUES	4,844,480
APPROPRIATIONS		
702.000	Wages & Salaries	1,900,000
719.100	Direct Fringes	1,361,601
806.075	04 Clearance And Demolition	813,748
805.276	12 Construction Of Housing	769,131
	TOTAL APPROPRIATIONS	4,844,480
	NET OF REVENUES/APPROPRIATIONS - FUND 297	0

Fund 301: General Debt Serv(Voted Bonds)

ESTIMATED REVENUES		
699.000	Transfers In	728,953
	TOTAL ESTIMATED REVENUES	728,953
APPROPRIATIONS		
992.000	Principal	459,953
995.000	Interest	269,000
	TOTAL APPROPRIATIONS	728,953
	NET OF REVENUES/APPROPRIATIONS - FUND 301	0

Fund 402: Public Improvement Fund

ESTIMATED REVENUES		
403.000	Property Taxes	1,495,000
678.000	Reimbursement from DDA-Parking Debt Bond	380,000
	TOTAL ESTIMATED REVENUES	1,875,000
APPROPRIATIONS		
976.000	Building Additions & Improve	545,943
992.000	Principal	195,000
996.000	Interest	407,104
999.000	Transfers Out	726,953
	TOTAL APPROPRIATIONS	1,875,000
	NET OF REVENUES/APPROPRIATIONS - FUND 402	0

Fund 590: Sewer Fund

ESTIMATED REVENUES

455.000	Bus.Licenses & Permits - Utilities	23,872
627.000	Sewage Charges	31,512,525
648.000	Scrap Sales	20,000
657.100	Forfeited Discount - Utilities	350,000
664.000	Interest	10,000
698.000	Bond or Insurance Recoveries	2,000
	TOTAL ESTIMATED REVENUES	31,918,397

APPROPRIATIONS

702.000	Wages & Salaries	3,457,331
709.000	Overtime	804,148
719.100	Direct Fringes	2,322,497
719.200	Other Fringes	595,075
719.350	Retiree Healthcare Benefit	5,500,000
728.000	Supplies	525,500
729.000	Postage	2,200
730.000	Professional Dues And Publications	1,500
730.500	Compliance Permit Fees	108,100
731.000	Subscriptions, Publications And Newspaps	800
740.200	Laboratory Supplies	28,750
740.500	Treatment Chemicals	251,000
751.000	Gas, Oil, Fuel	33,500
751.900	Gas, Oil Fuel-Intracity	105,500
758.000	Uniforms	44,500
775.000	Repair & Maint Supplies	532,500
782.000	Asphalt-Outside	40,000
801.000	Professional Service	3,075,903
808.900	Street Division Service	4,000
814.500	Computer Software	20,200
823.000	Copying Services	6,700
850.000	Communications	115,100
861.000	Mileage Reimbursement	2,000
863.000	Vehicle & Equipment Charges	31,000
863.900	Vehicle & Equipment Intracity	376,500
900.000	Printing & Publishing	3,100
920.200	Gas	405,000
920.300	Power	1,425,000
920.400	Power - Swedish bio-gas payment	100,000
920.900	Intracity Utilities-Wtr/Sewer	283,000
930.000	Repairs And Maintenance	1,588,500
940.000	Rentals	18,000
957.100	Charges In Lieu Of Tax	1,218,300
958.000	Education, Training, & Confer	53,800
958.500	Tuition Reimbursement	800
968.000	Deprie/Deplic Equip Replace	4,000,000
968.100	Indirect Cost Allocation	5,038,744
974.000	Land Improvements	45,000
976.000	Building Additions & Improve	202,700
977.000	Equipment	2,210,500
977.500	Vehicle	580,000
992.000	Principal	5,763
995.000	Interest	895
999.900	Transfers Out	1,580,000
	TOTAL APPROPRIATIONS	36,760,907
	NET OF REVENUES/APPROPRIATIONS - FUND 590	(4,842,510)

Fund 591: Water Fund

ESTIMATED REVENUES		
601.000	Mowing & Job Charge Service	180,000
601.900	Mowing & Job Charge Service - Intercity	236,000
642.000	Charges For Sale	54,000
643.000	Meter Water Sales	60,464,182
648.000	Scrap Sales	5,000
657.000	Fines - Turn- On Fees - Utilities	120,000
657.100	Forfeited Discount - Utilities	330,000
673.400	Sale Of Fixed Assets	25,000
	TOTAL ESTIMATED REVENUES	61,414,182
APPROPRIATIONS		
702.000	Wages & Salaries	2,531,028
709.000	Overtime	772,849
719.100	Direct Fringes	1,701,349
719.200	Other Fringes	947,143
719.350	Retiree Healthcare Benefit	3,750,000
728.000	Supplies	1,172,500
729.000	Postage	1,625
730.000	Professional Dues And Publications	5,600
740.000	Operating Supplies	70,200
751.200	Gas, Oil Fuel-Intracity	160,000
755.000	Uniforms	24,000
759.000	Purchase Of Materials For Res	24,459,072
782.000	Asphalt-Outside	15,000
801.000	Professional Service	5,124,850
802.900	Street Division Service	180,000
814.900	Computer Software	53,000
823.000	Copying Services	4,600
850.000	Communications	177,000
851.000	Mileage Reimbursement	5,900
853.000	Vehicle & Equipment Charges	8,500
853.900	Vehicle & Equipment Intracity	290,000
900.000	Printing & Publishing	9,000
920.000	Utilities	50,000
920.200	Gas	209,000
920.300	Power	334,000
920.900	Intracity Utilities-Wtr/Sewer	6,000
930.000	Repairs And Maintenance	163,200
940.000	Rentals	15,000
950.000	Miscellaneous Expense	500
957.100	Charges In Lieu Of Tax	749,150
958.000	Education, Training, & Confer	17,000
958.500	Tuition Reimbursement	2,000
968.000	Deprec/Deple Equip Replace	1,500,000
969.100	Indirect Cost Allocation	4,940,500
974.000	Land Improvements	50,000
975.000	Building Additions & Improve	677,402
977.000	Equipment	1,570,500
977.500	Vehicle	506,000
977.800	Micro Hardware Equipment	2,500
999.900	Transfers Out	3,789,071
	TOTAL APPROPRIATIONS	65,153,141
	NET OF REVENUES/APPROPRIATIONS - FUND 591	(3,738,959)
	ESTIMATED REVENUES - ALL FUNDS	180,557,384
	APPROPRIATIONS - ALL FUNDS	189,186,745
	NET OF REVENUES/APPROPRIATIONS - ALL FUNDS	(8,629,361)

Attachment C1-d

GENERAL FUND REVENUE PROJECTIONS

	FY13 PROJECTED	FY14 ADOPTED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
Property Taxes	5,720,000	4,622,000	4,179,000	4,012,000	4,012,000	4,088,000
Income Taxes	16,300,000	14,210,000	14,210,000	14,067,900	13,927,221	14,068,493
Special Assessments	5,000	8,000	8,000	8,000	8,000	8,000
State Shared Revenues	13,140,585	13,872,368	13,800,000	13,800,000	13,800,000	14,000,000
Charges for Services Rendered - Water/Sewer PILOT	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450
Interest	114,400	150,000	175,000	175,000	200,000	200,000
Other	6,010	6,000	6,000	6,000	6,000	6,000
Fund Balance	-419,642	-1,000,000	-1,000,000	-1,450,000	-1,750,000	-1,800,000
District Court - State Grant	228,000	0	0	0	0	0
District Court - Fines and Forfeitures	1,164,611	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Finance - Charges for Services	1,150	2,200	2,000	2,000	2,000	2,000
Finance - Grant	57,000	0	0	0	0	0
Clerk - Charges for Services	350	350	350	350	350	350
Cable Franchise Fees	1,287,931	1,303,626	1,300,000	1,300,000	1,300,000	1,300,000
Sale of Equipment	130,007	75,000	50,000	75,000	75,000	75,000
Treasury Operations - Charges for Services	434,381	309,211	310,000	310,000	310,000	310,000
Treasury Operations - Other Revenues	27,000	27,000	25,000	25,000	25,000	25,000
Income Tax Operations - Other Charges	20,000	0	0	0	0	0
Treasury - Delinquent Collections	0	700,000	800,000	800,000	850,000	850,000
Assessing - Charges for Services	6,000	10,000	10,000	9,000	9,000	9,000
Clerk - Charges for Services	19,693	18,600	19,000	19,000	19,000	19,000
Clerk - Disabled Voter Grant	10,000	0	0	0	0	0
Law Department - Charges for Services	14,925	16,500	16,500	16,500	16,500	16,500
Personnel - Charges for Services	3,207	0	0	0	0	0
Cost Allocation Reimbursement	7,401,730	5,386,088	5,200,000	5,000,000	5,000,000	5,000,000
Police Department - Misc Grants	2,141,566	620,992	300,000	300,000	300,000	300,000
Police Department - COPS Grant	998,552	825,746	464,247	476,959	500,807	0
Police Department - Mott Grant	1,485,520	135,000	0	0	0	0
Police Department - Misc Revenues	313,148	398,250	400,000	400,000	400,000	400,000
Police Department - Impound Lot	654,000	654,020	555,000	555,000	555,000	555,000
Police Department - Lockup	1,330,000	1,300,001	0	0	0	0
Police Department - School Liaison Contract	364,061	361,198	360,000	360,000	360,000	360,000
Fire Department - Misc Revenues	143,200	220,500	200,000	200,000	200,000	200,000
911 - Surcharge and Grant	1,577,000	1,334,000	1,330,000	1,325,000	1,320,000	1,315,000
Planning and Zoning - Misc Revenues	29,250	25,000	25,000	25,000	25,000	25,000
Fire-CDBG	407,524	0	0	0	0	0
Parks - Misc Revenues	183,942	19,000	15,000	15,000	15,000	15,000
Transfers In - Water and Sewer (ROE)	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Transfers In - Cost Allocation	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998
TOTAL PROJECTED Revenues	60,356,549	[illegible]	50,486,546	49,569,157	49,222,328	48,881,791
Major Grants (separated)						
Lockup	1,330,000	1,300,001	0	0	0	0
Mott Grant	1,485,520	135,000	0	0	0	0
COPS Grant	998,552	825,746	464,247	476,959	500,807	0
Other Police Grants	2,141,566	620,992	300,000	300,000	300,000	300,000
	54,400,911	50,163,337	49,732,288	48,792,198	48,421,519	48,581,791

GENERAL FUND EXPENSE PROJECTIONS

Attachment C1-4

	FY13 PROJECTED	FY14 ADOPTED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
City Council	$382,899	$333,449	$343,452	$360,625	$378,656	$397,589
District Court	$5,358,479	$5,164,307	$5,454,022	$5,728,723	$6,013,060	$6,313,713
Mayor	$206,579	$212,239	$216,606	$229,536	$241,013	$253,064
City Administrator	$711,982	$384,106	$396,629	$415,411	$436,181	$457,990
HRC	$40,103	$26,237	$27,024	$28,375	$29,794	$31,284
Finance	$1,100,342	$924,822	$971,063	$1,019,616	$1,070,597	$1,124,127
Clerk	$423,065	$321,995	$338,095	$354,666	$372,749	$391,387
Purchasing	$165,204	$130,228	$136,740	$143,577	$150,766	$158,294
Treasury	$2,878,129	$3,052,787	$3,205,426	$3,365,698	$3,533,983	$3,710,682
Assessing	$1,109,773	$1,084,221	$1,138,432	$1,195,354	$1,255,121	$1,317,877
Elections	$572,525	$541,837	$668,929	$702,375	$837,494	$879,369
Law	$1,057,464	$952,761	$971,816	$1,020,407	$1,071,427	$1,124,999
Human Resources	$873,638	$822,167	$653,275	$685,939	$720,236	$756,248
MISC Allocation	$298,609	$0	$0	$0	$0	$0
POLICE	$25,657,661	$21,758,778	$23,088,981	$24,243,430	$25,455,601	$26,728,382
911	$3,314,413	$3,746,526	$3,932,801	$4,129,441	$4,335,913	$4,552,709
Fire	$10,953,319	$11,699,786	$12,284,786	$12,899,025	$13,543,976	$14,221,175
Building Inspection (transfer)	$986,519	$539,170	$566,129	$594,436	$624,157	$655,365
Planning and Zoning	$99,120	$121,875	$427,969	$449,367	$471,836	$495,427
Community Development	$2,058,900	$186,293	$190,019	$199,520	$209,496	$219,971
Fire-CDBG	$407,524					
Parks and Recreation	$576,942	$5,100	$5,355	$5,623	$5,904	$6,199
Facilities	$1,263,526	$1,207,392	$1,392,751	$1,462,389	$1,535,508	$1,612,283
Police Millage Fund (transfer)	$0	$0	$0	$0	$0	$0
Parks Fund (transfer)	$40,000	$0	$0	$0	$0	$0
Other transfers out	$0	$0	$0	$0	$0	$0
Transfers out	$100,000	$0	$0	$0	$0	$100,000
TOTAL GENERAL FUND EXPENDITURES	$60,396,553	$53,048,078	$56,411,302	$59,231,667	$62,293,460	$65,608,133
Major Grants (Separated)						
Lockup	$1,330,000	$1,300,001	$0	$0	$0	$0
Mott Grant	$1,485,520	$135,000	$0	$0	$0	$0
COPS Grant	$999,552	$445,575	$454,247	$476,959	$500,807	$0
Other Police Grants	$2,141,666	$611,991	$300,000	$300,000	$300,000	$300,000
	$54,440,915	$50,652,509	$55,657,055	$58,454,908	$61,492,663	$65,208,133

Significant Changes:
5% cost escalator PLUS:

Elections	$100,000			$100,000
Police Officers	2	3	Elections	
	$242,284	$381,587		
Planning staff	$300,000			
Facilities	$125,000			

Not Included:	Lock up
	$1,330,000

Genesee County, Michigan
2013/14 Adopted Budget

Departments:

	Salaries	Fringe Benefits	Non-Personnel Costs	Total Adopted Budget	General Fund	Other	Total Adopted Budget
Management and Planning							
Accomodation Tax			20,000	20,000		20,000	20,000
Board Coordinator	122,684	65,543	12,081	200,308	200,308		200,308
Board of Commissioners	280,609	164,211	22,362	467,182	467,182		467,182
Boundary Commission	0		0	0			0
County Clerk:							
Election/Campaign Finance	221,421	144,787	271,635	637,843	637,843		637,843
County Clerk-Vital Records	218,672	173,831	107,312	499,815	499,816		499,815
Court Records	946,569	745,465	8,000	1,700,034	1,700,034		1,700,034
Drains:							
Drain Commissioner	731,077	349,969	21,526	1,102,572	1,102,572		1,102,572
Drain Service	601,580	342,632	72,233	1,016,445		1,016,445	1,016,445
Water Shed Mgmt			125,000	125,000	85,000	40,000	125,000
Drain Equipment			354,488	354,488		354,488	354,488
Drain-at-Large			335,928	335,928	285,928	50,000	335,928
Equalization	478,110	323,781	27,200	829,091	829,091		829,091
GIS	84,055	47,860	28,538	160,453	160,453		160,453
Planning Commission	1,219,726	725,529	1,650,383	3,595,638	362,574	3,233,064	3,595,638
Register of Deeds	476,772	292,738	247,700	1,017,208	598,046	419,162	1,017,208
Treasurer	848,882	542,223	2,753,447	4,144,552	1,096,498	3,048,054	4,144,552
Appropriations:							
Appropriations-General		10,000	238,100	248,100	248,100		248,100
Phase-in Reductions			(1,600,000)	(1,600,000)	(1,600,000)		(1,600,000)
Appropriations-Overtime			520,037	520,037	520,037		520,037
Debt Service (Bond Payments)			2,635,111	2,635,111	2,635,111		2,635,111
Grant Match Contingencies			0	0			0
Subtotal	6,240,157	3,916,567	7,849,081	18,007,805	9,826,592	8,181,213	18,007,805
Administration of Justice							
Adult Probation		0	27,105	27,105	27,105		27,105
Circuit Court	1,850,143	916,236	2,293,070	5,059,449	5,059,449		5,059,449
GVRC	2,248,510	1,250,453	929,960	4,428,923	2,138,962	2,289,961	4,428,923
District Court	2,679,440	1,630,649	550,800	4,860,889	4,860,889		4,860,889
Friend of the Court:							
Friend of the Court			41,000	41,000	41,000		41,000
Friend of the Court Coop Reimb	4,466,599	3,238,612	1,493,634	9,198,945	2,560,410	6,636,535	9,198,945
Custody and Visitation	67,419	43,217		110,638	37,618	73,020	110,638
Jury Board	120,780	67,250	32,160	220,190	220,190		220,190
Law Library			130,832	130,832	122,332	8,500	130,832
Court Services	101,610	61,071	6,000	168,681	168,681		168,681
Probate Court	943,598	690,269	182,950	1,816,817	1,816,817		1,816,817
Mental Health Court	49,959	31,437	15,350	96,746		96,746	96,746
Family Court	1,604,885	1,081,369	1,215,905	3,902,139	3,902,139		3,902,139
Prosecutor:							
Prosecutor-General	2,670,015	1,421,891	232,700	4,324,606	4,324,606		4,324,606
Cooperative Reimbursement	989,785	799,371	216,322	2,005,478	681,863	1,323,615	2,005,478
Victim/Witness Assistance Program	181,900	168,917	7,000	357,717	41,817	315,900	357,717
APIS Contribution			29,500	29,500	29,500		29,500
Subtotal	17,974,623	11,416,752	7,401,278	36,794,653	26,050,376	10,744,277	36,794,653

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Genesee County, Michigan
2013/14 Adopted Budget

Departments:

	Salaries	Fringe Benefits	Non-Personnel Costs	Total Adopted Budget	General Fund	Other	Total Adopted Budget
Law Enforcement & Community Prot.							
Emergency Management/Homeland S	65,067	41,886	19,950	126,903	126,903		126,903
Sheriff:							
Administration	354,685	175,914	61,225	591,824	591,824		591,824
Corrections	6,137,289	4,654,811	2,912,750	13,904,850	13,904,850		13,904,850
Court Security/Transport-Circuit	718,056	759,351	3,100	1,480,507	1,480,507		1,480,507
Court Security/Transport-McCree	577,496	568,692	1,525	1,147,713	1,147,713		1,147,713
Court Security/Transport-Probate	111,123	106,173	100	217,396	217,396		217,396
Tether Program	51,693	65,283	160,500	277,476	277,476		277,476
Investigative/Detective	349,486	276,834	19,400	645,720	645,720		645,720
Marine Law	30,000	3,285	8,800	42,085	42,085		42,085
GAIN	72,620	73,842	461,250	607,812	71,484	536,128	607,812
Road Patrols							
Vienna	421,944	446,206	88,200	956,350		956,350	956,350
Fenton	336,353	294,619	67,800	698,772		698,772	698,772
Atlas	265,561	250,474	45,000	561,035		561,035	561,035
City of Flint Lockup	1,159,895	976,586	288,848	2,424,329		2,424,329	2,424,329
Traffic Safety-P.A. 416 Grant	137,446	128,935	44,050	310,431		310,431	310,431
Appropriations:							
New Paths			0	0	0		0
Subtotal	10,797,814	9,024,692	4,160,496	23,993,005	18,505,960	5,487,045	23,993,004
Human Services:							
Animal Control							
General	290,058	203,391	118,825	612,274	612,274		612,274
Census Program	92,513	35,117	1,900	129,530		129,530	129,530
Child Care Fund:							
County	433,434	278,204	10,126,587	10,838,225	5,987,629	4,850,596	10,838,225
Dept. of Human Services			2,644,548	2,644,548	1,322,274	1,322,274	2,644,548
Community Mental Health			3,700,000	3,700,000	3,700,000		3,700,000
Emergency Medical Services	1,545,950	1,243,281	997,507	3,786,738		3,786,738	3,786,738
Public Health	5,869,923	3,982,067	4,012,572	13,864,562	1,783,270	12,081,292	13,864,562
Medical Examiner	554,991	183,045	485,100	1,223,136	1,086,928	136,208	1,223,136
Senior Services	148,217	65,871	6,037,919	6,252,007		6,252,007	6,252,007
Health Services Plan			8,017,884	8,017,884		8,017,884	8,017,884
Veterans Millage	274,262	119,593	408,509	802,364		802,364	802,364
Appropriations:							
Cigarette Tax Appropriation				0			0
Dept. of Human Services			15,500	15,500	15,500		15,500
Substance Abuse Liquor Tax Allocation			1,528,548	1,528,548	1,528,548		1,528,548
Subtotal	9,229,348	6,090,668	38,093,377	53,413,293	16,034,421	37,378,873	53,413,294

