

City of Flint, Michigan

*Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com*



Meeting Agenda - Final

Monday, January 14, 2019

5:30 PM

Council Chambers

CITY COUNCIL

*Herbert J. Winfrey, President, Ward 6
Monica Galloway, Vice President, Ward 7*

Eric Mays, Ward 1

Santino J. Guerra, Ward 3

Jerri Winfrey-Carter, Ward 5

Maurice D. Davis, Ward 2

Kate Fields, Ward 4

Allan Griggs, Ward 8

Eva L. Worthing, Ward 9

Inez M. Brown, City Clerk

CALL TO ORDER**ROLL CALL****PLEDGE OF ALLEGIANCE****PRAYER OR BLESSING****READING OF DISORDERLY PERSONS CITY CODE SUBSECTION**

Any person that persists in disrupting this meeting will be in violation of Flint City Code Section 31-10, Disorderly Conduct, Assault and Battery, and Disorderly Persons, and will be subject to arrest for a misdemeanor. Any person who prevents the peaceful and orderly conduct of any meeting will be given one warning. If they persist in disrupting the meeting, that individual will be subject to arrest. Violators shall be removed from meetings.

REQUEST FOR CHANGES AND/OR ADDITIONS TO AGENDA

Council shall vote to adopt any amended agenda.

SPECIAL ORDER

[NOTE: Council moved this Special Order from the January 9, 2019 Finance Committee to today's City Council agenda in order to RECEIVE the City's audit report.]

190003 Special Order/Comprehensive Annual Financial Report (CAFR)

A Special Order to allow representatives from accounting firm Yeo & Yeo to present the Comprehensive Annual Financial Report (CAFR) to the City Council.

PRESENTATION OF MINUTES**PUBLIC HEARINGS****PUBLIC SPEAKING**

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, June 12, 2017), three (3) minutes per speaker. Only one speaking opportunity per speaker. Numbered slips will be provided prior to the start of the meeting to those wishing to speak during this agenda item. No additional speakers or slips will be accepted after the meeting begins. Speakers may not allocate or "donate" their allotted time to another person. Council members may not speak during Public Speaking, nor may they make response comments to speakers. Council members may use their five (5) minutes for Final Comments to address any issues that have been addressed by Public Speakers.

COMMUNICATIONS

None

APPOINTMENTS

APPOINTMENTS (May Be Referred from Special Affairs)

190007 Appointment/Ethics and Accountability Board/Bob Gallagher

Resolution resolving that 9th Ward Flint City Councilperson Eva L. Worthing hereby appoints Bob Gallagher (718 Vermilya Avenue, Flint, Michigan, 48507) to the Ethics and Accountability Board for the remainder of a six-year term of office, commencing January 14, 2019, and expiring June 25, 2024. [NOTE: Eric Roebuck resigned from his position on the EAB Board effective January 7, 2019.]

RESOLUTIONS

190002 Budget Amendment/Transfer/Water Infrastructure & Distribution Improvements/Grants Fund

Resolution resolving that the proper city officials, upon City Council's approval, are hereby authorized to amend the FY2018-2019 budget, in the amount of \$77,740,285.00, within the 496 (Capital Project Fund), to be placed solely in City of Flint Grant Code #FEPA18WIIN-1, and to budget any unspent grant funds in subsequent fiscal years in which they continue to remain available by the lender via the aforementioned program. [NOTE: On March 29, 2017, the proper city officials were authorized to accept the federal Water Infrastructure Improvements for the Nation (WIIN) grant in the amount of \$100,000,000.00, along with the matching appropriation from the State of Michigan Department of Environmental Quality (MDEQ) in the amount of \$20,000,000.00.]

RESOLUTIONS (May Be Referred from Special Affairs)

180590 Approval/City of Flint Statement of Policy/Anti-Bullying

Resolution resolving that the Flint City Council agrees to adopt the Anti-Bullying Policy, as requested by Human Resources. [NOTE: Policy is attached.]

180591 Approval/City of Flint Statement of Policy/Harassment and Discrimination in the Work Place/Complaint Procedure

Resolution resolving that the Flint City Council agrees to adopt the Harassment and Discrimination in the Work Place Policy, and Complaint Procedure, as requested by Human Resources. [NOTE: Policy is attached.] [NOTE: Policy last adopted on April 22, 2015.]

180627 Approval/City of Flint Policy/Disposition of Acquired Land Bank Properties

Resolution resolving that the Flint City Council agrees to adopt the Policy of Disposition of Acquired Land Bank Properties, as requested by Legal. [NOTE:

Policy is attached.]

