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

4425 (Rev 11-13)

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.