Genesee County, Michigan
2013/14 Adopted Budget

Departments:

	Salaries	Fringe Benefits	Non-Personnel Costs	Total Adopted Budget	General Fund	Other	Total Adopted Budget
Community Enrichment & Develop.							
Accomodations Tax			980,000	980,000		980,000	980,000
Parks & Recreation	2,468,695	1,016,984	2,477,348	5,961,007		5,961,007	5,961,007
Subtotal	2,468,695	1,016,984	3,457,348	6,941,007	0	6,941,007	6,941,007
General Support							
Buildings & Grounds:							
General	555,088	413,682	1,451,374	2,420,144	2,420,144		2,420,144
Jail	127,117	151,288	667,457	945,862	945,862		945,862
McCree Courts & HS Center	122,928	110,848	392,950	626,724	175,739	450,985	626,724
Water & Waste Addition			25,000	25,000	25,000		25,000
Controller:							
Controller	585,773	388,027	20,125	993,925	699,205	294,720	993,925
Reimbursement	134,146	125,427	50,000	309,573		309,573	309,573
Corporation Counsel	210,501	97,255	25,160	332,916	298,916	34,000	332,916
MIS:							
MIS-General	1,099,165	658,746	1,200,332	2,958,243	2,491,552	466,691	2,958,243
Virtual Desktop Interface			0	0	0	0	0
Insurance	74,442	66,750	3,059,648	3,200,840	750,000	2,450,840	3,200,840
Microfilm	15,781	11,808	24,500	52,089	52,089	0	52,089
Parking Facilities:							
County Parking Lot			83,304	83,304		83,304	83,304
McCree Parking Ramp			342,457	342,457		342,457	342,457
Human Resources	335,335	178,736	169,000	683,071	634,346	48,725	683,071
Purchasing:							
Administration Services Copier			307,640	307,640		307,640	307,640
Motor Pool	116,858	115,422	939,580	1,171,860	477,810	694,050	1,171,860
Purchasing	112,959	54,502	10,760	178,221	173,221	5,000	178,221
Telephone			245,525	245,525		245,525	245,525
Subtotal	3,490,101	2,372,491	9,014,802	14,877,394	9,143,884	5,733,510	14,877,394
Grand Total	50,188,537	33,842,235	69,996,384	154,027,156	79,561,231	74,465,925	154,027,156

TRANSFER AUTHORIZATION: The County Controller is authorized to execute transfers between appropriations in this Budget, without prior approval of the County Board of Commissioners specific to the individual transfers, to the extent provided for in that Board's Resolutions 95-220 and 95-224, both adopted June 6, 1995.

Genesee County, Michigan
Summary of Fiscal Year 2013/2014 Adopted
General Fund Budget

Beginning General Fund Fund Balance 10/01/13		$11,746,279
2013/2014 Adopted General Fund Revenue	78,561,231	
2013/2014 Adopted General Fund Expenditures	78,561,231	
Projected General Fund Fund Balance 09/30/14		$11,746,279

CERTIFICATE OF NO REFERENDUM

I, Inez M. Brown, do hereby certify that I am the duly qualified and acting Clerk of the City of Flint, County of Genesee, State of Michigan (the "City") and that in connection with the execution of the Contract by and between the City, the County of Genesee and the Karegnondi Water Authority, the Notice of Intent to Execute Tax-Supported Contract and of Right to Petition for Referendum Thereon was published in ***The Flint Journal***, a newspaper of general circulation within the City on October 3, 2013, that more than forty-five (45) days have elapsed since the date of such publication and that no Petition for Referendum has been filed with my office.

CITY OF FLINT

By: Inez M. Brown
Inez M. Brown
City Clerk

Dated: November 19, 2013

21718454.1\152665-00001

CERTIFICATE OF NO REFERENDUM

I, John J. Gleason, do hereby certify that I am the duly qualified and acting Clerk of the County of Genesee, State of Michigan (the "County") and that in connection with the execution of the Contract by and between the County, the City of Flint and the Karegnondi Water Authority, the Notice of Intent to Execute Tax-Supported Contract and of Right to Petition for Referendum Thereon was be published in ***The Flint Journal,*** a newspaper of general circulation within the County on October 3, 2013, that more than forty-five (45) days have elapsed since the date of such publication and that no Petition for Referendum has been filed with my office.

COUNTY OF GENESEE

By: John J Gleason
John J. Gleason
County Clerk

Dated: November 22, 2013

21718452.1\152665-00001

$220,000,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 A
(LIMITED TAX GENERAL OBLIGATION)

Dated: 01-Mar-14
Delivery Date: 01-Mar-14
Bond Term: 29 yrs, 8 mos
Average Life: 20.00

$79,500,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 B
(LIMITED TAX GENERAL OBLIGATION)

Dated: 01-Mar-14
Delivery Date: 01-Mar-14

SCHEDULE OF ESTIMATED NET REVENUE COVERAGE OVER DEBT

FY End 12-31	[1] Gross Revenues Available	[2] Annual Operating Costs	Revenues Available for Debt Service	Existing Water Bond INTAKE Payments	$220,000,000 SERIES 2014A Interest Due May 1	Interest Due Nov 1	Estimated Interest Rate	Principal Due Nov 1	Total P&I
2014	$2,529,423	$0	$2,529,423	$2,529,423		7,351,058 [3]		$0	$7,351,058
2015	2,529,638	0	2,529,638	2,529,638	5,535,794	5,535,794	6.000%	0	11,071,588
2016	2,537,366	0	2,537,366	2,537,366	5,535,794	5,535,794	4.000%	0	11,071,588
2017	23,454,557	2,454,557	21,000,000	2,527,158	5,535,794	5,535,794	4.000%	4,865,000	15,936,588
2018	23,454,557	2,454,557	21,000,000	2,527,598	5,436,094	5,436,094	5.000%	4,045,000	14,921,188
2019	23,454,557	2,454,557	21,000,000	2,526,596	5,336,969	5,336,969	5.000%	4,240,000	14,913,938
2020	23,454,557	2,454,557	21,000,000	2,529,166	5,230,969	5,230,969	5.000%	4,445,000	14,906,938
2021	23,454,557	2,454,557	21,000,000	2,525,438	5,119,844	5,119,844	5.000%	4,670,000	14,909,688
2022	23,454,557	2,454,557	21,000,000	2,528,436	5,003,094	5,003,094	5.000%	4,885,000	14,891,188
2023	23,454,557	2,454,557	21,000,000	2,523,646	4,880,969	4,880,969	5.000%	5,120,000	14,880,938
2024	23,454,557	2,454,557	21,000,000	2,528,438	4,752,844	4,752,844	4.000%	5,375,000	14,880,688
2025	23,454,557	2,454,557	21,000,000	2,525,166	4,645,344	4,645,344	4.250%	5,585,000	14,875,688
2026	23,454,557	2,454,557	21,000,000	2,529,183	4,526,663	4,526,663	4.375%	5,810,000	14,863,325
2027	23,454,557	2,454,557	21,000,000	2,529,875	4,399,569	4,399,569	4.500%	6,060,000	14,859,138
2028	23,454,557	2,454,557	21,000,000	2,527,488	4,263,219	4,263,219	4.625%	6,325,000	14,851,438
2029	23,454,557	2,454,557	21,000,000	2,528,625	4,116,953	4,116,953	4.750%	6,620,000	14,853,906
2030	23,454,557	2,454,557	21,000,000	2,525,823	3,959,728	3,959,728	4.875%	6,925,000	14,844,456
2031	23,454,557	2,454,557	21,000,000	2,525,875	3,790,831	3,790,831	5.000%	7,265,000	14,846,663
2032	23,454,557	2,454,557	21,000,000	2,527,125	3,609,206	3,609,206	5.000%	7,610,000	14,828,413
2033	23,454,557	2,454,557	21,000,000	2,530,625	3,419,056	3,419,056	5.000%	7,985,000	14,823,113
2034	23,454,557	2,454,557	21,000,000	2,527,113	3,219,431	3,219,431	5.250%	8,370,000	14,808,863
2035	23,454,557	2,454,557	21,000,000	2,527,588	2,999,719	2,999,719	5.250%	8,805,000	14,804,438
2036	23,454,557	2,454,557	21,000,000	2,527,581	2,768,588	2,768,588	5.250%	9,275,000	14,812,175
2037	23,454,557	2,454,557	21,000,000	2,528,281	2,525,119	2,525,119	5.250%	9,770,000	14,820,238
2038	23,454,557	2,454,557	21,000,000	2,529,000	2,268,638	2,268,638	5.250%	10,285,000	14,822,313
2039	23,454,557	2,454,557	21,000,000	0	1,998,675	1,998,675	5.250%	13,710,000	17,707,350
2040	23,454,557	2,454,557	21,000,000	0	1,638,788	1,638,788	5.250%	14,435,000	17,712,575
2041	23,454,557	2,454,557	21,000,000	0	1,259,869	1,259,869	5.250%	15,195,000	17,714,738
2042	23,454,557	2,454,557	21,000,000	0	861,000	861,000	5.250%	15,990,000	17,712,000
2043	23,454,557	2,454,557	21,000,000	0	441,263	441,263	5.250%	16,810,000	17,692,525
2044	23,454,557	2,454,557	21,000,000	0	0	0	5.000%	0	0
2045	23,454,557	2,454,557	21,000,000	0	0	0	5.000%	0	0
				$63,184,354	$109,082,636	$116,433,694		$220,000,000	$446,043,133

FY End 12-31	$79,500,000 SERIES 2014B Interest Due May 1	Interest Due Nov 1	Estimated Interest Rate	Principal Due Nov 1	Total P&I	Total KWA Water Bonds	Total KWA & Intake Bonds Debt	Series 2014 A Capitalized Interest	Series 2014 B Capitalized Interest	Net Existing & Proposed Debt	Coverage
2014					$0	$7,351,058	$9,880,481	($7,351,058)	$0	$2,529,423	1.00
2015	$2,186,250	$2,186,250	5.500%	$0	4,372,500	15,444,088	17,973,926	(11,071,588)	(4,372,500)	2,529,638	1.00
2016	2,186,250	2,186,250	5.500%	0	4,372,500	15,444,088	17,981,454	(11,071,588)	(4,372,500)	2,537,366	1.00
2017	2,186,250	2,186,250	5.500%	0	4,372,500	20,328,088	22,855,275			22,855,275	1.01
2018	2,186,250	2,186,250	5.500%	1,035,000	5,407,500	20,328,688	22,856,275			22,856,275	1.01
2019	2,157,788	2,157,788	5.500%	1,100,000	5,415,575	20,329,513	22,856,109			22,856,109	1.01
2020	2,127,538	2,127,538	5.500%	1,165,000	5,420,075	20,327,013	22,856,200			22,856,200	1.01
2021	2,095,500	2,095,500	5.500%	1,230,000	5,421,000	20,330,688	22,856,125			22,856,125	1.01
2022	2,061,675	2,061,675	5.500%	1,310,000	5,433,350	20,324,538	22,852,975			22,852,975	1.01
2023	2,025,650	2,025,650	5.500%	1,390,000	5,441,300	20,322,238	22,853,925			22,853,925	1.01
2024	1,987,425	1,987,425	5.500%	1,470,000	5,444,850	20,325,538	22,854,075			22,854,075	1.01
2025	1,947,000	1,947,000	5.500%	1,560,000	5,454,000	20,329,688	22,854,875			22,854,875	1.01
2026	1,904,100	1,904,100	5.500%	1,655,000	5,463,200	20,326,525	22,854,713			22,854,713	1.01
2027	1,858,588	1,858,588	5.500%	1,750,000	5,467,175	20,326,313	22,855,988			22,855,988	1.01
2028	1,810,463	1,810,463	5.500%	1,855,000	5,475,925	20,327,363	22,854,850			22,854,850	1.01
2029	1,759,450	1,759,450	5.500%	1,955,000	5,473,900	20,327,806	22,854,431			22,854,431	1.01
2030	1,705,688	1,705,688	5.500%	2,075,000	5,486,375	20,330,831	22,856,456			22,856,456	1.01
2031	1,648,625	1,648,625	5.500%	2,185,000	5,482,250	20,328,113	22,854,838			22,854,838	1.01
2032	1,588,538	1,588,538	5.500%	2,320,000	5,497,075	20,325,688	22,852,813			22,852,113	1.01
2033	1,524,738	1,524,738	5.500%	2,455,000	5,504,475	20,327,588	22,854,913			22,854,913	1.01
2034	1,457,225	1,457,225	5.500%	2,600,000	5,514,450	20,328,313	22,855,425			22,855,425	1.01
2035	1,385,588	1,385,588	5.500%	2,750,000	5,521,175	20,325,613	22,853,181			22,853,181	1.01
2036	1,309,963	1,309,963	5.500%	2,895,000	5,514,925	20,327,100	22,854,681			22,854,681	1.01
2037	1,230,350	1,230,350	5.500%	3,045,000	5,505,700	20,325,938	22,852,219			22,852,219	1.01
2038	1,146,613	1,146,613	5.500%	3,210,000	5,503,225	20,325,538	22,854,538			22,854,538	1.01
2039	1,058,338	1,058,338	5.500%	3,030,000	5,146,675	22,854,025	22,854,025			22,854,025	1.01
2040	978,013	978,013	5.500%	3,180,000	5,136,025	22,852,600	22,852,600			22,852,600	1.01
2041	887,288	887,288	5.500%	3,365,000	5,139,575	22,854,313	22,854,313			22,854,313	1.01
2042	794,750	794,750	5.500%	3,540,000	5,129,500	22,841,500	22,841,500			22,841,500	1.01
2043	697,400	697,400	5.500%	3,735,000	5,129,800	22,822,325	22,822,325			22,822,325	1.01
2044	594,688	594,688	5.500%	21,625,000	22,814,375	22,814,375	22,814,375			22,814,375	1.01
2045	0	0	5.500%	0	0	0	0			0	
	$48,464,875	$48,464,875		$79,500,000	$176,429,750	$622,518,983	$685,699,337	($29,494,233)	($8,745,000)	$647,430,104	

[1] Revenue estimates provided by the KWA based on fixed charges for system capacity from Genesee County and City of Flint.
[2] Projected annual operating costs provided by the KWA.
[3] Interest from date of issue to first interest payment date.

pending

16,810,000 x .2 - 3,362,000

21,625,000 x .2 - 4,325,000

4045000

1,035,000

OK

Karegnondi
Water Authority®

G-4610 Beecher Road Flint, Michigan 48532-2617
Phone (810) 732-7870 Fax (810) 732-9773

January 24, 2014

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Audit and Finance Division
430 West Allegan Street, First Floor
Lansing, MI 48922

Re: Applications for State Treasurer's Approval to Issue Long-Term Securities

Dear Mr. Goodrich:

I am the Chief Administrative Officer of the Karegnondi Water Authority, County of Genesee, State of Michigan (the "Authority"). In connection with the review of the Authority's Applications for State Treasurer's Approval to Issue Long-Term Securities for the not to exceed $300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A and Series 2014B please be advised of the following:

1. The Authority is a newly-created water authority with no outstanding securities/debt – new money or refunding – limited tax or unlimited tax - and does not have an audit.

2. The Authority has not been required to levy a tax as a result of a court or judgment during its preceding fiscal year.

Thank you in advance for your attention to this matter. Should you have any questions or require any additional information, please do not hesitate to contact the undersigned.

Very truly yours,

Jeff Wright, CEO
Karegnondi Water Authority

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Suzanne Schafer, Administrator
Local Audit and Finance Division
Michigan Department of Treasury
P.O. Box 30728
Lansing, MI 48909-3227

Re: *FLINT CITY (252040)*
Qualifying Statement

Dear Ms. Schafer,

We are in receipt of your letter dated February 21, 2014 denying authorization to issue municipal securities without further approval from the Department of Treasury.

As you know, the City of Flint is currently in receivership pursuant to Act 436, and operating under the control of an Emergency Manager since December 2011. Much progress has been made to reduce the City's accumulated deficit and to restore Flint to long term financial solvency. We are currently working with Treasury to finalize a Deficit Elimination Plan which will not only eliminate the deficit but begin to establish an appropriate level of reserves. The securities issued within the past five years pursuant to the Fiscal Stabilization Act were done prior to the City being placed under the control of an Emergency Manager.

The request to issue securities at this time is in conjunction with the City's partnership with Genesee County and others to construct a new source of water supply for the City and the region. This is being accomplished through the newly created Karegnondi Water Authority, of which the City of Flint is a member. The result of this project will be a new source of water for the region at a cost which is significantly less than the current costs. It is an important component of restoring the City of Flint to financial solvency.

Treasury approval of Flint's request to issue municipal securities for this purpose is requested.

Thank you and please contact me if you have any questions.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

4425 (Rev 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

February 21, 2014

DENIAL
Municipality Code: 252040
Fiscal Year Ended: 6/2013

Dear Chief Administrative Officer:

Thank you for submitting a qualifying statement for FLINT CITY to the Michigan Department of Treasury. Based upon the information provided in the qualifying statement, we have determined that FLINT CITY is not in material compliance with the following criteria as identified in section 303(3) of Public Act 34 of 2001:

Subsection (m) the municipality ended its last fiscal year with a deficit in one or more funds and an acceptable deficit elimination plan has not been certified or conditionally approved.
Subsection [b] the municipality has issued securities in the immediately preceding five fiscal years or the current fiscal year pursuant to the Emergency Municipal Loan Act or the Fiscal Stabilization Act.
Subsection [a] the municipality is operating under the provisions of the Local Government Fiscal Responsibility Act.

Therefore, FLINT CITY is not authorized to issue municipal securities under this act without further approval from the Department. You may request reconsideration of this denial or you may request prior approval from the Department for each municipal security that you issue until you are eligible to submit your next qualifying statement.

If you have any questions, please contact the Division at (517) 373-3227.

Sincerely,

Suzanne Schafer

Suzanne Schafer, Administrator
Local Audit and Finance Division

4425 (Rev. 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

June 24, 2013

APPROVAL
Municipality Code 250000
Fiscal Year Ended 09/2012

Dear Chief Administrative Officer:

Thank you for submitting a reconsideration request of the qualifying statement denial for the County of GENESEE to the Michigan Department of Treasury dated 6/20/2013. Based upon the information provided in the reconsideration request, we have determined that the County of GENESEE is in material compliance with the criteria identified in section 303(3) of Public Act 34 of 2001.