190001 Policies & Guidelines/Consideration of Poverty Exemption Applications

Resolution resolving that to be eligible for consideration of a hardship exemption pursuant to MCL 211.7u in the City of Flint that a person must be the owner and must occupy the property as a homestead, as defined, for which the exemption is requested; file a completed and notarized application; submit copies of federal and state income tax returns for all persons that resided in the homestead, including property tax credit forms and/or Statement of Benefits paid from the Michigan Department of Social Services or Social Security Administration; and meet City of Flint poverty income standards (which is part of this resolution), AND, resolving that the applicant and all qualifying persons that resided in the home must have an annual adjusted income less than the amounts shown (in this resolution), AND, resolving that the applicant's asset level, excluding the homestead, may not exceed \$10,000.00, regardless of income level, AND, resolving that the applicant may not have ownership interest in any real estate other than the homestead, nor shall anyone else living outside of the household have interest in this homestead and (the applicant) must own the home for at least one calendar year, AND, resolving that a hardship exemption may be granted for only one year at a time, AND, resolving that the City of Flint Board of Review shall request identification of the applicant and/or proof of ownership of the homestead under consideration for hardship exemption, AND, resolving that the board of review may request from the applicant any supporting documents which may be utilized in determining a hardship exemption request, AND, resolving that the completed hardship exemption application must be filed after January 1, but before the day prior to the last day of the board of review in the year for which exemption is sought, AND, resolving that the board of review shall administer an oath wherein the applicant testifies as to the accuracy of the information provided, AND, resolving that the board of review may deviate from the established policy and guidelines only for substantial and compelling reasons, and that the applicant will be notified in writing the reasons for deviating from the policy and guidelines for hardship exemption, AND, resolving that to conform with the provisions of Public Act 390 of 1994, this resolution is hereby given immediate effect, as requested by the Assessments.

190005 Budget Amendment/Genesee County Health Department/Healthy Start Lead Expansion Grant

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to amend the 2018-19 adopted budget to move revenue and expenditure appropriation for the Council of Genesee Healthy Start Lead Expansion grant for the Genesee County Health Department, in the amount of \$154,000.00, and an aggregate total of \$616,000.00, to comply with the associated grant agreement, and to make remaining funds available in any subsequent fiscal years that the funds remain available by the grantor.

190006 Contract/Complete Auto & Truck Parts/Towing and Storage of Vehicles

Resolution resolving that the proper City Officials are authorized to enter into a

contract with Complete Auto & Truck Parts, Inc. for the towing and storage of vehicles, for the period ending June 30, 2019, in an amount NOT-TO-EXCEED \$298,370.00.

LIQUOR LICENSES

INTRODUCTION AND FIRST READING OF ORDINANCES

INTRODUCTION AND FIRST READING OF ORDINANCES (May Be Referred from Special Affairs)

180523 Amendment/Ordinance/Chapter 2 (Administration)/Article VI (City Wide Advisory Council) [CWAC]

An ordinance to amend Chapter 2 (Administration), Article VI (City Wide Advisory Council), of the Code of the City of Flint by amending Sections 2-26 through 2-26.4, and adding new sections 2-26.5 (Conflicts of Interests) and 2-26.6 (Disqualification).

SECOND READING OF ADOPTION OF ORDINANCES

FINAL COUNCIL COMMENTS

ADJOURNMENT

190002

SUBMISSION NO.: _____

PRESENTED: 1-9-19

ADOPTED: _____

BY THE MAYOR:

**RESOLUTION AUTHORIZING THE AMENDMENT OF THE FY2018-19 BUDGET TO
INCLUDE \$77,740,285.00 OF FUNDING FOR WATER INFRASTRUCTURE AND
DISTRIBUTION IMPROVEMENT PROJECTS VIA THE WATER INFRASTRUCTURE
IMPROVEMENTS FOR THE NATION (WIIN) FUNDING**

RESOLUTION

On March 29, 2017, the Proper City Officials, through Resolution #178159, were authorized to accept the federal Water Infrastructure Improvements for the Nation (WIIN) grant in the amount of \$100,000,000, along with the matching appropriation from the State of Michigan MDEQ in the amount of \$20,000,000 for a total award of \$120,000,000; and,

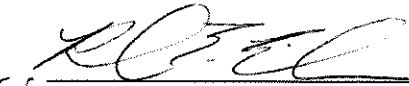
On March 29, 2017, the same resolution authorized the Proper City Officials to amend the FY2016-17 budget to include the first allotment of the WIIN grant funding for service line replacement work to replace lead and galvanized service lines as a response to the Flint Water Crisis; and,

