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John

We had an email from Flint earlier today, declining DWRF funding for the current fiscal year due to their current financial status. I have asked my staff to determine if the project can be reduced in scope (currently water main and pump station) & cost such that it is easier to finance a project this fiscal year. In our opinion, the scope can be reduced. Thus, further discussion is necessary with the city's engineer and staff regarding this option. This may require additional time to get the Part I application submitted (today is the deadline). Our expectation is to provide principal forgiveness to this project as Flint qualifies as a disadvantaged status community. The original project estimate was \$13 million with approximately \$5 million expected as principal forgiveness.

The EFM in Flint has to clear projects requiring bond financing with Treasury. I wanted to alert you to the situation so that you can ensure that the appropriate staff in Treasury have complete information regarding the project.

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