

Goodrich, Harlan G. (Treasury)

From: Dimov, Sylvia <dimov@millerkanfield.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.]

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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@gcdcwvs.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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