The County of GENESEE is now authorized to issue municipal securities under this act without further approval from the Department. This authorization will remain in effect for 6 months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in section 141.2319 of Public Act 34 of 2001. Please mail them to the Municipal Finance and Systems Review Section of the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228.

If you have any questions, contact the Division at (517) 373-0660.

Sincerely,

Suzanne Schafer

Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosures

GENESEE COUNTY WWS DRAIN COMMISSIONER

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE
- DIVISION OF -
WATER & WASTE SERVICES
G-4610 BEECHER ROAD - FLINT, MICHIGAN 48532-2617
PHONE (810) 732-7870 - FAX (810) 732-9773

JEFFREY WRIGHT
COMMISSIONER

January 14, 2014

David Massaron, Esq.
Miller Canfield
150 W. Jefferson, Suite 2500
Detroit, MI 48226

Re: Status of Permits

Dear Mr. Massaron:

In response to your request for the status of permits required in association with the KWA project, I offer the following:

- GCDC applied for and received a permit to withdraw up to 85 million gallons per day from Lake Huron.
- Received all permits necessary for construction of an intake into the Great Lakes, as well as the permit to construct in the bottom land of Lake Huron.
- Is in the process of acquiring permits for construction of the Lake Huron pumping station and the intermediate pump station from the Michigan Department of Environmental Quality. Design meetings have been held with the MDEQ at the 60% and 90% design milestones.
- Is in the process of acquiring permits for the construction of the piping system from Lake Huron to Flint. Meetings have been held with the MDEQ at the 60% and 90% design milestones.
- Is in the process of acquiring permits to construct in road right-of-ways from Sanilac, Saint Clair, Lapeer and Genesee Counties. Design meetings have been held with each of those entities.
- Is in the process of acquiring zoning and related construction permits from Worth Township in Sanilac County, zoning and related permits from Lynn Township in Saint Clair County for construction of the Lake Huron and intermediate pump stations (site plans have been submitted).
- Required MDEQ public hearings for permits to construct in wetlands along the proposed pipeline route have been held.

If you have any questions regarding thee or other related matters, please do not hesitate to contact me at your convenience.

Sincerely,

David Jansen

David M. Jansen, Chief of Services
Division of Water and Waste Services

DMJ:kt

Zahrt, Angelica (Treasury)

From:	Goodrich, Harlan G. (Treasury)
Sent:	Tuesday, February 25, 2014 4:16 PM
To:	Zahrt, Angelica (Treasury); Schwartz, Jeffrey (Treasury)
Subject:	FW: Letter for Treasury
Attachments:	*KWA Qualifying Ltr.PDF*
Importance:	High

From: Massaron, David P. [mailto:Massaron@MillerCanfield.com]
Sent: Tuesday, February 25, 2014 4:12 PM
To: Goodrich, Harlan G. (Treasury)
Cc: Dimov, Sylvia; Gerald Ambrose
Subject: Letter for Treasury

Harlan,
We hope this works for Application Approval purposes. Please let us know if you need anything else with respect to the application.

Thanks very much,
-Dave

David P. Massaron | Attorney and Counselor at Law
Miller Canfield
Detroit 1.313.496.7523 | **Lansing** 1.517.483.4912 |
Mobile 1.313.319.0659 | **Fax** 1.313.496.8451 |
massaron@millercanfield.com | View Profile + VCard

Goodrich, Harlan G. (Treasury)

From: Dimov, Sylvia <dimov@millercanfield.com>
Sent: Thursday, February 13, 2014 7:07 AM
To: Treas_MunicipalFinance
Subject: RE: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]

Harlan,

I followed up with Dave Massaron regarding the additional documentation/information that is needed for the applications. I will call you later this morning to discuss the QS deficiency letter for the City of Flint, but wanted to provide you with our answers to the remaining issues.

1. City of Flint 2013 Qualifying Statement needs to be filed. We will follow up with the City after we talk about item two.
2. We'll need a QS deficiency letter from the City of Flint – please call me to discuss. 517-241-1720. I will call you later this morning.
3. For the Karegnondi W.A., in lieu of a Qualifying Statement a compliance letter indicating they're in compliance with all items on the Qualifying Statement. We delivered this letter in the packet. I have reattached it to this email.
4. Since the bonds are to be repaid with rates/charges, is there a revenue coverage schedule that goes out 7 years? A coverage schedule was provided with the application. I have reattached it to this e-mail.
5. For Series 2014B, it appears the repayment schedule is not in compliance with MCL 141.2503(1). The final year principal is $21,625,000, so 1/5 of that would be $4,325,000, so it appears years 5-29 don't comply. Is there perhaps a statutory exception for these type of bonds that you're working with? Thoughts? You are exactly correct; the second series on its own would not comply with that paragraph (1). However, the second sentence of Section 503 of Act 34 paragraph 4 provides "Several series of municipal securities issued under the same authorization may be treated as a single issue for the purpose of fixing maturities." These bonds were all authorized pursuant to a single notice, single contract and single bond resolution. This sentence is the analog of the first sentence which allows schools to do the same calculation across issues. The reason is that Act 34 contemplated that a municipality could do multiple issues for one project and would want debt service to be level for that project, which is exactly what KWA is intending to do here. We did require that the first series comply as we don't have the second series to treat as a piece of the first until the first is issued.

Sylvia Dimov | Paralegal
Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
T +1.313.496.7542 | F +1.313.496.8451
dimov@millercanfield.com

From: Goodrich, Harlan G. (Treasury) [mailto:GoodrichH@michigan.gov] **On Behalf Of** Treas_MunicipalFinance
Sent: Wednesday, February 12, 2014 3:56 PM
To: Dimov, Sylvia
Subject: RE: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]

Sylvia,

We are in need of the following:

1. City of Flint 2013 Qualifying Statement needs to be filed.
2. We'll need a QS deficiency letter from the City of Flint – please call me to discuss. 517-241-1720
3. For the Karegnondi W.A., in lieu of a Qualifying Statement a compliance letter indicating they're in compliance with all items on the Qualifying Statement.
4. Since the bonds are to be repaid with rates/charges, is there a revenue coverage schedule that goes out 7 years?
5. For Series 2014B, it appears the repayment schedule is not in compliance with MCL 141.2503(1). The final year principal is $21,625,000, so 1/5 of that would be $4,325,000, so it appears years 5-29 don't comply. Is there perhaps a statutory exception for these type of bonds that you're working with? Thoughts?

Harlan

From: Dimov, Sylvia [mailto:dimov@millercanfield.com]
Sent: Thursday, February 06, 2014 4:04 PM
To: Treas_MunicipalFinance
Cc: David Jansen; Karl Kramer; J_O'BRIEN@gcdcwws.com; Paul Stauder; Massaron, David P.
Subject: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]

Please see the attached cover letter and supporting materials for the Applications for State Treasurer's Approval to Issue Long-Term Municipal Securities that our office is filing on behalf of the Karegnondi Water Authority.

Should you need additional information, please feel free to contact me.

Thank you.

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NOTICE TO PERSONS SUBJECT TO UNITED STATES TAXATION (MCPS)

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Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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February 7, 2014

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Audit and Finance Division
430 West Allegan Street, 1st Floor
Lansing, Michigan 48922

Re: Karegnondi Water Authority, County of Genesee, State of Michigan, not to exceed $300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A and Series 2014B

Dear Mr. Goodrich:

Enclosed please find the following documents that we are filing on behalf of the Karegnondi Water Authority:

1. Completed and signed application for each series of bonds of the Karegnondi Water Authority

2. Completed and signed application for each series of bonds of the County of Genesee

3. Completed and signed application for each series of bonds of the City of Flint

4. Resolution approving contract and notice of the County of Genesee

5. Resolution approving contract and notice of the City of Flint

6. No Referendum Certificate of the County of Genesee

7. No Referendum Certificate of the County of Genesee

8. Signed Financing Contract

9. Authorizing Resolution of Karegnondi Water Authority

10. 2013/2014 Budget for Karegnondi Water Authority

11. 2013/2014 Budget for County of Genesee

12. 2013/2014 Budget for the City of Flint

13. Letter of the Karegnondi Water Authority regarding non-compliance

14. Letter from Drain Commissioner's Office re Permits

15. Checks in the amount of $2,000 to the State of Michigan for each issue

16. Feasibility Study

Should you require anything further, please feel free to give David Massaron or me a call.

Very truly yours,

Sylvia Dimov

Sylvia Dimov
Paralegal

Enclosures
cc: David Jansen
Karl Kramer
John O'Brien
Paul Stauder
David Massaron, Esq.

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Founded in 1852
by Sidney Davy Miller

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MEXICO: Monterrey
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SYLVIA DIMOV
TEL (313) 496-7542
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E-MAIL dimov@millercanfield.com

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Sylvia Dimov

Sylvia Dimov
Paralegal

Enclosures
cc: David Jansen
Karl Kramer
John O'Brien
Paul Stauder
David Massaron, Esq.

21909888.1\152665-00001

Schmidtchen, Lupe (Treasury)

From:	Goodrich, Harlan G. (Treasury) on behalf of Treas_MunicipalFinance
Sent:	Monday, February 10, 2014 1:37 PM
To:	Schmidtchen, Lupe (Treasury)
Cc:	Zahrt, Angelica (Treasury); Schwartz, Jeffrey (Treasury)
Subject:	FW: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]
Attachments:	Appendix B 2-6-14.pdf; KWA Financial Review Draft 2-6-14.pdf; 20140206140057942.pdf

Lupe,

Log in to AJ and Jeff. They will work on this one together. Treat this application as if it's on the do not contact list. Thanks.

Harlan

From: Dimov, Sylvia [mailto:dimov@millercanfield.com]
Sent: Thursday, February 06, 2014 4:04 PM
To: Treas_MunicipalFinance
Cc: David Jansen; Karl Kramer; J_O'BRIEN@gcdcwws.com; Paul Stauder; Massaron, David P.
Subject: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]

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Should you need additional information, please feel free to contact me.

Thank you.

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NOTICE TO PERSONS SUBJECT TO UNITED STATES TAXATION (MCPS)

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GENESEE COUNTY DRAIN COMMISSIONER DISTRIBUTION SYSTEM SANITARY SURVEY

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Discussion, Conclusions, And Recommendations

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WATER SYSTEM REVIEW

WSSN 2615 Supply Genesee County Drain Commissioner County Genesee

Dates 7/13/2011 & 8/3/2011 Reviewed by MFP District 11

Primary Contact:	John O'Brien	Copy To:	Tim Davidek
Title:	Director	Title:	Chief of O&M
Telephone:	(810) 732-7870	Telephone:	(810) 732-7870
Address:	G-4610 Beecher Road Flint, MI. 48532	Address:	Same

Population: 70,500 Year: 2011 Basis: MDEQ Est. of retail customers

		Cert.	ID #
Distribution Classification:	S-1		
Operator in Charge:	Tim Davidek	S-1	
Other Operators:	Jeffrey Bryson	S-1	
	Vernon Brenner	S-2	
	Joe Anklam	S-2	
	Richard Bysko (Back-up)	S-3	
	Dave Jansen	S-4	
	Shannon Holder	S-4	
	Mark Horgan	S-2	
	Bill Hostetler	S-3	
	Jan Jones	S-4	
	Dan Lince	S-4	
	Ryan Lynn	S-3	
	Matt McKay	S-3	
	Martin McCormick	S-4	
	John O'Brien	S-1	
	Steven Olson	S-4	
	Steven Pelky	S-4	
	Leslie Rogers	S-4	
	Ronald Schroeder	S-4	
	Steven Shaski II	S-4	
	Lony Smith	S-4	
	James Thompson	S-3	

Treatment Capacity: 55.0 MGD

Treatment Classification:	D-1	
Operator in Charge:	Dave Jansen	D-1, F-1
Other Operators:	Joe Anklam	D-4
	Jeffrey Bryson	F-3
	Vern Brenner	D-4, F-4
	Connie Hohman	F-4

Operator Certification Comments:

The Waste & Water Services Division (WWSD), continues a proactive position towards promoting operator certification and maintains incentives for achieving operator certification. The WWSD maintains a mandatory certification requirement for any distribution system employee who wishes to advance from an operator assistant position to an operator position. A bonus incentive program is also in place for operators who obtain distribution system certification above the level required for their specific position. Certified operators help protect the county's investment in the system, and help ensure that the system meets the requirements of the SDWA.

Table 1. Operator Positions

OPERATOR POSITION	REQUIREMENTS
Operator Assistant 1	None
Operator Assistant 2	None
Operator	S-4
Maintenance Mechanic Equipment Operator Senior O&M Operator	S-4 or minimum of 4 years experience
Supervisory level	S-3

Introductory Comments:

The Genesee County Drain Commissioner serves water to a large percentage of Genesee County directly from the Detroit Water and Sewerage Department(DWSD) or through the city of Flint. Water service is provided to 19 wholesale and retail customers (8 wholesale and 11 retail customers).

The wholesale customers purchase water from the county through master meter(s) and these customers own and maintain the distribution system piping within their local service area. Each wholesale customer has established its own water department.

The retail customers have very little involvement with water utility operation. The WWSD controls design, construction, and operation of the water system for these customers. The retail customers, however, are responsible for collecting the water bills from their individual accounts. Table 2 below shows the breakdown of the county's wholesale and retail customers.

Table 2. Wholesale and Retail Customers of Genesee County

Wholesale Customer	Number of Accounts	Retail Customer	Number of Accounts
City of Burton	6,656	Clayton Township	865
City of Clio	993	Davison Township	2,636
City of Flushing	3,800	Flint Township	7,557
City of Mt. Morris	1,211	Flushing Township	2,538
City of Montrose	650	Gaines Township	487
City of Swartz Cr.	2,173	Mt. Morris Twp.	3,152
Genesee Township	2,129	Montrose Township	284
Grand Blanc Twp.	6,592	Mundy Township	1,365
		Richfield Township	667
		Vienna Township	1,184
		Thetford Township	4
Total Wholesale	24,204	Total Retail	20,739

The 2011 population estimate is based our August 3, 2011 sanitary survey meeting. An estimate of 3.4 persons per account was used to obtain the population estimate. Genesee County's estimated retail service area population is approximately 70,500 people. The combined wholesale and retail customer service area serves approximately 153,000 people.

WELL INFORMATION

One 6-inch test/exploration well was constructed at the Henderson Road pump station site. The test-well was constructed to a depth of 365 feet with a 6-inch PVC casing to 200 feet. The well was pumped at 220 GPM with a drawdown to 60 feet. Layne estimates that the aquifer could support a 350 -400 GPM well for long-term pumpage and possibly above 500 GPM for a short-term emergency supply. The WWSD has not decided whether to proceed in converting the test well to a production well for additional emergency capacity.

WATER USAGE

TABLE 3. - PRODUCTION HISTORY

(units in Million Gallons Per Day MGD)

YEAR	Avg Day	Max Day	Avg Day/Max Mo.	Max/Avg	G/C/D	% UnAcct H20 *
1996	11.4	19.2	14.8	1.68		1.1
1997	12.8	22.8	20.1	1.78		1.5
1998		25.3	19.7			
1999	13.7	21.8	21.1	1.59		3.9
2000	12.9	NA	18.3			1.1
2001	13.8	26.5	22.0	1.92		1.5
2002	14.8	27.5	21.4	1.86		
2003	14.4	26.3	20.2	1.83		
2004	14.1	22.0	17.6	1.56		
2005	15.0	24.9	19.6	1.66		
2006	12.1	24.6	20.7	2.03		
2007	14.5	19.7	18.2	1.36		
2008	13.4	19.9	18.5	1.49		
2009	12.6	18.9	16.4	1.50		
2010	12.6	22.0	18.6	1.75		

Five year Max Day 24.6 MGD Date Summer 2006
Ten year Max Day 27.5 MGD Date Summer 2002
Five year Avg Day 13.0 MGD

Max Day for capacity requirements 27.5 MGD

Annual Max Day Usage @ each meter pit (2000-2007)

Center Rd in: Total flow measured at the South Genesee Road meter pit.
Center Rd out: Total pumpage out from the Center Road North (CRN) Booster Pump station, this will not equal the metered flow in since some the total flow is taken from storage at Center Road.
Total flow: Sum of the flows measured at Genesee, Belsay, Irish, Oak, Potter Road meter pits.

2000:

Total flow: NA - SCADA failure
Center Rd in: NA
Center Rd out: 21.5 MG
Donaldson: 3.0 MG

2001:

Total flow: 26.5 MG - estimated due to SCADA failure
Center Rd in: 15.7 MG
Center Rd out: 23.2 MG (three pumps ran)
Donaldson: 3.0 MG

2002:

Total Flow: 27.5 MG
Center Rd in: 16.3 MG (three pumps ran)
Center Rd out: 21.0 MG
Donaldson: 3.0 MG

2003:

Total flow: 26.3 MG
Center Rd in: 15.9 MG
Center Rd out: 19.3 MG (three pumps ran)
Donaldson: MG

2004:

Total Flow: 22.0 MG
Center Rd in: 11.4 MG (three pumps ran)
Center Rd out: 16.8 MG
Donaldson: MG

2005:

Total Flow: 24.9 MG
Center Rd in: MG (three pumps ran)
Center Rd out: MG
Donaldson: MG

2006:

Total flow:	24.6 MG	
Center Rd in:	15.7 MG	
Center Rd out:	17.0 MG	(three pumps ran)
Donaldson:	MG	

2007:

Total Flow:	19.7 MG	
Center Rd in:	18.2 MG	(three pumps ran)
Center Rd out:	18.0 MG	
Donaldson:	MG	

The Henderson Road pumping station has been in service since 2006. The new pumping station pumps between 3 and 6 MGD into Genesee County's North Loop and reduces the demand off the Center Road pump station.

The Center Road South (CRS) pump station has been in service since 2007. The CRS station pumps water to the eastern portion of Grand Blanc Township and to the Vassar Road station.

The WWSD modified their monthly operation report in 2008 to include average day and max day pumpage from each of the major pumping stations as a result of their SCADA system improvements. Pumpage data from each pump station since 2008 is displayed as follows:

2008

	Avg Day	Max Day
Total Flow:	13.4 MGD	MGD
Henderson Rd:	5.19 MGD	7.07 MGD
Center Rd North:	6.83 MGD	10.54 MGD
Center Rd South:	0.74 MGD	10.07 MGD
Noble Street:	0.28 MGD	1.07 MGD
Houran Street	0.00 MGD	0.00 MGD *
Donaldson Rd	0.00 MGD	0.00 MGD

2009

	Avg Day	Max Day
Total Flow:	12.6 MGD	MGD
Henderson Rd:	3.44 MGD	6.91 MGD
Center Rd North:	4.66 MGD	7.00 MGD
Center Rd South:	1.77 MGD	5.38 MGD
Noble Street:	0.29 MGD	0.79 MGD
Houran Street	0.00 MGD	0.00 MGD *
Donaldson Rd	0.00 MGD	0.00 MGD

2010

	Avg Day	Max Day
Total Flow:	12.6 MGD	MGD
Henderson Rd:	3.14 MGD	7.37 MGD
Center Rd North:	3.83 MGD	6.19 MGD
Center Rd South:	2.46 MGD	5.83 MGD
Noble Street:	0.38 MGD	1.13 MGD
Houran Street	0.00 MGD	0.00 MGD *
Donaldson Rd	0.00 MGD	0.00 MGD

* The Houran Street station pumps water; however, the station is not metered thus no flow was shown in the pumpage data. Flow through this station is estimated by accounting pump run time with the approximate capacity each pump(s) that is(are) operated.