On August 29, 2018, the Flint City Council authorized the issuance of \$80,000,000 of Water Supply System Revenue bonds and the required notification to the public that such bonds were to be issued; and,

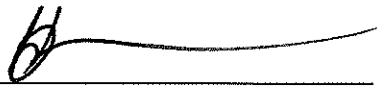
On December, 14, 2018, the State of Michigan closed on the issuance of \$77,740,825.00 of State Revolving Fund (SRF) City of Flint Water Supply System Revenue Bond, Series 2018 bonds, provided via the Drinking Water Revolving Fund Program, stipulating in Section 6 of the Supplemental Agreement that the principal is immediately forgiven upon withdrawal by the City of Flint,

IT IS RESOLVED, that the Proper City Officials, upon City Council's approval, are hereby authorized to amend the FY2018-19 budget in the amount of \$77,740,285.00 within the 496 (Capital Project Fund) fund, to be placed solely in City of Flint Grant Code #FEPA18WIIN-1, and to budget any unspent grant funds in subsequent fiscal years in which they continue to remain available by the lender via the aforementioned program.

APPROVED AS TO FORM:


for Angela Wheeler, Chief Legal Officer

APPROVED AS TO FINANCE:


Hughey Newsome, Chief Financial Officer

Dr. Karen W. Weaver, Mayor

CITY COUNCIL:

Herbert Winfrey, Council President

Drinking Water Revolving Fund Program

Supplemental Agreement
Regarding

\$77,740,825
City of Flint
County of Genesee
State of Michigan

Water Supply System Revenue Bond (Project Plan Projects), Series 2018
(the "Bond")

This Agreement is made as of December 14, 2018 among the City of Flint, County of Genesee, State of Michigan (the "Issuer"), the Michigan Finance Authority (the "Authority"), and the State of Michigan acting through the Department of Environmental Quality (the "DEQ"), in consideration for the purchase and acquisition of the above-captioned Bond by the Authority. This Agreement shall be in addition to any other contractual undertaking by the Issuer contained in the Ordinance or Resolution authorizing the Bond (the "Resolution").

PREMISES:

Executive Order No. 2010-2 (the "Executive Order") created the Authority as an autonomous public body corporate and politic within the Michigan Department of Treasury and transferred powers, duties, obligations, and functions from various entities (including those of the Michigan Municipal Bond Authority established under 1985 PA 227, as amended ("Act 227")) to the Authority and the Authority is empowered, among other things, to purchase and acquire obligations from Governmental Units within the State of Michigan such as the Issuer. Pursuant to the terms of the Resolution, the Issuer intends to issue its Bond and undertake a Project as described in Exhibit B attached to this Supplemental Agreement (the "Project"), which Project is a public water supply project, as defined in Part 54, Safe Drinking Water Assistance of the Natural Resources and Environmental Protection Act, Act 451 of the Public Acts of 1994 ("Part 54") or a lead reduction project, as defined in Title II of the Water Infrastructure Improvements for the Nation Act of 2016, Pub. Law No. 114-322 ("WIIN Act"). In order to provide assistance to the Issuer to finance the Project, the Authority has agreed to purchase the Bond upon certain conditions including receipt by the Authority of an order of approval (the "Order") issued by the DEQ pursuant to the provisions of Part 54. All words and terms defined in Act 227 or Part 54 and not otherwise defined in this Agreement shall have the meanings as defined in those Acts. It is expected that the Bond will be subject to 100% principal forgiveness subject to compliance with the WIIN Act, Act 227, Part 54, the Bond and this Agreement.

In consideration of these premises and their mutual agreements, the Issuer, the Authority, and the DEQ agree as follows:

Section 1. General Representations. The Issuer represents and warrants to, and agrees with, the Authority and the DEQ, as of the date hereof as follows:

a. The Issuer is duly organized and existing under the laws of the State of Michigan and is authorized by the provisions of the Constitution and the laws of the State of Michigan to issue the Bond.

b. The Issuer has full legal right, power and authority to (i) sell and deliver the Bond to the Authority as provided in this Agreement and the Resolution, and (ii) execute this Agreement, and to consummate all transactions contemplated by this Agreement, the Bond, the Resolution, and any and all other agreements relating thereto. The Issuer has duly authorized and approved the execution and delivery of this Agreement, the performance by the Issuer of its obligations contained in this Agreement, and this Agreement is a valid, legally binding action of the Issuer, enforceable in accordance with the terms thereof except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and by principles of equity if equitable remedies are sought.

