

Robert, Carla M. (Treasury)

From: McBride, Bill (GOV) <mcbrideb@michigan.gov>
Sent: Friday, January 29, 2016 4:59 PM
To: Khouri, Nick (TREASURY)
Subject: FW: Flint, MI Amendment
Attachments: Flint MI emergency relief section by section summary.docx; Flint MI emergency relief 5.docx

From: Herrgott, Alex (EPW) [mailto:Alex_Herrgott@epw.senate.gov]
Sent: Friday, January 29, 2016 12:51 PM
To: Bodine, Susan (EPW) <Susan_Bodine@epw.senate.gov>; McBride, Bill (GOV) <mcbrideb@michigan.gov>
Subject: FW: Flint, MI Amendment

Attached is the summary and the language we are working with. If you want to hope on a quick call I can walk you all through it real quick.

Bottom line

- Up to \$640m in loans paid back in 35 years, at subsidy cost to US Treasury of \$64m paid for out the Leaking Underground Storage Tank Trust Fund
- Up \$160 in SRF loans paid back in 5 years paid for out the Leaking Underground Storage Tank Trust Fund
- Authorization for \$20m in loan forgiveness for the State to offer to the City of Flint
Instead of the \$200m for the Centers for Excellence on Lead Exposure, directs Agency for Toxic Substance and Disease Registry ("ATSDR") to establish a lead exposure registry for Flint, Michigan and to provide health consultations for the citizens of Flint. (I will point out that even if the loans are amendable to the Ds, this Centers for Excellence is a major Stabenow priority and will be what she says she has to have). We have engaged with the HELP Committee on working an HHS/nutrition solution that may serve as an alternative.

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Flint, Michigan Emergency Disaster Relief-summary.

- (a) Finding of Emergency. The intent of the emergency finding is to distinguish the situation in Flint from every other city with infrastructure issues.

- (b) State Revolving Loan Fund Assistance

Under current law, the federal government capitalizes state drinking water revolving loan funds to allow states to give loans to drinking water systems for infrastructure improvements.

- (1) Under current law, the Safe Drinking Water Act authorizes forgiveness of principal for disadvantaged communities. This paragraph gives the State the authority to forgive the approximately \$20 million in outstanding loans to Flint from the state drinking water revolving loan fund.
 - (2) Under current law, states provide loans to cities for drinking water infrastructure. This paragraph authorizes State of Michigan to provide \$160,000,000 in loans from the state drinking water revolving loan fund to the City of Flint, Michigan, for the purpose of addressing lead in drinking water, including repair and replacement of public and private drinking water infrastructure. This assistance may include principal forgiveness.
- (c) Water Infrastructure Financing.
 - (1) This paragraph authorizes EPA to make use of the new WIFIA authority enacted as part of WRRDA 2014, to make secured loans to the State of Michigan to provide assistance to Flint. Under current law, a WIFIA loan may only cover 49% of project costs. This paragraph allows the loan to cover up to 80% of reasonably anticipated project costs.
 - (2) This paragraph makes it clear that any remaining project costs may be paid for with an SRF loan, as is the intent of current law.

- (d) Funding.

- (1) Additional SRF Capitalization Grant.
 - (A) This subparagraph makes \$160,000,000 [transferred from the Leaking Underground Storage Trust Fund] available to EPA to provide an additional grant to Michigan to capitalize its state drinking water revolving loan fund.
 - (B) This subparagraph requires the state to reimburse that additional grant.
 - (C) This subparagraph uses the reimbursement to create a new emergency infrastructure fund.