Pumpage obtained from the SCADA system and reported in the monthly reports is slightly less than the purchased water reported in the annual pumpage report. This is attributed to a portion of the county's customer base being provided water upstream of the Center Road pumping station (direct connections to the 30-inch transmission main).

WATER SYSTEM STORAGE

	Location: Maple & Center Rd North	Location: Houran St & Beecher	Location: Beecher Rd
Volume	5.0 MG	Two 2.0 MG	1.0 MG
+Type	Ground	St.Ground	Elevated
O.F. Elevation	38.0 ft	778.5 Ft	930Ft USGS
Date Constructed	1988	1970	1970
Date Inspected	2007	2005	2005
Date Painted Inside	concrete	2005	1996
Paint System			3 coat exp
Date Painted Outside		2005	1996
Cathodic Protection		Yes 1992	No
High Alarm	Yes	Yes	Yes
Low Alarm	Yes	Yes	Yes
+Type	SCADA	SCADA	SCADA

	Location: Noble St	Location: Orgould AV & Pierson	Location: Clio Rd
Volume	4.0 MG	0.50 MG	1.0 MG
+Type	Standpipe	St. ground	Composite
O.F. Elevation	930ft	793ft	930ft USGS
Date Constructed	1968	?	1982
Date Inspected	2011	?	2011
Date Painted Inside	2000	1982	1999
Paint System	3 coat epxy	?	3 coat epxy
Date Painted Outside	2000		1999
Cathodic Protection	Yes 1991		no
High Alarm	Yes	out of ser	Yes
Low Alarm	Yes	out of ser	Yes
+Type	SCADA	out of ser	SCADA

	Location: McKinley Rd ARTP	Location: Clio Plaza	Location: Pierson Rd & Elms Rd
Volume	0.5 MG	0.10 MG	0.5 MG
+Type	Elevated	Elevated	Ground
O.F. Elevation	784ft	855ft	770ft
Date Constructed	1975	1974	?
Date Inspected	2010 -warr	2009	?
Date Painted Inside	1994	1974	
Paint System	3 coat exp	?	
Date Painted Outside	2009	1974	
Cathodic Protection	Yes	?	
High Alarm	Yes	No	out of ser
Low Alarm	Yes	No	out of ser
+Type	SCADA	Chart Rec	out of ser

	Location: Center Rd South	Location: Vassar Rd	Location: Henderson Rd
Volume	6.3 MG	1.0 MG	2-10.0 MG
+Type	Ground	Ground	Ground
O.F. Elevation			
Date Constructed	2005	2003	2004
Date Inspected	2006	2003	2004
Date Painted Inside	NA	NA	NA
Paint System	Concrete	Concrete	Concrete
Date Painted Outside	NA	NA	NA
Cathodic Protection	NA	NA	NA
High Alarm	Yes	Yes	Yes
Low Alarm	Yes	Yes	Yes
+Type	SCADA	SCADA	SCADA

Location:
Houran St

Volume	2.0 MG
+Type	Elevated/Composite
O.F. Elevation	
Date Constructed	2006
Date Inspected	2006
Date Painted Inside	NA
Paint System	3 coat ep
Date Painted Outside	2006
High Alarm	Yes
Low Alarm	Yes
+Type	SCADA

Total Usable Storage 46,400,000 gallons 46.4 mil. gal.

Total Usable Storage/Max Day 168.7 %

Total Usable Storage/Avg Day 331.4 %

Comments:

The Clio Plaza tank is not monitored on the county's SCADA system, instead its status is noted on a chart recorder and the chart is changed on a weekly basis. Repairs to the tank's roof were completed in 2010 and the tank remains in service. Genesee County has determined that they own the Clio Plaza tank.

The Orgould Avenue tank and the ground storage tank at Pierson and Elms Road remain out of service.

The CRN ground storage tank was inspected in 2007 by Dixon and the tank was found to be in good condition. Some minor access hatch repair was recommended.

An adequate air-gap has been provided on the CRS ground storage tank between the terminus of the tank overflow and top of the catch basin drain's impoundment.

The 2-Mgal hydro-pillar at Houran Street houses repair equipment and a portable stand-by power generator at its base. The water level in the tank is controlled by an altitude valve located at its base. This tank will be due for a routine inspection within the next few years.

The altitude valves at each of the Henderson Road ground storage tanks were replaced with pressure/flow control valves. The new valves along with the SCADA system upgrades monitor and control flow to each tank.

The Clio Road and Noble Street tanks were recently inspected. Both tanks were in good structural condition. The Clio Road tank's exterior and dry interior; however, needs to be repainted.

Distribution

Pumping Station **Center Road North (CRN) Booster Pump Station**

Location: Center Road and Maple Avenue

Function: Boosts pressures to SW portion of the service area

Pump number	1	2	3	4
Year installed	1990	1990	1990	1990
+Type	Hor Centr	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	6.7 MGD	6.7 MGD	6.7 MGD	6.7 MGD
Permit TDH				
Current Capacity	8.5 MGD	8.5 MGD	8.5 MGD	8.5 MGD
+Basis	est.	est.	est.	est.
Current TDH	211 ft	211 ft	211 ft	211 ft
HP	350	350	350	350
Last Complete Inspection	2007	2004	2004	2004
Last Efficiency Test	?	?	?	?

Comments:

The CRN station's main purpose is to pump water to west Grand Blanc Twp and to locations further west in Genesee County (930 Ft press. district). A new pump station (Center Road South - CRS) was recently constructed and WWSD staff continues to determine the most efficient mode of operation between both Center Road pumping stations. Pumpage from each station changes from summer to winter.

The permit capacity of each pump at CRN was 6.7 MGD, however, these pumps are capable of pumping approximately 8.5 - 9.0 MGD. Pumps #1 and #2 are controlled by a variable frequency drive (VFD). Pumps #3 and #4 are constant speed pumps.

Pump #1 or pump #2 operate constantly and are controlled by the water level in the Saginaw Street elevated tank in Grand Blanc Township. WWSD's SCADA system can switch the control point for the CRN station to the elevated tank at Beecher Road. Pumps #3 and #4 serve as back-up pumps for the CRN station.

Pumpage from CRN has decreased with the commissioning of the Henderson Road and the Center Road South (CRS) pump stations.

2002-2005:

Work was completed on upgrading the switch gear for Pumps #3 and #4. An automatic transfer switch was also installed and has improved the reliability of secondary power source at this location. The gas chlorine feed system was replaced with a Accu-Tab Series 30000 tablet feeder by PPG. The system's maximum delivery is 1 PPM chlorine at 21 MGD. The minimum delivery is 0.5 PPM at 15 MGD. The chlorine feed system was provided for emergency use only.

2005-2011:

New VFDs were installed on pumps #1 and #2 in 2006. Also, Pump #1 was re-built in 2007 and included replacement of the pump bearings, volute, motor bindings, etc.

Auxiliary Power

+Power Type	2nd Substation, Stand-by Power Co. Generator
+Fuel Type	NA
Capacity	NA
Starting Frequency	NA
Load Testing Frequency	NA

Total Pump Capacity 34.0 mgd

Firm Pump Capacity 25.5 mgd

Aux. Power Capacity ? mgd

Max Day Demand This Location 10.5* mgd

Avg Day Demand This Location 5.1* mgd

Firm Pump Capacity/Max Day >100 *%

Aux Power Capacity/Avg Day *

Comments:

* Water demands on CRN has decreased further with increasing use of the CRS station. The Henderson Road pump station and North Loop also continues to provide water to the western portion of the county with an average pumping rate between 3 and 6 MGD.

Water pumpage data specific to each pump station is available since early 2008 with the recent SCADA system upgrades. Pumpage has varied from station to station during this time as the role of operation between each station is adjusted in order to increase the efficiency of operation.

Pumping Station Noble Street Booster Pump Station

Location: South end of Noble Street, Flint Township

Function: Allows for full use of the 4.0 MGAL Standpipe

Pump number	1	2
Year installed	2001	2001
+Type	Hor Centr	Hor Centr
Permit Capacity	1.0 MGD	1.0 MGD
Permit TDH	140 FT	140 FT
Current Capacity	1.08 MGD	1.08 MGD
+Basis	est.	est.
Current TDH		
HP	40	40
Last Complete Inspection	2011*	2011*
Last Efficiency Test	2001	2001

Comments:

The Noble Street pumping station was constructed in 2001 and allows for full use of the adjacent 4.0 MGAL standpipe. The pump station increases the hydraulic grade line to the Beecher Road tank and reduces the peak demands. A flow-control valve is used to control the flow into and from the standpipe.

The pumps and appurtenances are greased and maintained several times per year. The pumps and appurtenances appear to be in good condition and overall housekeeping is acceptable.

* The Noble Street standpipe was inspected by Dixon in 2011 and components of the pump station (piping, pump/motor) were visually inspected and found to be in good condition.

Total Pump Capacity 2.16 mgd

Firm Pump Capacity 1.08 mgd

Aux. Power Capacity NA mgd

Max Day Demand This Location 1.13 mgd (2010)

Avg Day Demand This Location 0.32 mgd

Firm Pump Capacity/Max Day 96%

Aux Power Capacity/Avg Day NA

Comments:

The SCADA system continues to provide average and max day pumpage data from this pump station. Some of the existing SCADA components are being replaced with newer equipment.

Pumping Station Houran Street Pumping Station

Location: Houran Street near Beecher Road

Function: This station operates as a peaking facility during high demand periods.

Pump number	1	2	3	4	5
Year installed	1970	1970	1970	1970	1970
+Type	Hor Centr	Hor Centr	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	3.0 MGD	2.0 MGD	2.0 MGD	3.0 MGD	3.0 MGD
Current Capacity	3.0 MGD	2.0 MGD	2.0 MGD	3.0 MGD	3.0 MGD
+Basis	est.	est.	est.	est.	est.
Current TDH	200 ft	225 ft	225 ft	225 ft	225 ft
HP	125	125	125	150	150
Complete Insp.	2004	2004	2004	2004	2004
Last Efficiency Test	?	?	?	?	?

Comments:

The Houran Street station's main mode of operation is to pump from the existing ground storage storage tanks to the new 2-Mgal elevated tank. The elevated tank basically "floats" on the system. This mode of operation utilizes Pumps 3-5 and is controlled manually from the SCADA system. The station can also pump water directly to the distribution system through Pumps 1-2. Water can also be obtained through the Donaldson Road pit from the city of Flint; however, this connection is not routinely used. The station can also provide the city of Flint an emergency supply of water through the Donaldson Road connection.

During low demand periods, water re-fills the ground storage reservoirs immediately upstream of the station through a 12-inch main from the county. The station, including the ground storage reservoirs, are typically taken out of service during the winter months.

Overall housekeeping at this facility remains acceptable. All five pumps are maintained including routine greasing of the pump and motor bearings. Security cameras have been provided at the pump station.

Auxiliary Power None

Total Pump Capacity 13.0 mgd

Firm Pump Capacity 10.0 mgd

Max Day Demand This Location ___mgd VARIES

Avg Day Demand This Location ___mgd VARIES (approximately 3.0 MGD)

Firm Pump Capacity/Max Day ? %

Aux Power Capacity/Avg Day ? %

Pumping Station Henderson Road Booster Pump Station

Location: Henderson Road

Function: Boosts pressures to feed North Loop

Pump number	1	2	3
Year installed	2004	2004	2004
+Type	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	8.0 MGD	8.0 MGD	14.0 MGD
Permit TDH	255 ft	255 ft	255 ft
Current Capacity	8.0 MGD	8.0 MGD	14.0 MGD
+Basis			
Current TDH	255 ft	255 ft	255 ft
HP	500	500	800
Last Complete Inspection			
Last Efficiency Test			

Comments:

The Henderson Road pumping station was constructed in 2004 and has been in operation since April 2006. The station's average day pumpage has ranged between 3 and 6 MGD. Pumps #1 and #2 are equipped with a VFD.

The station has operated on only one pump to maintain system demand. It has not been necessary to operate the larger pump.

Auxiliary Power

+Power Type	1000 kW minimum rating engine generator
+Fuel Type	#2 Diesel
Capacity	Sized for 24 HR operation of engine under full load
Starting Frequency	weekly, auto switch-over upon power loss
Load Testing Frequency	1/yr

The auxiliary power generator ran under load for several hours in 2010 during an interruption in electrical power.

Total Pump Capacity 30.0 mgd

Firm Pump Capacity 16.0 mgd

Aux. Power Capacity ? mgd

Max Day Demand This Location 7.40 mgd (2010)

Avg Day Demand This Location 3.9 mgd

Firm Pump Capacity/Max Day >100%

Aux Power Capacity/Avg Day >100%

Comments:

The Henderson Road pumping station is equipped with gas chlorination for emergency use only. The feed system consists of two-150 pound cylinders on a direct read scale, two Wallace and Tierman vacuum operated solution feed pumps with a maximum capacity of 500 pounds per day, and a vacuum regulator with automatic switch-over. Additional application points are provided at the reservoir inlets. A Wallace & Tierman two point chlorine gas leak detector and gas sensor with a sensitivity to 1.0 part per billion is provided.

An automatic chlorine residual analyzer monitors chlorine residual on the discharge side of the pump station at all times.

WWSD staff should consider operating the emergency chlorination system several times per year to verify that the equipment operates properly and that WWSD staff maintain familiarity with the operating procedure.

Pumping Station Vassar Road Booster Pump Station

Location: Vassar Road, Grand Blanc Township

Function: Provides additional flows and pressure in SE GBL Twp.

Pump number	1	2	3
Year installed	2001	2001	2005
+Type	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	1.4 MGD	0.7 MGD	1.4 MGD
Permit TDH	275 ft	275 ft	275 ft

Current Capacity	1.4 MGD	0.7 MGD	1.4 MGD
+Basis	est.	est.	est.
Current TDH			
HP	125	125	125
Last Complete Inspection	New in 01	New in 01	New in 05
Last Efficiency Test	2001	2001	2005

Comments:

The Vassar Road pumping station was constructed in 2002. This station pumps water from the Vassar Road ground storage tank located adjacent to the pump station to the Baldwin Road elevated tank (1,125 Ft press district). The station has improved flows and pressure to the SE portion of Grand Blanc Township. The water level in the tank is controlled by an altitude valve and flow from the station is controlled by a flow control valve and an upstream pressure sustaining valve. A third pump was added to the station in 2005. All three pumps are VFD controlled. Security cameras were recently installed.

Total Pump Capacity 3.5 mgd

Firm Pump Capacity 2.1 mgd

Aux. Power Capacity NA mgd

Max Day Demand This Location NA mgd

Avg Day Demand This Location NA mgd

Firm Pump Capacity/Max Day NA

Aux Power Capacity/Avg Day NA

Comments: A portable stand-by power generator is provided and consists of a 206 KVA trailer mounted generator that utilizes diesel fuel. The generator has automatic switch-over and lightning surge protection. The generator starts automatically on a weekly basis under no load.

Pumping Station **Center Road South (CRS) Booster Pump Station**

Location: Center Road and Maple Avenue

Function: Boosts pressures to east portion of Grand Blanc Twp

Pump number	1	2	3
Year installed	2006	2006	2006
+Type	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	6.0 MGD	6.0 MGD	6.0 MGD
Permit TDH			
Current Capacity	6.0 MGD	6.0 MGD	6.0 MGD
+Basis	est.	est.	est.
Current TDH			
HP	400	400	400
Last Complete Inspection	2006	2006	2006
Last Efficiency Test	2006	2006	2006

Comments:

The current capacity of each pump is approximately 6.0 MGD. The combined capacity of the station with 2 pumps operating is approximately 11 MGD. All three pumps are VFD controlled.

The CRS station pumps water from the adjacent 6.3 MGAL ground storage tank and distributes it the eastern portion of Grand Blanc Township - Saginaw tank (970 Ft press. district). The ground storage tank is equipped with an altitude valve to control the tank level. A flow control valve is also provided in order to control the upstream pressure in the 30-inch transmission main along Center Road. System status is monitored and controlled at the WWSD administrative office via WWSD's SCADA system.

The station is fenced and security cameras are provided.

Auxiliary Power

+Power Type	1040 KW on-site generator
+Fuel Type	Diesel
Capacity	Operates 2 pumps
Starting Frequency	1/week under load
Load Testing Frequency	weekly

Total Pump Capacity 17.0 mgd

Firm Pump Capacity 11.0 mgd

Aux. Power Capacity 11.0 mgd

Max Day Demand This Location 10.1 mgd (2008)

Avg Day Demand This Location 1.66 mgd

Firm Pump Capacity/Max Day >100 %

Aux Power Capacity/Avg Day >100 %

The most recent ADD has increased to between 2 and 3 MGD as WWSD staff continue to balance the usage between this station and the CRN station. The MDD in 2009 and 2010 ranged between 5 and 6 MGD.

Pumping Station Orgould Avenue Pumping

Location: Orgould Avenue north of Pierson Road

Function: None

Pump number	1	2	3	4
Year installed	1974	1974	1974	1974
+Type	Hor Centr	Hor Centr	Hor Centr	Hor Centr
Permit Capacity				
Permit TDH				
Current Capacity	1050 gpm	1050 gpm	1000	1000 gpm
+Basis	est.	est.	est.	est.
Current TDH	200 ft	200 ft	200 ft	200 ft
HP	100	100	100	100
Last Complete Insp.	NA	NA	NA	NA

Last Efficiency Test	NA	NA	NA	NA

Comments:

This pumping station remains out of service and there are no plans to bring this facility back into operation. All of the pumps are electrically locked out and the dead piping between the station and the discharge piping to the distribution system was cut and plugged.

Pumping Station **Clio Booster Pumping Station**

Location: Clio Road north of Coldwater Road

Function: None

Pump number	1	2
Year installed	1984	1984
+Type	Hor Centr	Hor Centr
Permit Capacity		
Permit TDH		
Current Capacity	600 gpm	600 gpm
+Basis	est.	est.
Current TDH	92 ft	92 ft
HP	20	20
Last Complete Insp.	Not Rec.	Not Rec.
Last Efficiency Test	Not Rec.	Not Rec.

Comments:

This pumping station remains out of service and there are no plans to bring this facility back into operation. Both pumps are electrically locked out and the dead piping between the station and the active part of the distribution system was cut and plugged.

Pumping Station **Van Slyke Booster Pumping Station**

Location: Van Slyke Road north of Bristol Road

Function: None

Pump number	1	2
Year installed	1984	1984
+Type	Hor Centr	Hor Centr
Permit Capacity		
Permit TDH		
Current Capacity	600 gpm	600 gpm
+Basis	est.	est.
Current TDH	92 ft	92 ft
HP	30	30
Last Complete Insp.	Not Rec.	Not Rec.
Last Efficiency Test	Not Rec	Not Rec.

Comments:

This pumping station remains out of service and there are no plans to bring this facility back into operation. The pumps have been electrically locked out. System pressures can be monitored from this location.

Pumping Station City of Flushing Pumping Station

Location: NE int. of Pierson & Elms Rds.

Function: PRV and metering station for city of Flushing

Pump number	1	2
Year installed	?	?
+Type	Hor Centr	Hor Centr
Permit Capacity		
Permit TDH		
Current Capacity	700 gpm	1050 gpm
+Basis	est.	est.
Current TDH	? ft	? ft
HP	40	50
Last Complete Insp.	Not rec.	Not rec.
Last Efficiency Test	Not rec.	Not rec.

Comments:

This pumping station originally took suction from the adjacent 0.5 Mgal reservoir and was designed to fill the city of Flushing's elevated tank. The facility was modified when Center Road went on line and now acts as a pressure reducing station. One of three original pumps was removed and replaced with a pressure reducing valve that serves the city of Flushing. The existing pumps are electrically locked out. Power is supplied to the building for lighting and heat.