c. The Resolution has been duly adopted by the Issuer, acting through its governing body, is in full force and effect as of the date hereof, is a contract with the Authority as the holder of the Bond and is a valid, legally binding action of the Issuer, enforceable in accordance with the terms thereof except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and by principles of equity if equitable remedies are sought.

d. When delivered to the Authority and paid for in accordance with the terms of the Resolution, the Bond (i) will have been duly authorized, executed, issued and delivered by the Issuer, (ii) will constitute a valid, legally binding obligation of the Issuer enforceable in accordance with its terms, and (iii) will not, when taken together with all other obligations of the Issuer, exceed or violate any constitutional, charter or statutory limitation.

e. The information submitted to the Authority and the DEQ in connection with the purchase of the Bond by the Authority is as of the date hereof true, accurate and complete.

f. Except as may have been disclosed in writing to the Authority and the DEQ before the date hereof and as set forth in Exhibit D hereto, if applicable, the Issuer has not been served with any litigation (and to the knowledge of the Issuer no litigation has been commenced or is threatened) against the Issuer, in any court (i) to restrain or enjoin the sale, execution or delivery by the Issuer of the Bond, (ii) in any manner questioning the authority of the Issuer to issue, or the issuance or validity of, the Bond or any other indebtedness of the Issuer, (iii) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the issuance of the Bond, (iv) questioning the validity or enforceability of the Resolution, (v) to secure, only for the Repayment Amount (as defined herein), a lien on any and all revenues, taxes, fees, or other moneys, securities, funds and property pledged in the Resolution that are a source of payments on the Bond and which would materially impair the ability of the Issuer to repay the Bond, or (vi) which might in any material respect adversely affect the transactions contemplated in this Agreement herein; and no right of any member of the governing body of the Issuer to his or her office is being contested.

g. The execution and delivery of this Agreement by the Issuer, and the fulfillment of the terms and conditions of, and the carrying out of the transactions contemplated by the Resolution and this Agreement do not and will not conflict with or constitute on the part of the Issuer a

breach of, or a default under any existing law (including, without limitation, the Michigan Constitution), any court or administrative regulation, decree or order or any agreement, indenture, mortgage, obligation, lease or other instrument to which the Issuer is subject or by which it is bound and which breach or default would materially affect the validity or binding effect of the Bond or the ability of the Issuer to pay the principal of and the interest on the Bond, or result in a default or lien on any assets of the Issuer. No event has occurred or is continuing which with the lapse of time or the giving of notice, or both, would constitute a default by the Issuer under the Resolution or this Agreement.

h. No consent or approval of, or registration or declaration with, or permit from, any federal, state or other governmental body or instrumentality, is or was required in connection with enactment by the Issuer of the Resolution, issuance of the Bond, or execution and delivery by the Issuer of this Agreement which has not already been obtained, except as may be required under blue sky or securities laws of any state (as to which no representation or warranty is given) nor is any further election or referendum of voters required in connection therewith which has not already been held and certified and all applicable referendum periods have expired.

i. The attached Exhibit A is a summary of the estimated cost of the Project, which the Issuer certifies is a reasonable and accurate estimate.

j. The Issuer certifies: (i) if it is the owner or operator of an oceangoing vessel or a nonoceangoing vessel that it is in compliance with the requirements of § 3103a of the NREPA, 1994 PA 451, as amended, MCL 324.3103a, and is on an applicable list prepared under MCL 324.3103a(4) and (ii) if it has contracts for the transportation of cargo with an oceangoing or nonoceangoing vessel operator that operator(s) is/are on an applicable list prepared under MCL 324.3103a(4).

Section 2. General Covenants. The Issuer also represents, warrants and covenants to the DEQ and the Authority as follows:

a. Rates and charges for the services of the Project will be established, levied or collected in an amount sufficient to pay the expenses of administration, operation and maintenance of the Project and to pay the Repayment Amount, as defined in Section 5 herein, on this bond.

b. The Issuer agrees that the Project shall proceed in a timely fashion and will exercise its best efforts to complete the Project in accordance with the estimated Project schedule as set forth in its application and project plan.

c. The Issuer will not voluntarily sell, lease, abandon, dispose of or transfer its title to the Project or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrances, without an effective assignment of obligations and the prior written approval of the Authority and the DEQ. Provided however, that nothing in this paragraph shall apply to any portion of the Project located on a homeowner's property or any privately owned portion of the lead service line.

