

From: [Shekter Smith, Liane \(DEQ\)](#)
To: [Winegar, Carla \(DEQ\)](#)
Subject: RE: FYI - new Flint forgiveness article from an hour ago.
Date: Wednesday, April 08, 2015 4:33:00 PM

Thanks!

From: Winegar, Carla (DEQ)
Sent: Wednesday, April 08, 2015 3:11 PM
To: Shekter Smith, Liane (DEQ)
Cc: Devereaux, Tracy Jo (DEQ)
Subject: FW: FYI - new Flint forgiveness article from an hour ago.

Carla Winegar, Section Secretary
Revolving Loan Section
Office of Drinking Water and Municipal Assistance
Department of Environmental Quality
517-284-5422 - voice mail
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From: Marquardt, Steve [<mailto:marquardt.steve@epa.gov>]
Sent: Wednesday, April 08, 2015 2:59 PM
To: Winegar, Carla (DEQ)
Subject: FW: FYI - new Flint forgiveness article from an hour ago.

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Rep. Kildee asks EPA about clearing Flint's \$22-million water loans

Ron Fonger | rfonger1@mlive.com By Ron Fonger | rfonger1@mlive.com The Flint Journal
on April 08, 2015 at 2:01 PM

Dan Kildee

FLINT, MI -- U.S. Rep. Dan Kildee says the state may have the authority to forgive Flint's \$22 million in remaining water loans, potentially freeing up that money for "immediate water infrastructure improvements."

"We don't know if the state would grant relief, (but) we don't want to be in a position where they think they don't have the authority," Kildee said today, April 8.

The congressman asked U.S. Environmental Protection Agency Administrator Gina McCarthy for clarification on whether the debt can be forgiven, citing two provisions in federal law that could allow Gov. Rick Snyder to take action because of Flint's status as a disadvantaged community. Kildee said he made the request in a March 26 letter to the EPA.

MLive-The Flint Journal could not immediately reach an agency representative for comment.

Dave Murray, a spokesman for Snyder, said in an email that Snyder "doesn't believe it is appropriate to answer hypothetical questions."

Murray said last month that the state Treasury Department "doesn't have the legal authority to forgive loans, and this has been shared with Flint city leaders."

His email today said the loans are a mix of federal and state dollars and said treasury officials do "not believe there is any pathway in federal law that would allow for loan forgiveness."

"Gov. Snyder and the state continue to offer assistance to city leaders in their efforts to address long-standing water infrastructure issues in Flint," the statement says.

Kildee said he believes it's more than likely that Snyder has the authority to act, based in part on a legal opinion from the Congressional Research Service.

Kildee's request comes less than a month after Flint Mayor Dayne Walling renewed his request to Snyder to forgive the water loans because of the city's continuing financial emergency.

Snyder declared Flint was in a financial emergency in 2011 after a review team issued a report, and since then the city has been run by a succession of four state-appointed emergency managers.

Emergency manager Jerry Ambrose authorized the restructuring of Flint's four outstanding Drinking Water Revolving Fund bonds on March 19, postponing current principal payments and freeing up \$2.2 million to help fix water safety and quality in the city.

Murray said the state allowed that action so that the loan repayments can be used for expenses tied to "maintaining safety and improving the quality of Flint water."

The city's water bonds are currently financed at a rate of 2.5 percent, and delaying the principal payment will increase the cost of the borrowing by approximately 2 percent -- or \$228,000 -- over