Interconnections with Other Supplies

Is water purchased from other supplies? Yes

If yes, list WSSN number/s: #2310

Location	Main Size	Est. Cap.	Metered?
Henderson Rd.**	36-inch	30.0 MGD	Yes
S. Genesee Pit**	30-inch	16.5 MGD	Yes
Oak & Potter**	12-inch	8.15 MGD	10-inch
Irish & Potter**	20-inch	4.46 MGD	6-inch
Belsay & Potter**	12-inch	4.46 MGD	6-inch
M-15 & Potter**	12-inch	8.15 MGD	10-inch
N. Genesee Pit **	12-inch	Not used	10-inch
Francis Rd.	12-inch		2-way
Donaldson St*	12-inch	*	Yes
Pierson & Clio	Not used	Not used	Na
Carpenter Rd	Not used	Not used	Na

Comments:

* Capacity varies on pressure available from Flint and whether the pit is open.

** Direct connection to the Flint 72-inch main upstream of the city of Flint.

The connections upstream of the City of Flint are directly off Flint's 72-inch supply line. Genesee County pays Flint $125,000 plus the current Detroit rate each month to purchase water. The estimated capacity of each connection is based on a Detroit line pressure of 90 psi at the south Genesee pit and 55 psi at the Henderson Road pit.

Water can also be served to the county through Flint's distribution system from Donaldson Street through the Houran St. Pumping Station. Genesee County no longer uses this connection for routine service. This connection could be used in a water system emergency.

Total Flow into the Genesee County water system = Henderson Rd
+ S. Genesee Pit
+ Irish & Potter
+ Belsay & Potter
+ M-15 & Potter
+ Oak & Potter

The majority of flow into Genesee County is through the Henderson Rd pit and the South Genesee pit. Four other metered connections off the 72-inch transmission main along Potter Road provide water service to portions of Davison Township, the City of Burton, and Richfield Township.

Flow through the Francis Road pit is sold to Genesee Township and is not a direct connection off the 72-inch transmission main (constitutes a portion of the Henderson Rd flow).

Are there areas where fire flows cannot be maintained? See comment

Comment: Less than 1000 gpm fire flow was noted in an existing subdivision in Mundy Twp in vicinity of Linden and Hill Road (Church of God extension). The problem was identified as a partially closed valve at the subdivision entrance.

Which, if any, of the above listed areas has the supply prioritized for main replacement, upgrading or looping? Also, if a definite schedule for capital improvement has been established, list the proposed completion date.

Location	Est. Completion Date
Bristol Rd. - completed	Completed
Linden Rd. - coor. with local twp.	Not completed
Pierson Rd. - coor. with local twp.	Not completed
Elms & Lennon looping project	Completed
Lennon & Dye Rd	Completed

General Distribution System Comments:

Consoer Townsend Evirodyne Engineers (CTE) completed the North Loop - Phase III study in 2000 along with a water system master plan. Since 2000, the North Loop transmission main project was completed along with completion of the Henderson Road, CRS pumping station, and the Southeast Loop.

The study was updated in 2005 and the updated report is noted as "**Appendix C Update of Final Report North Loop - Phase III Study**". Given the number of projects that were completed since 2000, the update was performed to reflect current water system conditions and to identify additional future needs. The 2005 update evaluated alternatives to supply Grand Blanc Township via the new CRS pumping station. The CRN pumping station would be dedicated to supply the service areas further west into the county. The update also identified other major projects including: the Southeast loop, Thompson Road corridor, and the Coldwater Road transmission main.

The hydraulic model used in the 2005 study was updated in 2011 to revise pressure district boundaries as needed The model also evaluated the need for further pressure reducing valves and additional water system improvements. An updated water system Master Plan was prepared; however, a discussion (conclusions/recommendations) based on the updated model has not been provided. A new water system study and master plan is expected to be performed in 2015.

Several of the existing meter pits between Genesee County and the City of Flint including Orgould Ave, Clio Rd, and VanSlyke Rd, have been decommissioned. The meter pits along with the pumping, storage facilities have been electrically locked out, and the majority of dead piping eliminated at the facilities. These facilities should be razed if there are no long term plans to re-utilize them.

The county continues to charge its retail customers $35.00 per hydrant to maintain the appurtenance and to conduct routine flushing. Flint Township and Flushing Township continue to flush and winterize hydrants in order to avoid the $35.00 charge per hydrant. These activities are conducted by the local fire department within each township. The WWSD continues to review hydrant operation each year with each fire department. Finally, the WWSD staff complete any hydrant repairs.

Distribution Appurtenances

Hydrants

Number of hydrants 3,875
Number without auxiliary shut-off valves *
Number that are self-draining *
Number of inoperable hydrants *

* An exact number of inoperable hydrants cannot be ascertained since this number changes on a weekly basis. WWSD staff repair broken hydrants upon discovery (typ 1-2 per week). WWSD staff obtains authorization from the two townships that maintain their own hydrants prior to completing any repairs. Hydrant inspections are completed each fall and work orders are prepared and completed on any inoperable hydrants that are discovered.

Frequency of hydrant inspection: 1/yr (fall)

Inspection staff: WWSD operators

Are there areas where additional hydrants are needed? No

Hydrant location system? Yes Accurate? Yes

Are hydrants color-coded for capacity? Yes, by main size

Has this information been provided to the fire department? Yes

Frequency and seasons of hydrant flushing? 1/yr Fall

Purpose of flushing? aesthetics, hydrant operation

Is the public notified prior to flushing? No

Does flushing follow a specific format? Completed by township

Is the volume of water used during flushing estimated? Starting, est of 150cu.ft/hyd

Is a record maintained of hydrant activities? Yes

Comments:

The WWSD maintains a list of hydrant information. The list provides information for each hydrant including: location, color coding, winterizing, work order information, etc. Hydrant records are also maintained in a work-order database by attaching completed work orders as a layer in WWSD's GIS records. Also, all auxiliary shut-off valves are depicted by exact location and stored in a 3-ring binder.

The number of hydrants and valves noted in the 2011 WSR is less than the number depicted in the 2008 WSR. WWSD staff confirmed that the 2008 count was incorrect since it included some of the hydrants and valves from the wholesale customers.

Valves (excluding hydrant shut-offs)

Number of valves 3,903
Number of inoperable valves repaired or replaced as soon as possible

Are there areas where additional valves are needed? Yes

- Irish Rd north of Davison

Valve location system? Yes, valve log Accurate? Yes

Valve Turning Frequencies: See comments

Records maintained? Yes

Comments:

The WWSD has made some progress towards initiating a valve turning program. Valves along the South Loop transmission line (31 valves) have been exercised. Valve exercising is also performed on valves located at or near water system projects. Valve exercising is also prioritized in areas experiencing more frequent watermain breaks.

A valve log book is also in place that contains valve records. Valve locations are depicted by witness points and are entered into the work-order database. All valve records are also entered into GIS.

Customer and Service Information

Number of service connections 20,739 retail accounts
44,943 total accounts (retail & wholesale)

Number of metered service connections same

Identify service line materials and estimate percentages:

Copper	100%
PVC	None
Gal	None
Lead	None

Meter Change-Out Status:

Approximately 95% of the existing compound meters were replaced with new turbine meters at all industrial and mobile home park accounts. A testing program remains in place for these new meters. The testing program is contracted out to a third party (Jim Taylor of Rio-MI Meter).

A small residential area is metered by older Neptune meters that will need to be changed out. The WWSD does not have a change-out program in place for residential accounts. Residential meters are replaced on an "as needed" basis.

WWSD has instituted a pilot radio read program and has upgraded to radio read technology for large customers. The WWSD continues to encourage its retail customers to upgrade to radio read technology for commercial and residential accounts; however this is has not proceeded. The WWSD continues to promote this upgrade with the individual townships since the county wishes to switch from quarterly to monthly billing.

Pumpage Distribution

% Residential	75%
% Industrial & Commercial	25%

System Growth - Number of customers

	Wholesale	Retail	Total
1998 -	18,584	13,270	31,584
2003 -	21,609	17,265	38,874
2005 -	23,263	18,881	42,144
2006 -	24,889	20,092	44,981
2007 -	24,726	20,621	45,347
2008 -	TBD	TBD	TBD
2009 -	TBD	TBD	TBD
2010 -	TBD	TBD	TBD

PROGRAMS AND PLANS

Cross Connection Program

Ordinance No. 73-1 Date 03/01/73

Approved Program? Yes Date 07/19/73

Staff assigned to program Hydro-Design, Inc (HDI)

Is Annual Cross Connection Report required? Yes

Was previous year's annual report received? Yes Date 2/18/11

Was previous year's annual report acceptable? Yes

Inspection Status: Satisfactory

Device Testing Frequency: Adequate

Record Keeping: Inspection forms are in place for each account

Comments:

HDI continues to perform the routine inspections for Genesee County and has maintained adequate implementation of their cross connection control program (CCCP). HDI identified 3400 low hazard accounts in 2010 and determined that approximately 680 of these accounts need to be reinspected on an annual basis. 80 high hazard inspections were required in 2010 and 92 inspections were completed. HDI met all re-inspection requirements during the 2008-2010 time period.

Device testing is also being verified as required (approx. 1200 testable devices). Dave Cardinal is the operator from HDI who is responsible for implementing Genesee County's CCCP. Genesee County continues to contract with HDI for CCCP implementation.

Annual Pumpage Reports

Is Annual Pumpage Report required? Yes

Was previous year's annual report received? Yes Date 4/01/2011

Comments:

The annual pumpage report is based on the county's total water purchased from the city of Flint. This amount is slightly higher than the total pumpage obtained from SCADA (compiled in the MOR) since a portion of the county's service area is upstream of the Center Road pump station and this usage is not metered through any of the pumping stations.

Monthly Operation Reports

Are Monthly Operation Reports required? Yes

Genesee County's monthly operation report (MOR) format was revised in 2008 to include pumpage data from each of the main pumping stations and storage facilities. Bacteriological sample results and chlorine residuals are also included in the report.

Pumpage data from the Vassar Road and Fenton Road pump stations are not included in the MOR. Pumpage data from each of these stations would further help in determining the distribution of water demand in the southeast portion of Genesee County's service area.

Contingency Plan Emergency Response Plan (ERP)

Date of most recent plan 2008 Acceptable? ERP needed

Filed where? GCDC *

Comments:

Genesee County's water system contingency plan was updated in 2008.

* Genesee County's most recent water system contingency plan (2008 update) is available only at the WWSD's administrative office due to security purposes. The 2008 plan contains all of essential elements required in a water system contingency plan and meets our requirements for use in the event of typical water related emergencies including; large main breaks, pump station failures, loss of water service (limited areas), power outages, contamination, etc. The 2008 plan; however, needs to be updated into an Emergency Response Plan.

The WWSD; however, has yet to fully address the issue of reliability in the event of a significant failure of the 72-inch transmission main. Genesee County continues to pursue their goal of achieving long term reliability through establishment of the Karegnondi Water Authority (Lapeer County, city of Flint). The authority continues to work with Lapeer and Genesee County communities towards committing to the construction a new water treatment plant with raw water piping from Lake Huron.

Completion of the Karegnondi project (3-5 years out) is an acceptable long-term solution for reliability; however, Genesee County has not fully resolved their short-term solution for source reliability. Two short-term options include utilizing Flint's stand-by WTP for emergency stand-by service or establishing a system of back-up wells.

Our most recent discussion indicates that Genesee County working with the city of Flint towards utilizing Flint's stand-by WTP for short-term reliability. The county has proposed an amendment to their water service contract with Flint to purchase 5.4 MGD of water from the Flint WTP during an emergency. Details concerning the conveyance of the emergency supply of water from Flint to the county's transmission system are not identified in the proposed contract amendment.

General Plan

Date of most recent plan 2007 Acceptable? Yes

Filed where? MDEQ & GCDC

Comments:
A copy of Genesee County's transmission main plan (2007 update) has been provided to the MDEQ. The transmission main plan shows the size and location of all 12-inch transmission mains and larger, pumping stations, storage facilities, meter pits, and pressure districts. Genesee County also maintains updated distribution system records in GIS. Smaller areas of the distribution system including hydrants, valves, and watermains can be printed from GIS for daily use as needed.

Reliability Study

Date of most recent study 2011 Acceptable? See comment

Filed where? MDEQ & GCDC

Comments:

Genesee County utilized CTE to prepare the North Loop-Phase III study and to make subsequent updates. The original study conducted in 2000 was updated in 2005 and was noted as the addendum or "Appendix C of the North Loop-Phase III Study". The addendum constitutes an acceptable update to Genesee County's water system reliability study.

The hydraulic model used in the 2005 study was updated in 2011 to revise pressure district boundaries as needed The model also evaluated the need for further pressure reducing valves and transmission system improvements. An updated Master Plan (map), based upon the revised model, was provided to us. A discussion (conclusion/recommendations) needs to be provided with the updated Master Plan. A new water system study and master plan is expected to be conducted in 2015.

Bacteriological Sample Site Plan

Date of approved plan 2/15/2008

Are samples still being collected in accordance with the plan? Yes

Comments:

The WWSD completed the most recent revision to the sample site plan in February 2008. WWSD's retail service area population remains above 70,500 thus, a minimum of 80 samples need to be collected from the distribution system on a monthly basis. WWSD's most recent sample site plan reflects the updated minimum monitoring requirement.

Lead & Copper Program

The WWSD continues to implement their lead and copper program adequately. Both action levels were met in all of the applicable rounds of lead and copper monitoring with the most recent round of monitoring being completed during the summer of 2011. The next round of samples will need to be collected during 2014 and will include 14 samples for lead and copper. Water quality parameter monitoring also needs to continue every six months.

Conclusions and Recommendations

In general, our survey covers the major aspects of a water supply including: stand-by facilities, distribution, source capacity, and storage. Each of the above categories is evaluated on the basis of adequacy, maintenance, reliability, and operation. The evaluation also includes a check on the status of operator certification and the cross connection control program. Finally, water quality and the utility's monitoring programs are reviewed.

Our evaluation reveals that the Genesee County Water System continues to maintain an overall "**SATISFACTORY**" rating. Genesee County continues to maintain a proactive operation and maintenance program as well as continuing with capital improvements. Progress; however, remains slow in establishing adequate source reliability. The county's water system remains "**MARGINAL**" in regard to source reliability and continues to be vulnerable to an interruption in supply. Additional comments are included in the Contingency Plan/Source Reliability section.

As noted above, since the 2008 survey further water system improvements have been completed and/or are proceeding and include:

- Installed the Fenton Road transmission main
- Replaced deteriorated piping along Florine Avenue.
- Completed water system SCADA improvements.

These issues along with other topics including existing facilities, reliability, operation, and maintenance are discussed below in more detail:

Water System Viability

The Genesee County Drain Commissioner, Division of Waste and Water Services (WWS) currently serve a population of nearly 153,000 through a countywide network of transmission and distribution mains. Additional booster pumping stations and storage facilities have been provided to enhance service. The WWS currently utilizes 23 full-time *certified employees for water utility operations. The operator in charge (OIC), Tim Davidek,* holds an S-1 license and plays an active role in distribution system operation and maintenance, thus, WWS complies with the operator certification requirement. Also, as part of compliance with the operator certification requirement, Richard Bysko, remains the designated back-up operator.

WWS continues to promote operator certification. Many of the operators have obtained either their S-3 or S-4 licenses and some are pursuing an S-2 license. WWS continues to require new employees to obtain distribution certification to be eligible for further advancement. WWS continues to maintain the safety and training officer position to assist and promote an adequate level of operator certification. Certified operators help to protect the County's investment in the water system and to meet the requirements of the Safe Drinking Water Act and we encourage the County to continue to promote operator certification.

Cross Connection Control

Hydro-Design, Inc. (HDI) continues to implement WWS's Cross Connection Control Program (CCCP). Approximately 3500 accounts remain eligible for a routine inspection and this number has held steady since 2008.

Previous site visits with HDI and WWS staff continue to show that adequate cross connection control records are in place and device testing is being verified. Also, our review and discussion of WWS's most recent cross connection reports confirms adequate implementation of the program.

Finally, WWS continues to maintain a contract for service with HDI. We continue to support WWS's *commitment towards maintaining an adequate* CCCP.

System Storage

WWS currently has 13 storage facilities available providing approximately 46 million gallons of storage.

The existing Center Road North (CRN) 5 MGAL ground storage tank was inspected by Dixon Engineers, Inc. in 2007 and the tank was found to be in good condition. Minor repairs to the access hatch repair were recommended.

Next, our inspection of the Center Road South (CRS) ground level storage tank revealed that the cross connection between the tank overflow and the sewer catch basin has been corrected. The elevation of the tank overflow opening was increased above the catch basin's containment wall such that an adequate air-gap was achieved.

Next, the Clio Road elevated tank and the Noble Street standpipe were recently inspected. Based upon the inspection reports, the Noble Street tank is in good condition. The Clio Road tank was in good structural condition; however, the tank's exterior and dry interior need to be repainted. We recommend that WWS proceed with this work

Finally, the 2-Mgal hyro-pillar at Houran Street will be due for a routine inspection within the next several years.

Pumping Stations

WWS has ten booster pumping stations available for use. Six of these stations (CRN, CRS, Henderson Road, Houran Street, Vassar Road, and Noble Street) are operated on a routine basis. The remaining stations, Orgould, Clio, Van Slyke, and City of Flushing are either out of service or function as a pressure reducing/monitoring station.

The Henderson Road pump station has been in operation since 2006 and the station pumps between 3 and 6 MGD of water from the 72-inch transmission main through the County's new North Loop. The station has effectively reduced the demand on the Center Road pump station and the amount of water that needs to be pumped through the County's south system.

Next, the CRS pump station has been in operation since 2007 and was designed to provide additional capacity and pressure to the eastern portion of Grand Blanc Township. The CRN station continues to provide adequate flows and pressure to the western portion of Grand Blanc Township and to locations further west in Genesee County. The most recent monthly operation reports show that the CRS station's use has been increasing (currently pumping between 2.0 and 3.0 MGD).

WWS continues to refine the mode of operation between the CRN and CRS stations to determining the most efficient operation. It would also be worthwhile to record water pumped through the Vassar Road and Fenton Road (Grand Blanc Township) since these stations and their associated storage facilities also play a role in the level of service to southern Genesee County. This information can be added to the monthly operation report.

Next, based upon our inspection, preventative maintenance activities and overall housekeeping is adequate at all of the pump stations. Based upon our discussion, additional improvements are currently underway with the SCADA system at each of the pumping stations.

Finally, WWS staff should consider operating the emergency chlorination equipment (gas chlorination at Henderson Road and erosion feeder at CRN) several times per year to verify that the equipment operates properly. This practice will also allow WWS staff to maintain familiarity with the chemical feed equipment and its operating procedure.

Transmission/Distribution

Genesee County's water system consists of an extensive county-wide network of transmission and distribution system piping. The majority of this piping is relatively new and is in good condition. Since the 2008 survey, the Fenton Road transmission main was installed and a section of deteriorated piping along Florine Avenue was replaced. There are other areas of existing cast-iron mains which have not been replaced and have had a history of more frequent main breaks. Specific areas are listed below:

1. Dalton Subdivision
2. Portions of Pierson and Linden Roads

It is our understanding that replacement of the watermains in Dalton Subdivision will be completed as part of a future Drinking Water Revolving Loan Fund project. Although the remaining areas do not represent a significant percentage of the system, plans should be made to replace these mains as part of the County's master plan or a capital improvements program.