d. Other than portions of the Project located on a homeowner's property or any privately owned portion of the lead service line, the Issuer will operate and maintain the Project in good repair, working order and operating condition.

e. The Issuer will maintain complete books, documentation, and project accounts relating to the construction, operation and financial records of the Project in accordance with generally accepted accounting principles (GAAP), generally accepted government auditing standards (GAGAS), and standards relating to the reporting of infrastructure assets. At the conclusion of the Project or upon notification by the DEQ, the Issuer will submit a final Project cost summary with necessary supporting documentation as required by the DEQ. The Issuer will include in its contracts for the Project notice that the contractors and any subcontractors may be subject to a financial audit as part of an overall Project audit and requirements that the contractors and subcontractors shall comply with generally accepted auditing standards.

f. The Issuer will have an audit of its entire operations for its drinking water system prepared by a recognized independent certified public accountant for each year in which the Issuer expended \$750,000 or more in federal assistance. The audit shall be prepared in conformance with the requirements of 2 CFR 200 (Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards) and Office of Management and Budget Circular No. A-133. The Issuer will mail a copy of such audit and its annual financial audit to the Local Audit and Finance Division of the Michigan Department of Treasury and the Authority. The provision of federal assistance detailed in this Supplemental Agreement can be traced to Catalog of Federal Domestic Assistance (CFDA) Program No. 66.468: Capitalization Grants for Drinking Water State Revolving Funds.

g. Other than portions of the Project located on a homeowner's property or any privately owned portion of the lead service line, the Issuer will maintain and carry insurance on all physical properties of the Project, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar systems. All moneys received for losses under any such insurance policies shall be applied to the replacement and restoration of the property damaged or destroyed or for repayment of the Bond.

h. The Issuer will notify the DEQ and the Authority within 30 days of the occurrence of any event which, in the judgment of the Issuer, will cause a material adverse change in the financial condition of the Project, or, if the Issuer has knowledge, of the system of which the Project is a part or which affects the prospects for timely completion of the Project.

i. The Issuer agrees to comply with the disadvantaged business participation provisions of Executive Order 11625 (October 13, 1971) and Executive Order 12138 (May 18, 1979), as amended by Executive Order 12608 (September 9, 1987), whereby the Issuer will employ the six affirmative steps in its procurement efforts and assure its first tier contractors also employ these steps (40 CFR 33.301), maintain a bidders list (40 CFR 33.501), and report on its efforts to utilize Minority Business Enterprises (MBEs) and Women's Business Enterprises (WBEs) (40 CFR 33.502-503), on the forms and in the manner prescribed by the DEQ, all consistent with the provisions set forth in 40 CFR Part 33.

j. The Issuer has the legal, managerial, institutional, technical and financial capability to build, operate and maintain the Project.

k. The Issuer has, or will have prior to the start of construction, all applicable state and federal permits required for construction of the Project and will comply with the conditions set forth in such permits.

l. No undisclosed fact or event, or pending litigation, will materially or adversely affect the Project, the prospects for its completion or the Issuer's ability to pay the Repayment Amount, as defined in Section 5 herein, if any.

m. The Issuer will, upon request, provide the DEQ, the United States Environmental Protection Agency (the "USEPA") and the Authority with access to the physical plant of the Project and all operational or financial records of the Project, and the Issuer will require similar authorizations from all contractors, consultants, or agents with which the Issuer negotiates an agreement. Provided, however, that nothing in this paragraph shall apply to any portion of the Project located on a homeowner's property or any privately owned portion of the lead service line without express homeowner permission.

n. All pertinent records shall be retained and available to the DEQ, the USEPA and the Authority for a minimum of 3 years after actual completion of the Project and if litigation, a claim, an appeal, or an audit is begun before the end of the 3 year period, records shall be retained and available until the 3 years have passed or until the action is completed and resolved, whichever is longer.

o. If the Project involves construction or property acquisition in a special flood hazard area, the Issuer agrees to comply with all applicable flood insurance purchase requirements of the Flood Disaster Protection Act of 1973 (Pub.L. 93-234) whereby the Issuer will purchase flood insurance in conformance with the National Flood Insurance Program (42 USC section 4001-4128).

p. The Issuer will comply with the procurement prohibitions of Section 306 of the Clean Air Act Amendments of 1970 (42 USC section 7606) and Section 508 of the Federal Water Pollution Control Act Amendments of 1972 (33 USC section 1368), as implemented by Executive Order 11738 (September 10, 1973) whereby the Issuer certifies that goods, services, and materials for the Project will not be procured from a supplier on the List of Violating Facilities published by the U.S. Environmental Protection Agency.

q. The Issuer agrees to comply with the anti-discrimination provisions of Section 602, Title VI of the Civil Rights Act of 1964 (42 USC section 2000d), Section 13 of the Federal Water Pollution Control Act Amendments of 1972 (Pub.L. 92-500), Section 504 of the Rehabilitation Act of 1973 (29 USC section 794), and Section 303, Title III of the Age Discrimination Act of 1975 (42 USC section 6102) whereby the Issuer will not discriminate on the basis of race, color, national origin, sex, handicap, or age in any activity related to the Project.

r. If the Project involves the acquisition of an interest in real property or the displacement of any person, business, or farm operation, the Issuer agrees to comply with the land acquisition and relocation assistance requirements of the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970 (42 USC section 4601 et seq) whereby the Issuer will follow procedures set forth in 49 CFR Part 24. In addition, the Issuer shall provide

written evidence that the land acquired for the Project was, or is to be, acquired from a willing seller at fair market value.

s. The Issuer agrees to comply with the Hatch Act (5 USC section 1501 et seq) whereby the Issuer will ensure that employees whose principal employment activities are funded in whole or in part with moneys from the Drinking Water Revolving Fund comply with the prohibitions set forth in 5 CFR Part 151. The Issuer also agrees to comply with provisions of 40 CFR Part 34, New Restrictions on Lobbying, and understands, in accordance with the Byrd Anti-Lobbying Amendment, making a prohibited expenditure under 40 CFR Part 34 or failing to file the required certification or lobbying forms shall subject the Issuer to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

t. The Issuer agrees to comply with the Davis-Bacon Act and related Acts (40 USC section 276a; 29 CFR Parts 1, 3, 5, 6 and 7). These Acts apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public building or public works.

u. The Issuer agrees to comply with Subpart C of 40 CFR Part 32, entitled "Responsibilities of Participants Regarding Transactions." The Issuer is responsible for ensuring that any lower tier covered transaction, as described in Subpart B of 40 CFR Part 32, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. The Issuer is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. The Issuer acknowledges that failing to disclose the information required under 40 CFR 32.335 may result in the delay or negation of this Agreement, or pursuance of legal remedies, including suspension and debarment.

v. The Issuer agrees to construct and operate the Project in compliance with all other applicable state and federal laws, executive orders, regulations, policies, and procedures and the covenants, assurances and certifications contained in its application for financial assistance relating to the Project. Also the Issuer will comply with all applicable requirements of all other states and federal laws, executive orders, policies, and regulations governing the program pursuant to which the Order was issued.

w. The Issuer agrees to comply with the equal employment opportunity provisions of Executive Order 11246 (September 24, 1965), as amended by Executive Order 11375 (October 13, 1967), and supplemented by United States Department of Labor regulations (41 CFR Part 60).

x. If historic or archeological artifacts or remains are discovered during Project construction, the Issuer agrees to immediately contact the State Historic Preservation Officer and the DEQ. The Issuer further agrees to discontinue work in the vicinity of the discovery until the State Historic Preservation Officer has determined the general limits and potential significance of the site. If human remains are discovered during Project construction, the Issuer agrees to immediately contact the State Police or the City of Flint Police Department.

y. The Issuer certifies that the Project is not primarily to accommodate future development or primarily for fire protection.

z. The Issuer agrees to comply with Section 436 of the Consolidated Appropriations Act, 2014 (Pub. L. 113-76) which requires that all of the iron and steel products used in the Project be produced in the United States ("Use of American Iron and Steel Requirement"), unless (i) the Issuer has requested and obtained a waiver from the USEPA pertaining to the Project or (ii) the DEQ has otherwise advised the Issuer in writing that the American Iron and Steel Requirement is not applicable to the Project.

aa. Pursuant to §2105 of the WIIN Act, the Issuer in carrying out any lead service line replacement:

(i) shall notify customers of the replacement of any publically owned portion of the lead service line;

(ii) may, in the case of a homeowner who is not low-income, offer to replace the privately owned portion of the lead service line at the cost of replacement for that homeowner's property;

(iii) may, in the case of a low-income homeowner, offer to replace the privately owned portion of the lead service line at a cost that is equal to the difference between (a) the cost of replacement and (b) the amount of assistance available to the low-income homeowner under paragraph 5, §2105 of the WIIN Act; and

(iv) shall notify each customer that a planned replacement of any publically owned portion of a lead service line that is funded by a grant made under paragraph 6, §2105 of the WIIN Act will not be carried out unless the customer agrees to the simulations replacement of the privately owned portion of the lead service line.