Next, Genesee County's hydraulic model (from the North Loop Study) was updated in 2011. An updated water system Master Plan, based upon the updated model, was prepared and an electronic copy of the plan was provided to us. A general discussion (conclusions & recommendations); however, was not provided with the master plan. An overall discussion that supports the updated master plan needs to be prepared and a copy sent to our office for review.

Finally, it is our understanding that WWS intends to prepare a new water system study and master plan in 2015. We concur with the timing of this objective since the county's water system reliability study will need to be updated at that time. Finally, we encourage the county to works towards completing the projects that are listed in the master plan.

Operation/Maintenance (O&M)

WWS continues to maintain an active O&M program. The status of specific O&M programs are discussed in more detail below:

Hydrants/Flushing

WWS maintains approximately 3,900 hydrants. This is a decrease in the total number depicted in the 2008 survey (4,700 hydrants). The revised number of hydrants is based on records obtained from WWS's hydrant recordkeeping system (GPS records). The previous quantity was based upon an estimated number of hydrants and it also included some of the wholesale customer's hydrants.

A total number of inoperable hydrants could not be ascertained; however, hydrants are inspected each fall and any inoperable hydrants are repaired or replaced. Hydrant records including; location, color codes, and operational and maintenance history appear to be adequate and these records are maintained in a work-order database.

Next, retail customers continue to pay WWS a $35.00 charge per hydrant on an annual basis for routine maintenance and flushing. Flint and Flushing Townships however, continue to operate and maintain hydrants within their jurisdiction in order to reduce their O&M costs to the County. The township's O&M responsibilities include flushing and winterizing hydrants and these activities are performed by the local fire departments. WWS continues to provide annual training for fire department staff on hydrant operation and maintenance. WWS needs to continue this type of on-going training as it appears to have improved hydrant operation and maintenance within these townships.

Valves

WWS maintains approximately 3900 valves. This is a decrease in the total number depicted in the 2008 survey (5,074 valves). The revised number of valvess is based on records obtained from WWS's valve recordkeeping system (GPS records). The previous quantity was based upon an estimated number of valves and it also included some of the wholesale customer's valves

WWS continues to maintain adequate valve records and also continues to work towards establishing a valve-turning program. Transmission main valves along the south loop were exercised since 2008. Valves are also being exercised at and near watermain projects and in areas where main breaks occur. WWS needs to continue working at expanding the valve turning program to include operating valves in critical locations at least once every several years. A review of all valves should be performed and a determination made as to which valves are most critical and the percentage of these valves that can be exercised each year.

Program Meter Change-Out

WWS has maintained an active meter change-out program for commercial and industrial accounts. Residential meters are replaced on an "as needed" basis, however, only a small percentage of customers (one subdivision) has older meters in need of replacement. We encourage WWS to maintain an active meter change-out program and to replace remaining meters that have reached the end of their useful service life.

WWS has upgraded to radio read technology for most of its large customers; however, expansion of radio read to commercial and residential customers has not proceeded. We encourage WWS to continue to promote the upgrade to radio read technology among its retail customers.

Monthly Operation Reports (MORs)

WWS continues to report water use through each of its major pumping stations. Chlorine residual monitoring and bacteriological monitoring results are also included in the report. Water usage through the Vassar Road and Fenton Road pumping station should be added to the MOR.

Finally, a discrepancy was noted between water usage depicted in the MOR verses water usage summarized in the annual pumpage report. The total amount of water purchased reported in the annual pumpage report is slightly higher than the total pumpage obtained from SCADA (reported in the MOR). The discrepancy is due to a portion of the county's service area being upstream of the Center Road pump station. This portion of the county's purchased water is not metered through the SCADA system.

Bacteriological Monitoring

WWS continues to maintain an excellent sampling history as part of their monthly bacteriological monitoring program. Specifically, eleven samples are collected twice a week from eleven routine sampling locations in accordance to the sample site plan that was revised earlier in 2008. This sampling protocol results in 88 to 110 samples being collected each month and was based on collecting a minimum of 80 samples per month.

The minimum number of required distribution system samples will remain at 80 samples per month. The monitoring requirement is based on a retail service area population of approximately 70,500.

.Emergency Response Plan/Source Reliability

WWS updated their water system contingency plan in 2008 and, for security purposes, the plan is retained at the administrative office. Our review shows that the plan contains all of the critical elements that we require in a water system contingency plan. Although the county's updated contingency plan meets our requirements for use in the event of a water-related emergency, a recent revision to the Administrative Rules of the Michigan Safe Drinking Water Act now requires an Emergency Response Plan (ERP) in place of the contingency plan. The ERP provides an outline to follow in the event of a water related emergency (loss of pressure, contamination, etc.). The ERP is similar to a water system contingency plan; however, the ERP calls for discussion of various types of water utility operational plans that may be utilized during a water related emergency. An ERP template is enclosed and can be used for preparing Genesee County's ERP. We will review the completed ERP during our next routine surveillance visit.

Next, WWS continues to pursue a long-term solution for reliability in the event of a failure of the 72-inch transmission main through establishment of the Karegnondi Water Authority. The authority continues to work with Genesee and Lapeer county communities towards committing to the construction of a new water treatment plant utilizing Lake Huron as its source.

Completion of the Karegnondi project (3 to 5 years out) will provide Genesee County with adequate source reliability; however, Genesee County has not fully resolved their short-term solution for source reliability. Two short-term options include utilizing the city of Flint's stand-by WTP for emergency stand-by operation or establishing a system of back-up wells.

It is our understanding that Genesee County has a proposed amendment (4th Amendment to 1973 City/County Water Supply Agreement), pending Flint approval, to purchase 5.4 million gallons per day of stand-by capacity from the Flint WTP under emergency conditions. However, there is no further discussion as to how this emergency supply of water will be conveyed to the Genesee County North Transmission system. It is our understanding that additional pumping provisions will be needed. Please confirm this in writing and provide us with an update concerning the proposal. If a contract for stand-by service is established with the city of Flint, please provide us with a schedule in which the plan for stand-by service can be implemented.

General Plan

Genesee County's water system general plan was updated in 2007. The updated plan shows the location of county's transmission mains (12-inches and larger), pump stations, storage facilites, meter pits, and pressure districts. Smaller areas of the distribution system including hydrants and valves are stored in the county's GIS and are available for use as needed. The transmission system plan along with the electronic records of the distribution piping and appurtenances meet our requirements for having an acceptable water system general plan.

Lead & Copper Program

WWS has conducted its Lead and Copper program since 1992 and has completed the most recent round of monitoring (June 1, 2011 through September 30, 2011). The next set of 14 samples needs to be collected between June 1, 2014 and September 30, 2014.

The total number of lead and copper monitoring samples (based on triennial monitoring) remains at 14 samples for each round of monitoring. Water quality parameter monitoring (pH, alkalinity, temperature, and phosphate residual) also remains at two sets of samples from six distribution system sites every six months.

Closing Remarks

The following is a list of items discussed in this report which must be addressed by the County. No priority is implied by the order. Page references are in parentheses.

As always, we are available to meet with you to discuss these concerns and their priority in more detail.

1. Establish adequate stand-by water service for Genesee County. (25,32)

2. Maintain a prioritized valve turning program. (22,31)

3. Change out any remaining outdated meters and investigate the possibility of upgrading

to radio read technology. (22,23,31)

4. Upgrade areas of distribution system that are in poor condition. (19,20,29,30)

5. Conduct a new water system study and master plan by 2015. (20, 30)

6. Schedule the Clio Road tank for repainting. (8, 28)

7. Operate the stand-by chlorination equipment at the Henderson Road and CRN pump stations several times per year. (13, 29)

Karegnondi Water Supply System Bonds

Karegnondi Water Pipeline
Series 2014 A & B

Financial Review

D R A F T

February 6, 2014

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List of Abbreviations

ccf	—	hundred cubic feet
CCIF	—	County Capital Improvement Fee
DWSD	—	Detroit Water and Sewer Division
FY	—	Fiscal Year
GCDC-WWS	—	Genesee County Drain Commissioner – Water and Waste Services
KWA	—	Karegnondi Water Authority
mcf	—	thousand cubic feet
mg	—	million gallons
mgd	—	million gallons per day
O&M	—	Operation and Maintenance
RTS	—	Readiness To Serve
WTP	—	Water Treatment Plant
ERU	—	Equivalent Residential Units

Background

The City of Flint, Michigan (Flint) is supplied treated water from the Detroit Water and Sewerage Department (DWSD), and Genesee County Drain Commissioner-Water and Wastes Services (GCDC-WWS) purchases treated water from Flint. Flint water is distributed using DWSD line pressure. Water to GCDC-WWS mainly goes to GCDC-WWS's Henderson Road facility and is re-pumped to GCDC customers.

Concerns regarding the reliability and cost of DWSD water have increased. Flint and GCDC-WWS began to look at alternatives for a new water supply, and have chosen to move ahead with the development of a new regional water authority to provide untreated Lake Huron water for both entities and possibly others.

The Karegnondi Water Authority (KWA) consists of Genesee County, Lapeer County, Lapeer City, Sanilac County, and the City of Flint. KWA is a Municipal Water Supply System Incorporated under PA 233 of 1955. KWA was established in October 2010 to provide Genesee County, City of Flint and other municipal entities in the area with a new source of untreated water. The communities established KWA in order to have a more reliable supply of untreated water at rates that will be determined exclusively by the local communities. [1]

KWA will construct a 63 mile long raw water pipeline, the majority being located under or parallel to existing roads or within road right-of-ways. Beginning at Lake Huron, the principle roads along the pipeline are Fisher, Clear Lake, Kings Mill, Norway Lake, Klam, Stanley, Coldwater, Elba and Millville roads. The proposed pipeline size changes over the length of the project starting at Lake Huron as a 66 inch diameter pipe and reducing as it continues west, to a 60-inch, 48-inch and then 36-inch diameter pipe, where it enters Flint's system. [7] A pump station and intake on Lake Huron in Sanilac County and an intermediate pump station in the northwest corner of St. Clair County are also part of the project.

Flint has a contract with DWSD until April 1, 2014, when they will start using their own treatment plant and begin treating Flint River water on a temporary basis. Flint will switch to KWA water once it is available. GCDC-WWS will be required to build a new water treatment plant at an estimated cost of $60,000,000 to provide finished water to Genesee County's customers. The County has acquired 76 acres approximately 14 miles east of the City of Flint in Oregon Township in Lapeer County, which is expected to serve as the site of Genesee County's new water treatment plant. The new water treatment plant is expected to be constructed and fully operational by July 1, 2016, the date on which the KWA System is expected to be fully operational. Until then, GCDC-WWS will continue to obtain its water from Flint until April 1, 2014 and then obtain water directly from DWSD.

The purpose of this financial review is to determine the impact on water rates for Flint and GCDC-WWS customers associated with implementing the KWA project and to maintain their current system. To do this, background information on the system was obtained to determine needed improvements for implementing the KWA project and maintain their current system. Existing technical reports were reviewed and various financial reports analyzed, to enable the impact on rates. Before determining the impact on the rates of the two entities, the charges from KWA to Flint and GCDC-WWS were determined. GCDC-WWS recently completed a review of their water rates and, therefore, data is available to make projections on the actual rate components. Flint has not had a recent rate study, so the analysis examined the current revenue and the amount of change in revenue needed to fund the project plus maintain the current system.

Description of the Systems

Karegnondi Water Authority (KWA)

The Project

Genesee County Drain Commissioner-Water and Wastes Services (GCDC-WWS) is constructing a lake intake on Lake Huron in Sanilac County. The intake will be rent to own to KWA. KWA is constructing the pipeline from Lake Huron to the Flint area and two pump stations, one of which will be located near the intake facility. These facilities collectively constitute the KWA System. The intake facility was financed with the proceeds of the Series 2013 New Money Bonds sold by Genesee County. [1]

KWA contracted with the GCDC-WWS to administer the design and construction of the KWA System. On behalf of KWA, the GCDC-WWS has acquired 40 acres on Lake Huron for the intake and pump station and 40 acres in Lynn Township on the borders of Sanilac, St. Clair, and Lapeer Counties for the second pump station. In anticipation of the construction of the KWA System, the County has obtained a water withdrawal permit of up to 85 million gallons per day (mgd) from Lake Huron. The lake intake is currently under construction and GCDC-WWS supervised the design of the facility and awarded construction bids. The GCDC-WWS hired project managers which have identified the route of the pipe line, identified environmental issues and prepared preliminary permits for the entire 65-mile route, and hired consulting firms to prepare detailed design of the remaining KWA System facilities. [1]

KWA currently has entered into two water purchase contracts, effective October 1, 2013: one with Flint to supply up to 18 mgd and one with the GCDC-WWS to supply 42 mgd. The charges to be paid by Flint and GCDC-WWS in the Water Purchase Contracts are broken down into two distinct portions: an annual fixed or capital fee, and an annual commodity or operations and maintenance fee. [1]

The estimated construction costs for the KWA system are $240,000,000 based on water contracts of 60 mgd. KWA, GCDC-WWS and Flint have entered into a contract, and KWA will issue bonds to finance the remaining facilities for the KWA System, presently estimated to be in an amount not to exceed $300,000,000, in anticipation of payments to be made by Flint and Genesee County. [8] The bond amount includes the construction cost, capitalized interest, and bond reserves.

Flint is working on the update of its water treatment plant and expects to begin to use Flint River water as a temporary source by April 2014 and will start using KWA water for supply by July 1, 2016. Genesee County will begin to purchase water directly from DWSD on April 1, 2014 and will continue with DWSD as a source until July 1, 2016 when they will begin using KWA water.

Schedule

A schedule of key activities and dates is presented below:

October 2010 – KWA established

Summer 2013 – Start construction of water intake

October 1, 2013 – KWA enters into water purchase contracts with Flint and GCDC-WWS

April 1, 2014 – Flint to begin treating Flint River water rather than purchasing water from DWSD

April 1, 2014 – GCDC-WWS will begin purchasing water directly from DWSD

Summer 2014 – Begin construction of the KWA water pipeline and pump stations

July 1, 2016 – KWA system in operation

May 1, 2017 – First debt service payment of KWA bonds

Customers

KWA will initially have two customers, GCDC-WWS and Flint. Water purchased by Flint from DWSD has averaged 12,219,382 ccf per year between 2010 and 2013. However, the usage trend has been slightly downward. Water sold to Genesee County by Flint increased between 2010 and 2012, but was 6.8 percent lower in 2013 than 2012. It is estimated that Genesee County will deliver 12 mgd to its customers, but due to non-revenue water (8 percent) in the distribution system and at the WTP (3 percent), they will initially need 13.45 mgd of water from KWA. Water usage by City customers has been decreasing, but this trend is expected to end and hold at 6.85 mgd (3,345,000 ccf). Due to non-revenue water loss in the distribution system (32 percent) and at the WTP (3 percent), the City will need 10.4 mgd to supply its customers. Non-revenue water is the difference between water purchased and water billed. Therefore, Genesee County would account for 56.4 percent of the initial need from KWA (13.45 mgd) and Flint would be 43.6 percent (10.39 mgd). Table 1 and Figure 1 in the Work Notes-Bond Rate Study that is in Appendix A-1 provide a more detailed breakdown of the water amounts discussed above.

Expenses

Operation and maintenance expenses for KWA's two pump stations and the transmission main include labor, chemicals, power, administration, residuals handling and other maintenance cost, and are estimated to average $2,412,063 annually for 2016 to 2018. Based on the 23.84 mgd needed, the average cost per million gallons is $277, or $2.07 per mcf. Operation and maintenance costs will be allocated to Genesee County and Flint based on their proportion of the initial raw water required (56.4 percent vs. 43.6 percent). More detail on the estimated operation expenses can be found in Appendix A-1 in Tables 2 and 3 of the Work Notes-Bond Rate Study. These cost projections are somewhat sensitive to the actual volume of water purchased. Power and chemicals are 60 percent of the total and are directly related to volume of water pumped. Maintenance is partially related to volume while the other costs are not related to volume of water. Therefore, these other costs will not change due to typical fluctuations in volume.

Nearly $300 million of bonds will be issued for the KWA project. If the total bond amount is sold together, the first debt service payment from system revenue is expected on May 1, 2017. The annual bond payments, including the GCDC Intake bonds, total approximately $23 million. Based on 60 units, the estimated annual capital cost per unit would be $383,333. A unit is equal to 1 mgd of peak month capacity. A breakdown of the debt service charges between Genesee County and Flint can be found in Table 5 of the Work Notes-Bond Rate Study in Appendix A-1. Additional entities may be contracted to purchase water from KWA in the future which will lower costs, primarily for GCDC-WWS.

Genesee County Drain Commissioner-Water & Waste Services (GCDC-WWS)

Water System

The GCDC-WWS provides water and sewer service to nearly forty communities, totaling over 200,000 individual residents in parts of Genesee, Lapeer, Saginaw, Shiawassee, Oakland and Livingston counties. GCDC-WWS operates over 135 miles of underground pipeline, twenty major water and wastewater pump stations, over eighty minor stations maintained on behalf of local communities, and eleven water storage tanks with over 43,000,000 gallons of storage capacity.[4]

The GCDC-WWS water system includes the Henderson Road facility and Center Road complex which includes 31 mg of storage and over a 50 mgd high service pump station for the majority of the water delivered to GCDC-WWS customers. The distribution (including local municipalities) system includes 1,000 miles of pipeline ranging in size from 6-inch diameter to 48-inch diameter. The system also includes 8 elevated towers for a total volume of 7.5 mg and 4 additional booster pump stations. The system provides services in 17 political entities. GCDC-WWS provides the service as either a master meter customer (water is sold bulk and individual communities provide distribution system) or directly to individual communities. Overall, 11 political entities are serviced with 6 being master metered and 1 individual account. While GCDC-WWS serves the individual accounts including billing, the political entities are responsible for overall payment. The individual entities collect the revenue and reimburse GCDC-WWS for their services.

The County will be required to build a new water treatment plant at an estimated cost of $60,000,000 to provide finished water to Genesee County's customers. The County has acquired 76 acres approximately 14 miles east of the City of Flint in Marathon Township in Lapeer County, which is expected to serve as the site of Genesee County's new water treatment plant. The new water treatment plant is expected to be constructed and fully operational by July 1, 2016, the date on which the KWA System is expected to be fully operational. A pipeline will be needed to convey treated water to the existing Henderson Road facility.

System Deficiencies

System deficiencies have been identified in GCDC's sanitary survey as found in Appendix B-7. Deficiencies are predominately local distribution issues, not the transmission system. The KWA project will address a major issue of supply reliability.

Customers

GCDC-WWS currently purchases water from Flint, which purchases the treated water from DWSD. Genesee County's payment to Flint is a flat rate surcharge, Detroit Readiness to Serve (RTS) based on peak consumption, plus a commodity charge equal to the charge from Detroit to Flint for the water. For 2013, the DWSD commodity charge was $1.301 per metered hundred cubic feet. The charges were set on July 1, 2013, but are anticipated to increase in the future.

The GCDC-WWS purchased 587,285,100 cubic feet of water from Flint in 2013. Purchased water and billed water from 2007 through 2013 can be found in Appendix B-1. The difference in water purchased and water billed is called non-revenue water.

GCDC-WWS's water charges are based on either community master meter readings or the summation of individual water meter readings within each community. Billable metered water volumes by community for 2011 and 2012 for the water supply district are given in Appendix B-2.

It is anticipated that there will be no growth in equivalent meters or usage in the near future.

Revenues and Expenses

GCDC-WWS had $22,997,000 in revenue in 2013 and $20,524,301 in expenses. In general, according to the last water rate study completed for GCDC-WWS, salaries and wages are expected to increase by 3 percent annually over the next few years, but fringe benefits are expected to increase from 2 percent to 8 percent annually. In general, office supplies, dues and memberships, printing and publishing, professional and contractual services, repair and maintenance, and other operational expenses are projected to increase 2 percent annually. Utilities are expected to increase at 9 percent annually.

GCDC-WWS currently pays a commodity charge, a Flint surcharge and a DWSD Readiness-to-Serve (RTS) to Flint for water. Flint gives the revenue collected from the commodity charge and RTS to DWSD, and maintains the surcharge. Starting April 1, 2014, the County will purchase water directly from DWSD until July 1, 2016 when the KWA project will be finished. The cost of water from Detroit (per ccf) between 2009 and 2013 increased an average of 11.4 percent annually. This will be the factor used to estimate the cost of water purchased from DWSD until July 2016.

The GCDC-WWS WTP will commence operation July 1, 2016. Expenses for the water system have to be adjusted because of the KWA project.

The KWA O&M costs were discussed previously, and the County will be responsible for 56.4 percent of them: $630,469 in 2016 (just a half year); $1,365,707 in 2017; and, $1,454,566 in 2018.

GCDC-WWS will have additional O&M expenses due to a new WTP, expected to begin operation July 1, 2016. Additional O&M costs are anticipated to be: $1,249,395 in 2016 (half year); $2,574,943 in 2017; and, $2,651,097 in 2018. Calculations for future O&M costs are in Appendix B-3. Annual debt service on the new WTP is expected to be $5,784,825, beginning in 2017. Capital Reinvestment/Depreciation on the new WTP is anticipated at $1,500,000 per year and this will also start in 2017.

GCDC-WWS is funding the construction of the new water intake for KWA. The annual debt service will be approximately $2,529,000, beginning in 2014. However, GCDC-WWS will receive an amount equal to the 2017 and 2018 debt service payments from a lease back arrangement.

GCDC-WWS will also be responsible for 42 of 60 units, or 70 percent, of the annual debt service payments on the bonds. The total annual debt service payment is $23,000,000. The $16,100,000 annual payment will begin in 2016, but 10 percent of the estimated annual bond payment will be paid annually to KWA prior to 2016. More detail on the expenses and payment can be found in Appendix B-3.

A more detailed breakdown of the revenues and expenses for 2009 through 2012 can be found in Appendix B-4, along with the budget for 2013 and projections for 2014 through 2018.

Rates

Water for the GCDC-WWS water system is measured for each customer based on water meter size plus metered consumption, and customers are charged for service on monthly, bi-monthly, or quarterly billings. Water bills are based on a Readiness to Serve (RTS) charge based on meter size and a commodity charge based on volume usage. In addition, each of the individual communities served their own imposes rates and charges to recover the cost of local water utility services that they provide. As a result, each community on the system has different rates and charges in place which impact individual customers differently. [1]

RTS charges start at $14.59 per month, one equivalent meter which is equal to a 5/8-inch meter. Commodity charges are currently $3.94 per 100 cubic feet, or $5.27 per 1,000 gallons of water consumed. These rates went into effect January 2, 2014. [1]

Where community bulk water readings are available, the readings are used as the basis for charges. The rates charged are based on a calculated equivalent meter size calculated on past peak usage for a community plus the actual water consumption measured at the community master meters. More information on rates can be found in Appendix B-6.

The County charges a County Capital Improvement Fee (CCIF) for new connections to the water system of $1,000 per equivalent residential unit (ERU).

The KWA O&M costs and the O&M costs for the new Genesee County WTP will be allocated to the customer's commodity charge. The Capital Reinvestment/ Depreciation expense will be allocated to volume. The annual expense for the KWA purchase, the lease back for the water intake, and the GCDC-WWS WTP debt will be allocated 100 percent to the commodity charge.

Flint

Water System

The Flint Water Department is responsible for its Water Treatment Plant (WTP), four pump stations, and water testing laboratory, in addition to the dams, reservoirs, and underground infrastructure. The total pumping capacity of Flint is 106.8 mgd with a firm capacity of 62.8 mgd. The WTP was put into service in 1954. A service agreement with DWSD was entered into in the mid-1960s to supply water to the City for a 30-year period. The WTP currently provides treated water from the Flint River as a backup to the water provided by DWSD. The plant has historically operated approximately 20 days per year with average production of 11 mgd, with a capacity of up to 36 mgd. The total source capacity from DWSD is over 70 mgd which includes water going to GCDC-WWS. A significant upgrade ($48 million) to the Flint WTP was completed in 2006 to meet state regulatory requirements. A recent contract agreement with the Karegnondi Water Authority will require additional redundancy and treatment upgrades. In addition, other components of the WTP are in poor condition and in need of maintenance and/or replacement, including various mechanical and electrical equipment; security improvements; building additions and renovations; Heating, Ventilating, and Cooling (HVAC) systems; concrete and asphalt; and roofs. [2]

System Deficiencies

The City of Flint has been studying its system and determining future needs. A survey of some of the evaluation is included in Appendix C-5. The system does have a higher than normal non-revenue water amount. The financial review included $2,600,000 for distribution system maintenance. This will help in addressing the aging system and high non-revenue water amount. The City's WTP is currently undergoing improvements which should address near-term needs. Funding of this project is from projected annual reserves over the next few years.

Customers

In 2013, Flint billed 32,702 customers and total consumption was 9,470,315 hundred cubic feet of water. The City's population was 101,515 in 2013. Water usage by City customers has been decreasing in recent years, but this trend is expected to end and hold at 6.85 mgd (3,345,000 ccf). Due to non-revenue water in the distribution system (32 percent) and at the WTP (3 percent), the City would need 10.4 mgd to supply its customers.

Historical information on the City's customers and water supply system components can be found in Appendix C-2.

Expenses and Revenues

In Fiscal Year (FY) 2013 (July 1, 2012-June 30, 2013), Flint's water system operating revenue totaled $49,903,868. This included $12,957,337 from Genesee County for their commodity, surcharge and DWSD RTS payments, and $23,041 in miscellaneous revenue. Revenue from City customers is estimated at $36,923,490. Revenues the City receives from Genesee County will cease starting April 1, 2014, when Genesee County begins purchasing water directly from DWSD until the KWA and GCDC WTP projects are finished.

Water purchases from DWSD in 2013 totaled $23,308,800, and revenues received from GCDC-WWS paid for a portion of this expense. The cost of water from DWSD between 2009 and 2013 increased an average of 11.4 percent annually. This will be the factor used to estimate water purchases from DWSD until April 1, 2014, when the City will begin operating its WTP full time and treat water from the Flint River.

The City has a high delinquency rate on their water bill payments and this is expected to remain the same. The current rates and revenue reflect the high delinquency rate. It is anticipated that Flint will reduce its non-revenue water by 10 percent annually of the non-revenue water through improvements in the distribution system and enhanced management program.

Salaries, wages and benefits identified in the Flint annual audits are expected to increase 3 percent annually. Utilities are expected to increase 9 percent annually, and other operation and maintenance expenses are expected to increase by 2 percent annually.

Wade Trim completed a report for the City, and estimated additional annual operating expenses of $4,000,000 to operate the WTP full time. It is assumed that the reduction in non-revenue water loss mentioned above will make up for any inflationary increases in the WTP operating costs. Flint will be responsible for 18 of 60 units (30 percent) of the KWA bond payment. The City will begin paying $6,900,000 annually starting in 2017, but started paying 10 percent of the full annual capital payment, or $690,000 in October 2013 and will continue with $690,000 in 2014, 2015, and 2016. Distribution system improvements, identified in the Flint Master Plan, have been estimated at $2,500,000 annually, and will be included in the expenses in 2015. This will help reduce the non-revenue water. The City will be responsible for 43.6 percent of the operation and maintenance costs of the KWA system. This will amount to $1,055,760 in 2017 and $1,124,451 in 2018.

All of the figures and projections can be found in Appendix C-4.

Rates

Current water rates became effective July 1, 2012. Appendix C-4 provides the projections and expenses for the water supply system based on current operating procedures and anticipated future projects and timing. Appendix C-4 shows there should be an increase in the annual reserve of the water system, at least through 2018, if existing rates are maintained and projected usage and expenses are correct. If revenues and expenses are as anticipated, the City should not have to raise water rates (at least through 2018) relative to their involvement with the KWA project.

Discussion on Affordability

As previously discussed, the current water supplier anticipates a 4 percent to 5 percent annual increase of its water rates to its customers. KWA only projects a 4 percent to 5 percent annual increase in the operation and maintenance portion of its expenses. GCDC-WWS rates will be competitive compared to the current water supplier's charges, and should be more stable in the future as capital costs will remain constant. The City of Flint will be less expensive than the current supplier immediately upon startup, and should see lower increases in the future than what it has been experiencing recently. This should provide revenue to address some of Flint's system deficiencies.

Future Rates

The above review focused on the impact of the KWA project in the next five years. Rates beyond the next five years for each entity are discussed below. For all entities, the customer demand is expecting to remain stable.

KWA has no additional capital forecasted beyond 2018. Therefore, future rates will only need to be adjusted for inflationary increases for the O&M expenses. Any new KWA customers will be required to purchase capacity from an existing customer and/or construct new capacity at no cost to existing customers. The GCDC-WWS has no new capital expenditures forecasted past 2018.

The GCDC-WWS establishes its rate structure on a five-year cycle. Rates set in 2013 were the beginning of a new cycle. With over 63 percent of the rate related to new or existing debt (fixed costs) less than 37 percent of the expenses are subject to inflationary costs. The 2009 feasibility study assumed an average 5 percent rate increase on that portion of the expenses.

The City of Flint will need to address some of the system deficiencies. The analysis done on Flint's rates included additional funds to start addressing the deficiencies. The analysis also projected an annual reserve, which can be used to fund needed improvements. Therefore, future rates with inflationary increases should be sufficient to meet the City's needs.

The above discussion does not include changes in regulatory requirements which could impact rates. No significant changes are anticipated at this time.

Sources/Footnotes

[1] Preliminary Official Statement-Draft 11-13-13. Genesee County Water Supply System Revenue Refunding Bonds, Series 2013 – E-mailed from David Massaron (Miller Canfield) to Karl Kramer on 11/17/13 then to Steve Wordelman on 11-21-13.

[2] Existing Infrastructure Condition Report, City of Flint Master Plan, July 2013, DLZ and Houseal Lavigne.

[3] Master Plan For a Sustainable Flint – Infrastructure and Community Facilities Plan, adopted October 28, 2013.

[4] Genesee County Drain Commissioner's Office, Division of Water and Waste Services, 2014 Budget

[5] Wade Trim Report, Preliminary Engineering Report, Lake Huron Water Supply, Karegnondi Water Authority, September 2009

[6] GCDC-WWS Water Rate Review, Scenario 2, dated April 5, 2013 by Jones & Henry Engineers.

[7] MDEQ Public Notice, December 5, 2013

[8] E-mail from Paul Stauder to Karl Kramer and John O'Brien on 11/20/13.

APPENDIX B

GENESEE COUNTY DRAIN COMMISSION - WATER AND WASTE SERVICES

APPENDIX B-1

HISTORICAL WATER PURCHASED AND SOLD - GENESEE COUNTY

Appendix B-1 Historical Water Purchased v. Sold – Genesee County			
Year	Water Purchased	Billable Water	% System Loss
2007	719,759,400	668,814,441	7.08%
2008	656,343,300	643,936,714	1.89%
2009	616,325,400	594,736,958	3.50%
2010	616,632,200	585,092,058	5.11%
2011	621,182,300	581,675,986	6.36%
2012	630,152,800	551,198,996	12.53%
2013	587,285,100		

Source: Preliminary Official Statement-Draft 11-13-13. Genesee County Water Supply System Revenue Refunding Bonds, Series 2013 – Karl Kramer to Steve Wordelman, 11-21-13.

APPENDIX B-2

GENESEE COUNTY WATER SUPPLY SALES, 2011 AND 2012

Appendix B-2 Genesee County Water Supply Sales Community	2011 (cu. ft.)	2012 (cu. ft.)	Average % Increase Per Year (11-12)
Burton City[1]	60,577,973	62,145,013	2.59%
Clio City[1]	9,063,800	8,916,600	-1.62%
Morris City[1]	11,257,800	11,276,200	0.16%
Swartz Creek City[1]	28,734,200	27,420,810	-4.57%
Montrose City[1]	6,093,500	6,105,500	0.20%
Flushing City[1]	27,988,300	27,741,300	-0 88%
Montrose Twp.	5,800,860	4,707,630	-18.85%
Vienna Twp.	13,436,826	12,698,830	-5.49%
Thetford Twp.	17,000	17,100	0.59%
Flushing Twp.	22,867,220	21,778,280	-4.76%
Mt. Morris Twp.	33,608,700	31,347,030	-6.73%
Genesee Twp.[1]	36,069,100	35,315,900	-2.09%
Richfield Twp.	8,260,510	6,239,880	-24.46%
Clayton Twp.	7,272,720	6,804,280	-6.44%
Flint Twp	107,050,962	91,129,219	-14.87%
Davidson Twp.	41,696,344	37,408,010	-10.28%
Gaines Twp.	4,260,490	4,059,900	-4.71%
Mundy Twp.	25,851,918	22,909,853	-11.38%
Grand Bl. Twp.[1]	129,998,237	130,167,445	0.13%
Hydrants	1,786,526	3,010,216	68.50%
Total	581,692,986	551,198,996	-2.25%
[1] Master Meter			

Source: Preliminary Official Statement-Draft 11-13-13. Genesee County Water Supply System Revenue Refunding Bonds, Series 2013 – Karl Kramer to Steve Wordelman, 11-21-13.

APPENDIX B-3

GCDC WATER RATES WITH KWA

Appendix B-3

GCDC – WWS Water Rates – with KWA

- Analysis started with the recently-completed rate study for 2014 to 2018.
- Customer base remained the same.
  - *Equivalent Meters* – No growth
  - Commodity – No growth
- GCDC – WWS WTP will commence operation on July 1, 2016.
- Adjustments to Expenses for 2015, 2016, 2017, and 2018.
  - Detroit rates to increase at 50 percent starting April 1, 2014 and 25 percent starting April 1, 2015.
  - Removed Flint surcharge for water purchase starting April 1, 2014
  - Water Expense to Detroit to continue until July 1, 2016
  - Added KWA O&M (56.4 percent of Total, half year in 2016)

Year	Total	GCDC - WWS
2016	$1,117,853	$630,469
2017	$2,421,467	$1,365,707
2018	$2,579,017	$1,454,566

All cost allocated to Commodity

  - Add GCDC – WWS O&M for new WTP
    - $3.60 per 1,000 cubic feet = $481 per mg
    - Inflate 3 percent per year
    - Treated Water Volume = 13.04 mgd

Year	Rate	Total	
2013	$481 per mg	- - -	
2016	$525 per mg	$1,249,395	(half year)
2017	$541 per mg	$2,574,943	
2018	$557 per mg	$2,651,097	

All cost allocated to Commodity

- Capital costs were added as follows:
  - Capital Reinvestment / Depreciation Water Plant - $1,500,000 per year starting in 2017

    All allocated to Volume
  - Intake Debt Service

2014	$2,529,423
2015	$2,526,838
2016	$2,527,388
2017	$2,527,188
2018	$2,527,588

  - KWA Purchase
    - $383,333 per unit x 42 units = $16,100,000 per year starting 2016. Prior to 2016, 10% will be paid to KWA.

    Cost allocated to 100 percent commodity
  - KWA lease back for intake (payment equals Flints and GCWS portion from KWA purchase

2017	-$2,527,188
2018	-$2,527,588

Cost allocated to 75 percent minimum and 25 percent commodity

  - GCDC – WWS Water Plant Debt

2017	$5,784,825
2018	$5,784,825

Cost allocated to 75 percent minimum and 25 percent commodity

- Rates – See attached spreadsheet for rates per year.