Section 3. Further Covenants. The Issuer agrees to the covenants, if any, set forth in Exhibit C attached to this Agreement.

Section 4. Statutory Compliance of Project. Based on the information supplied to the DEQ by the Issuer, the DEQ hereby certifies that the Project complies with the statutory requirements established by Part 54 and the WIIN Act for a project eligible for assistance.

Section 5. Advancement of Funds to Issuer. Upon receipt by the DEQ from the Issuer of a Disbursement Request in the form to be provided by the DEQ, the DEQ shall, after processing such Disbursement Request, notify the Authority of the amount of the Disbursement Request. The Authority shall withdraw from the Drinking Water Revolving Fund (the "Fund") established pursuant to Act 227 moneys necessary to purchase principal installments of the Bond from the Issuer in the amount processed by the DEQ for such Disbursement Request. Provided however that the Issuer shall not file a Disbursement Request more often than once per calendar month, except the Issuer may file a Disbursement Request more than once per calendar month at the discretion of the DEQ.

In the event the Issuer receives disbursements for costs which, at the time of final disbursement or at the submission of final Project cost documentation or at any other time, are determined by the DEQ to be ineligible for financing from the Fund or under the WIIN Act, the Issuer agrees to repay the Fund all such amounts. The DEQ shall notify the Issuer in writing of

any and all such ineligible costs (the "Repayment Amount"). The Issuer agrees to repay the Authority the Repayment Amount within 30 days following the receipt of written notice from the DEQ. Upon receipt by the Authority of the Repayment Amount, the Authority shall prepare a new payment schedule for the Bond which shall be effective upon receipt by the Issuer.

Section 6. Principal Forgiveness. Following the withdraw of moneys from the Fund in the amount processed by the DEQ and payment of such moneys to the Issuer pursuant to a Disbursement Request as described in Section 5 of this Agreement, the Principal amount of the Bond equal to such withdraw shall be immediately forgiven by the Authority and other than payment of the Repayment Amount, as described in Section 5 herein, the Issuer shall have no obligation to pay principal and interest on the Bond under the WIIN Act, this Agreement and the Bond.

Section 7. Termination of Assistance. In the event the DEQ issues an order under Section 5413 or 5414 of Part 54 or the WIIN Act recommending that assistance to the Issuer be terminated for the Project, the Authority shall cease to advance funds to the Issuer pursuant to Section 5 of this Agreement. Any termination of assistance under this Agreement shall not excuse or otherwise affect the Issuer's obligation to repay the Repayment Amount, as described in Section 5 herein, of the Bond previously disbursed to the Issuer. Any termination of assistance under this Agreement shall not relieve the Issuer of any requirements that may exist under state or federal law to complete the Project.

Section 8. Breach of Agreement. In regard to Section 1 through 3 of this Agreement, if any of the representations or warranties are untrue, or if the Issuer shall fail to perform or comply with any of the covenants of these Sections, it shall be a material breach of this Agreement.

No failure by the Authority or the DEQ to insist upon strict performance of any covenant, warranty or representation in these Sections, nor any failure on the part of the Authority or the DEQ to declare a breach, shall constitute a waiver of any such breach or a relinquishment for the future of the right to insist upon and to enforce by any appropriate legal remedy strict compliance with all of the covenants, warranties or representations, or of the right to exercise any such right or remedies, if any breach of the Issuer continues or is repeated.

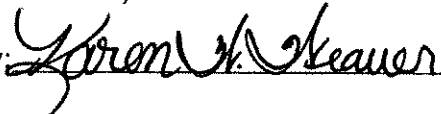
Upon any such breach in addition to any other legal remedy the DEQ or the Authority may have, the DEQ can provide written notice to the Authority of such breach and the Authority shall cease to advance funds to the Issuer pursuant to Section 5 of this Agreement and cease to grant principal forgiveness on the Bond pursuant to Section 6 of this Agreement. Any termination of assistance under this Agreement shall not excuse or otherwise affect the Issuer's obligation to repay the Repayment Amount, as described in Section 5 herein, of the Bond previously disbursed to the Issuer. Any termination of assistance under this Agreement shall not relieve the Issuer of any requirements that may exist under state or federal law to construct the Project.

Section 9. Applicable Law and Nonassignability. This Agreement shall be governed by the laws of the State of Michigan. This Agreement shall not be assigned by the Issuer.

Section 10. Severability. If any clause, provision or section of this Agreement be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

Section 11. Execution of Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute one and the same document.