APPENDIX B-4

EXPENSES AND REVENUES FOR GCDC WATER SUPPLY DISTRICT

$730,965.84	$839,268.72	$846,887.83	$737,745.13	$818,067.00	3.0%	3.0%	$842,809	$867,887	$893,924	$920,742	$948,364	$448,962	$448,962
$0.00	$0.00	$0.00	$29,716.91	$38,600.00	3.0%	3.0%	$39,758	$40,951	$42,179	$43,445	$44,748	$21,090	$21,090
$0.00	$0.00	$0.00	$54,869.17	$57,540.00	3.0%	3.0%	$59,266	$61,044	$62,876	$64,762	$66,705	$31,438	$31,438
$0.00	$0.00	$0.00	$45,851.84	$47,800.00	3.0%	3.0%	$49,234	$50,711	$52,232	$53,799	$55,413	$26,116	$26,116
$0.00	$0.00	$0.00	$17,518.72	$360.00	3.0%	3.0%	$371	$382	$393	$405	$417	$197	$197
$0.00	$0.00	$0.00	$0.00	$0.00	3.0%	3.0%	$0	$0	$0	$0	$0	$0	$0
$130,515.49	$96,955.59	$107,960.46	$112,082.64	$123,000.00	2.0%	2.0%	$125,460	$127,969	$130,529	$133,139	$135,802	$65,264	$65,264
$2,025.00	$1,875.00	$1,250.00	$1,400.00	$3,000.00	2.0%	2.0%	$3,060	$3,121	$3,184	$3,247	$3,312	$1,592	$1,592
$0.00	$0.00	$1,000.00	$0.00	$0.00	2.0%	2.0%	$0	$0	$0	$0	$0	$0	$0
$70,693.78	$69,125.91	$71,429.55	$77,216.30	$83,800.00	3.0%	3.0%	$86,314	$88,903	$91,571	$94,318	$97,147	$45,785	$45,785
$152,942.69	$160,527.84	$155,939.91	$144,802.41	$195,800.00	2.0%	2.0%	$199,716	$203,710	$207,785	$211,940	$216,179	$103,692	$103,692
$215,210.29	$254,870.28	$242,958.33	$318,381.26	$367,500.00	7.0%	7.0%	$393,225	$420,751	$450,203	$481,718	$515,438	$225,102	$225,102
$25,515.52	$22,928.13	$24,344.51	$26,015.57	$30,500.00	7.0%	7.0%	$32,635	$34,919	$37,364	$39,979	$42,778	$18,682	$18,682
$8,469.38	$7,367.02	$5,871.77	$10,470.58	$11,000.00	7.0%	7.0%	$11,770	$12,594	$13,475	$14,419	$15,428	$6,738	$6,738
$5,918.10	$8,755.54	$7,735.49	$18,714.26	$22,000.00	8.0%	8.0%	$23,760	$25,661	$27,714	$29,931	$32,325	$13,857	$13,857
$147,266.10	$161,047.15	$346,142.81	$500,609.13	$600,000.00	2.0%	2.0%	$612,000	$624,240	$636,725	$649,459	$662,448	$318,382	$318,382
$0.00	$0.00		$5,208.20	$4,600.00	2.0%	2.0%	$4,692	$4,786	$4,882	$4,979	$5,079	$2,441	$2,441
$4,098.28	$7,096.56	$4,268.68	$297.78	$0.00	2.0%	2.0%	$0	$0	$0	$0	$0	$0	$0
$856.46	$693.22	$626.22	$735.85	$1,000.00	2.0%	2.0%	$1,020	$1,040	$1,061	$1,082	$1,104	$531	$531
$1,494,477.91	$1,630,526.96	$1,816,215.76	$2,098,633.78	$2,404,567.00			$2,484,890.01	$2,568,670.43	$2,656,065.48	$2,747,384.09	$2,842,687.69	$1,328,047.74	$1,328,047.74
$2,398.59	$3,881.85	$3,705.98	$3,137.31	$4,000.00	2.0%	2.0%	$4,080	$4,182	$4,245	$4,330	$4,416	$2,122	$2,122
$0.00	$0.00	$0.00	$2,518.85	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
$0.00	$44,554.21	$24,997.00	$83,535.43	$120,000.00	2.0%	2.0%	$122,400	$124,848	$127,345	$129,892	$132,490	$63,672	$63,672
$16,886.79	$108,637.09	$52,044.58	$43,777.77	$1,000.00	2.0%	2.0%	$1,020	$1,040	$1,061	$1,082	$1,104	$531	$531
$3,502.32	$6,604.88	$7,450.28	$7,355.42	$10,000.00	2.0%	2.0%	$10,200	$10,404	$10,612	$10,824	$11,041	$5,306	$5,306
$2,047.06	$1,387.71	$1,999.62	$1,448.05	$500.00	2.0%	2.0%	$510	$520	$531	$541	$552	$265	$265
$52,954.15	$48,422.10	$28,577.84	$377.90	$500.00	3.0%	3.0%	$515	$530	$546	$563	$580	$273	$273
$21,791.25	$8,740.66	$10,705.82	$4,423.84	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
$99,580.16	$220,226.48	$129,480.90	$146,574.57	$146,000.00			$148,925.00	$151,908.65	$154,952.13	$158,055.63	$161,223.39	$77,476.06	$77,476.06
$5,598.99	$8,642.49	$3,993.24	$2,598.20	$4,500.00	2.0%	2.0%	$4,590	$4,682	$4,775	$4,871	$4,968	$2,388	$2,388
$1,538.92	$0.00	$21,960.70	$1,211.40	$1,500.00	2.0%	2.0%	$1,530	$1,561	$1,592	$1,624	$1,656	$796	$796
$125,039.14	$62,745.08	$71,257.44	$82,336.10	$111,000.00	3.0%	3.0%	$114,330	$117,760	$121,293	$124,931	$128,679	$60,646	$60,646
$132,177.05	$69,387.57	$97,211.38	$86,145.70	$117,000.00			$120,450.00	$124,002.30	$127,659.95	$131,426.07	$135,303.91	$63,829.97	$63,829.97
$62,357.10	$52,053.93	$38,092.88	$40,880.89	$50,000.00	2.0%	2.0%	$51,000	$52,020	$53,060	$54,122	$55,204	$26,530	$26,530
$56,636.75	$3,573.63	$78,856.69	$211,100.14	$97,500.00	2.0%	2.0%	$99,450	$101,439	$103,468	$105,537	$107,648	$51,734	$51,734
	$0.00	$10,537.67	$7,220.99	$7,500.00	2.0%	2.0%	$7,650	$7,803	$7,959	$8,118	$8,281	$3,980	$3,980
$84,650.00	$78,000.00	$78,000.00	$78,000.00	$100,000.00	2.0%	2.0%	$102,000	$104,040	$106,121	$108,243	$110,408	$53,060	$53,060
$0.00	$0.00		$43,300.00	$45,000.00	2.0%	2.0%	$45,900	$46,818	$47,754	$48,709	$49,684	$23,877	$23,877
$0.00	$0.00		$0.00	$17,000.00	2.0%	2.0%	$17,340	$17,687	$18,041	$18,401	$18,769	$9,020	$9,020
$3,688.82	$3,142.12	$3,571.08	$3,413.51	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
$46,541.86	$45,554.52	$52,471.04	$38,643.20	$40,000.00	2.0%	2.0%	$40,800	$41,616	$42,448	$43,297	$44,163	$21,224	$21,224
									$630,469	$1,365,707	$1,454,566		$630,469
						3.0%			$1,249,395	$2,574,843	$2,651,097		$1,249,395
$8,635,352.28	$8,889,853.59	$9,461,016.46	$7,490,389.60	$7,668,000.00	4.4%	11.4%	$11,007,415	$14,259,607	$7,505,057	$0	$0	$7,505,057.00	
$1,392,682.70	$1,398,668.00	$1,482,000.00	$1,254,000.00	$1,369,000.00	0.0%	0.0%	$342,000	$0	$0	$0	$0		
$0.00	$546,936.00	$2,004,721.00	$3,035,015.72	$3,988,000.00	4.4%	11.4%	$5,724,774	$7,416,165	$3,903,255	$0	$0	$3,903,255.00	
$10,281,909.51	$11,017,779.79	$13,207,356.82	$12,200,084.05	$13,366,000.00			$17,443,429.00	$22,052,416.80	$13,672,333.30	$4,332,490.44	$4,505,340.28	$11,600,390.85	$2,071,942.65
			$359.27	$2,500.00	2.0%	2.0%	$2,550	$2,601	$2,653	$2,706	$2,760	$1,327	$1,327
$91,201.41	$123,048.38	$305,582.48	$169,615.71	$200,000.00	2.0%	2.0%	$204,000	$208,080	$212,242	$216,486	$220,816	$106,121	$106,121
$18,519.30	$38,844.17	$28,379.84	$17,545.73	$25,000.00	2.0%	2.0%	$25,500	$26,010	$26,530	$27,061	$27,602	$13,265	$13,265
$64,890.20	$60,681.97	$62,198.25	$89,967.76	$120,000.00	2.0%	2.0%	$122,400	$124,848	$127,345	$129,892	$132,490	$63,672	$63,672
$0.00	$12,500.00	$3,670.00	$6,457.50	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
$174,610.91	$233,074.52	$399,830.37	$282,946.97	$352,500.00			$359,550.00	$366,741.00	$374,075.82	$381,557.34	$389,188.48	$187,037.91	$187,037.91
$190,986.66	$169,205.45	$197,938.23	$73,452.29	$57,000.00	2.0%	2.0%	$58,140	$59,303	$60,489	$61,699	$62,933	$30,244	$30,244
$7,401.88	$6,226.90	$15,406.30	$15,873.43	$20,000.00	2.0%	2.0%	$20,400	$20,808	$21,224	$21,649	$22,082	$10,612	$10,612
			$3,859.62	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
			$0.00	$8,000.00	2.0%	2.0%	$8,160	$8,323	$8,490	$8,659	$8,833	$4,245	$4,245
			$0.00	$10,000.00	2.0%	2.0%	$10,200	$10,404	$10,612	$10,824	$11,041	$5,306	$5,306
$0.00	$0.00	$88,062.82	$50,600.38	$50,000.00	2.0%	2.0%	$51,000	$52,020	$53,060	$54,122	$55,204	$26,530	$26,530
$388,444.17	$388,868.30	$410,085.33	$366,568.12	$450,000.00	9.0%	9.0%	$490,500	$534,645	$582,763	$635,212	$692,381	$291,382	$291,382
$27,916.68	$10,890.52	$14,831.74	$23,869.08	$15,000.00	9.0%	9.0%	$16,350	$17,822	$19,425	$21,174	$23,079	$9,713	$9,713
$808.96	$34,010.73	$29,878.06	$7,938.94	$10,000.00	9.0%	9.0%	$10,900	$11,881	$12,950	$14,116	$15,386	$6,475	$6,475
$18,137.08	$26,439.95	$22,276.59	$16,598.94	$20,000.00	2.0%	2.0%	$20,400	$20,808	$21,224	$21,649	$22,082	$10,612	$10,612
$0.00	$0.00		$1,707.95	$1,500.00	2.0%	2.0%	$1,530	$1,561	$1,592	$1,624	$1,656	$796	$796
$1,385.78	$2,735.66	$539.50	$1,989.21	$2,500.00	2.0%	2.0%	$2,550	$2,601	$2,653	$2,706	$2,760	$1,327	$1,327
$1,143.11	$4,245.53	$4,430.01	$593.54	$2,500.00	2.0%	2.0%	$2,550	$2,601	$2,653	$2,706	$2,760	$1,327	$1,327
$7,440.72	$9,551.49	$10,721.38	$9,740.76	$15,000.00	2.0%	2.0%	$15,300	$15,606	$15,918	$16,236	$16,561	$7,959	$7,959
$14,217.34	$17,572.36	$13,767.87	$18,850.61	$0.00	2.0%	2.0%	$0	$0	$0	$0	$0	$0	$0

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
$0 00	$0.00	$0 00	$0.00	$0 00			$2,529,423	$2,526,838	$2,527,388	$2,527,188	$2,527,588	$1,263,694	$1,263,694	
							$1,609,988	$1,609,988	$8,854,992	$16,099,988	$16,099,988	$804,999	$8,049,993	$383,333
										-$2,527,188	-$2,527,588	$0	$0	
$0 00	$0.00	$0 00	$0 00	$0 00	(First 3 Years Capitalized Int.)		$0			$5,784,825	$5,784,825	$0	$0	
$3,102,383.76	$3,103,501.26	$3,095,338.76	$3,099,118.78	$3,104,834.00			$7,546,827.38	$7,544,770.39	$14,788,408.39	$25,287,043.64	$25,288,292.74	$3,770,707.19	$11,016,701.19	
$15,928,785.34	$16,908,973.11	$19,551,433.67	$20,893,884.09	$20,524,301.00			$33,795,519.47	$38,611,770.38	$37,755,005.74	$40,706,868.44	$41,188,837.64	$20,019,229.87	$17,735,775.87	
$5,900,750 38	$8,073 517.52	$8,603,696.21	$9,114,458 77	$7,500,301.00			$16,721,330.47	$16,835,978.38	$26,348,893.74	$40,706,568.44	$41,188,837.64	$8,610,917 87	$17,735,775.87	

APPENDIX B-5

GCDC-WWS PROJECTED RATES DURING KWA PHASE-IN

10,128,821	$ -	$ 10,128,821	$ 13,118,838	$ -	$ 13,118,838	$ 6,904,651	$ -	$ 6,904,651		$ -	$ -		$ -	$ -
5,724,774	$ -	$ 5,724,774	$ 7,416,185	$ -	$ 7,416,185	$ 3,903,255	$ -	$ 3,903,255		$ -	$ -		$ -	$ -
342,000	$ 342,000	$ -		$ -	$ -		$ -	$ -		$ -	$ -		$ -	$ -
880,594	$ 792,535	$ 88,059	$ 1,140,771	$ 1,026,694	$ 114,077	$ 600,406	$ 540,365	$ 60,041	$ 150,389	$ 135,350	$ 15,039	$ 315,352	$ 283,817	$ 31,535
3,015,478	$ 1,507,739	$ 1,507,739	$ 3,136,097	$ 1,568,049	$ 1,568,048	$ 1,630,770	$ 815,385	$ 815,385	$ 1,630,770	$ 815,385	$ 815,385	$ 3,392,003	$ 1,696,002	$ 1,696,002
3,407,416	$ -	$ 3,407,416	$ 3,407,944	$ -	$ 3,407,944	$ 1,702,014	$ -	$ 1,702,014	$ 1,702,014	$ -	$ 1,702,014	$ 3,402,233	$ -	$ 3,402,233
1,962,890	$ -	$ 1,962,890	$ 1,903,580	$ -	$ 1,903,580	$ 951,580	$ -	$ 951,580	$ 951,580	$ -	$ 951,580	$ 3,398,841	$ -	$ 3,398,841
3,409,858	$ -	$ 3,409,858	$ 3,004,162	$ -	$ 3,004,162	$ 1,543,843	$ -	$ 1,543,843	$ 1,543,843	$ -	$ 1,543,843	$ 3,174,894	$ -	$ 3,174,894
3,315,700	$ 3,315,700	$ -	$ 3,874,206	$ 3,874,206	$ -	$ 1,977,712	$ 1,977,712	$ -	$ 1,977,712	$ 1,977,712	$ -	$ 4,040,224	$ 4,040,224	$ -
	$ -	$ -		$ -	$ -		$ -	$ -	$ 580,031	$ -	$ 580,031	$ 1,256,450	$ -	$ 1,256,450
	$ -	$ -		$ -	$ -		$ -	$ -	$ 1,149,443	$ -	$ 1,149,443	$ 2,368,948	$ -	$ 2,368,948
1,609,988	$ -	$ 1,609,988	$ 1,609,988	$ -	$ 1,609,988	$ 804,999	$ -	$ 804,999	$ 8,049,993	$ -	$ 8,049,993	$ 16,099,986	$ -	$ 16,099,986
	$ -	$ -		$ -	$ -		$ -	$ -		$ -	$ -	($2,527,188)	$0	($2,527,188)
	$ -	$ -		$ -	$ -		$ -	$ -		$ -	$ -	$ 5,784,825	$ -	$ 5,784,825
33,795,519	$ 5,957,974	$ 27,837,545	$ 38,611,769	$ 6,468,948	$ 32,142,820	$ 20,019,230	$ 3,333,462	$ 16,685,767	$ 17,735,776	$ 2,928,447	$ 14,807,328	$ 40,705,568	$ 6,020,042	$ 34,685,526
($575,000)	$0	($575,000)	($575,000)	$0	($575,000)	($287,500)	$0	($287,500)	($287,500)	$0	($287,500)	($575,000)	$0	($575,000)
($378,000)	($185,220)	($192,780)	($378,000)	($185,220)	($192,780)	($189,000)	($92,610)	($96,390)	($189,000)	($92,610)	($96,390)	($378,000)	($185,220)	($192,780)
32,842,519	5,772,754	27,069,765	37,658,769	6,283,728	31,375,040	19,542,730	3,240,852	16,301,877	17,259,276	2,835,837	14,423,438	39,753,568	5,834,822	33,918,746
	361,267			361,267			180,634			180,634			361,267	
		5,855,610			5,855,610			2,927,805			2,927,805			5,855,610
	$ 15.98			$ 17.39			$ 17.94			$ 15.70			$ 16.15	
		$ 4.62			$ 5.38			$ 5.57			$ 4.93			$ 5.79
	$ 15.98			$ 17.39			$ 17.94			$ 15.70			$ 16.15	
		$ 46.23			$ 53.58			$ 55.88			$ 49.26			$ 57.93
	$ 62.21			$ 70.97			$ 73.62			$ 64.96			$ 74.08	

Jan 1, 2014, starting April 1, 2014 and adding an additional 25% to current charges starting April 1, 2015.

APPENDIX B-6

GENESEE COUNTY WATER SUPPLY RATES

Appendix B-6 Genesee Water Supply Minimum Charge Rates Meter Size (in)	09/02/2012 - 09/01/2013 Charge	09/02/2013 Charge	01/02/2014 Charge
Individual Meters			
5/8	$13.38	$14.59	$14.59
3/4	20.07	21.89	21.89
1	33.45	36.48	36.48
1-1/2	66.90	72.95	72.95
2	107.04	116.72	116.72
3	200.70	218.85	218.85
4	334.50	364.75	364.75
6	669.00	729.50	729 50
8	1,070.40	1,167.20	1,167.20
10	1,605.60	1,750.80	1,750.80
12	2,876.70	3,136.85	3,136.85
Indirect Rates			
5/8	$13.38	$13.53	$13.53
3/4	20.07	20.30	20.30
1	33.45	33.83	33.83
1-1/2	66.90	67.65	67.65
2	107.04	108.24	108.24
3	200.70	202.95	202.95
4	334.50	338.25	338.25
6	669.00	676.50	676 50
8	1,070.40	1,082.40	1,082.40
	09/02/2012 - 09/01/2013 Charge/EM	09/02/2013 Charge/EM	01/02/2014 Charge/EM
Equivalent Meters			
25	$3,295.75	$2,241.75	$2,241.75
50	6,591.50	4,483.50	4,483 50
80	10,546.40	7,173 60	7,173.60
120	15,819.60	10,760.40	10,760.40
165	21,751.95	14,795.55	14,795.55
215	28,343.45	19,279.05	19,279.05
320	42,185.60	28,694.40	28,694 40

Rate Per 100 cubic feet of consumption	
09/02/09 - 09/01/10	$2.54
09/02/10 - 09/01/11	$2.76
09/02/11- 09/01/12	$2.96
09/02/12 – 09/01/13	$3.18
09/02/13- 01/01/14	$3 53
01/02/14	$3.94

Source: Preliminary Official Statement-Draft 11-13-13. Genesee County Water Supply System Revenue Refunding Bonds, Series 2013 – Karl Kramer to Steve Wordelman, 11-21-13.

APPENDIX B-7

2011 SANITARY SURVEY

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING

DEQ

DAN WYANT
DIRECTOR

September 7, 2011

Mr. John O'Brien, Director
Genesee County Drain Commissioner
G-4610 Beecher Road
Flint, Michigan 48532

WSSN: 2615

Dear Mr. O'Brien:

SUBJECT: 2011 Sanitary Survey
Genesee County Water System

Enclosed is a copy of the sanitary survey completed by this department covering the Genesee County water system. This report is being submitted for your review and comment.

Your attention should be directed to pages 27 through 33, which details our observations, conclusions, and recommendations. Also, pages 33 and 34 provide a brief summary of the individual items that need to be addressed and gives the pages in the report where those items are discussed.

The items vary in priority and are listed without ranking. In general, improvement continues to be taken towards water system preventative maintenance. The need for an adequate supply of water for domestic use and fire protection will continue to increase as long as residential, commercial, and industrial growth continues in Genesee County.

Item #1 discusses the need to establish adequate stand-by water service for Genesee County.

Items #2, 3, and 6 discuss preventative maintenance and operational issues. This includes the need to continue establishing a prioritized valve turning program. Next, any remaining outdated meters should be changed out and the upgrade to a radio-read system should continue to be promoted among your retail customers. Finally, the Clio Road elevated tank should be scheduled for repainting.

Item #4 discusses the need to continue upgrading areas of WWS's water system that are in poor condition.

Item #5 discusses the need to conduct a new water system study and master plan by 2015.

Item #7 discusses the need to operate the stand-by chlorination equipment at the Henderson Road and Center Road pump stations on an occasional basis.

We wish to thank your staff for their time, and for the assistance given, during the survey and preparation of the report. As always, we are available to meet with you to discuss the report in more detail.

Sincerely,

Michael Prysby

Michael F. Prysby, P.E., District Engineer
Lansing District Office
Resource Management Division
517-335-6122

Enclosure

cc: Mr. Dave Jansen
Mr. Tim Davidek

GENESEE COUNTY DRAIN COMMISSIONER

DISTRIBUTION SYSTEM SANITARY SURVEY

GENESEE COUNTY DRAIN COMMISSIONER DISTRIBUTION SYSTEM SANITARY SURVEY

Report By:

Michigan Department of Environmental Quality

Michael F. Prysby, P.E., District Engineer

September 6, 2011

Acknowledgments

The Michigan Department of Environmental Quality wishes to thank those involved in putting this survey together. A special thank-you goes to the Genesee County Drain Commissioner, especially the Division of Waste & Water employees Tim Davidek, Matt Raysin, Mark Horgan, Dave Jansen, and John O'Brien for their time and patience in compiling the requested data.

Check No. 10007 Karegnondi Water Authority

01/14/2014 Application for State Treasurer's Approval to Issue Long-Term Securities - Series 2014 A

010007

KAREGNONDI WATER AUTHORITY
G-4610 BEECHER ROAD
FLINT, MI 48532

FIRSTMERIT BANK, N.A.
56-55/412

Check Date
01/14/2014

Amount
$2,000.00

PAY Two Thousand and no/100 Dollars

TO State of Michigan
THE Department of Treasury
ORDER P.O. Box 30728
OF Lansing, MI 48909-8228

Karl Kramer