CITY OF FLINT
COUNTY OF GENESEE
STATE OF MICHIGAN
(the "Issuer")

By: 
Its: Mayor

MICHIGAN FINANCE AUTHORITY
(the "Authority")

By: _____

Its: Authorized Officer

DEPARTMENT OF ENVIRONMENTAL QUALITY
OF THE STATE OF MICHIGAN (the "DEQ")

By: _____

Its: Authorized Officer

EXHIBIT A

Summary of Estimated Project Costs

The total estimated aggregate cost for the Project is \$77,740,825 which consists of the following project components including subparts of such projects and the estimated costs thereof:

- (a) Water Meter Replacement at an estimated cost of \$18,460,000;
- (b) Dort and Cedar Street Storage and Pumping Station Improvements at an estimated cost of \$10,125,000
- (c) Flint Secondary Water Source at an estimated cost of \$9,163,300;
- (d) Northwest Transmission Main Replacement at an estimated cost of \$12,296,900;
- (e) Distribution System Water Quality Monitoring at an estimated cost of \$612,500;
- (f) Water Main Replacement at an estimated cost of \$13,683,125;
- (g) Chemical Feed Building at an estimated cost of \$3,400,000; and
- (h) Service Line Replacement – Contingency at an estimated cost of \$10,000,000.

..

EXHIBIT B

Project Description

The Project will consist of acquiring, constructing, and installing enlargements, extensions, additions and improvements to the City's water supply system as described in a project plan approved pursuant to Resolution No. 180284.2 adopted by the City Council of the City of Flint on July 23, 2018 which includes water meter replacement, Dort and Cedar Street storage and pumping station improvements, secondary water source backup supply line, Northwest Transmission Main, Distribution System Water Quality Monitoring, Chemical Feed Building, water main replacement, and service line replacement, and the subparts of such projects components.

EXHIBIT C

Additional Covenants of the Issuer

None.

EXHIBIT D

Summary of Litigation

None.

Drinking Water Revolving Fund Program

\$77,740,825

City of Flint

County of Genesee

State of Michigan

Water Supply System Revenue Bond (Project Plan Projects), Series 2018

(the "Bond")

ISSUER'S CERTIFICATE

This Certificate is delivered by the undersigned on behalf of the City of Flint (the "Issuer") in connection with the issuance of its above-captioned bond (the "Bond") on this date and the sale of such Bond to the Michigan Finance Authority (the "Authority"). This Certificate is being delivered to the Authority pursuant to a certain Purchase Contract between the Authority and the Issuer (the "Purchase Contract"). The Issuer represents and warrants to, and agrees with, the Authority, as of the date of this Certificate:

1. The undersigned are on the date hereof the duly elected or appointed acting and qualified incumbents of the offices of the Issuer set below their respective names and the signatures appearing are the genuine signatures of said officers. The Bond has been officially signed by the officers of the Issuer having authority to execute and deliver the Bond.

2. The Issuer has full legal right, power and authority to enter into the Purchase Contract, and the Issuer has duly authorized and approved the execution and delivery of and the performance by the Issuer of its obligations contained in the Purchase Contract.

3. No further authorization or approval is required for the execution and delivery of the Purchase Contract on behalf of the Issuer by its governing body, and the Purchase Contract constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and by principles of equity if equitable remedies are sought; and, except as may be required under the blue sky or securities laws of any state (as to which no representation or warranty is given) no further authorization or approval is required for the performance by the Issuer of its obligations thereunder.

4. The execution and delivery of the Purchase Contract by the Issuer, and the fulfillment of the terms and conditions of, and the carrying out of the transactions contemplated by the Purchase Contract do not and will not conflict with or constitute on the part of the Issuer a breach of, or a default under any existing law (including, without limitation, the Constitution of the State), any court or administrative regulation, decree or order or any agreement, indenture,

mortgage, obligation, lease or other instrument to which the Issuer is subject or by which it is bound and which breach or default would materially affect the validity or binding effect of the Bond or the ability of the Issuer to pay the principal of and the interest on the Bond.

5. Any certificate or copy of any certificate signed by any official of the Issuer and delivered to the Authority pursuant to the Authority's purchase of the Bond shall be deemed a representation by the Issuer to the Authority as to the truth of the statements therein made.

6. The Issuer is not in default in the payment of principal of, or premium, if any, or interest on any bonds, notes, or contract payments pledged for the payment of notes or bonds.

7. The Issuer agrees that it will not purchase bonds from the Authority in an amount related to the principal amount of the Bond.

8. The Issuer has executed the standard documents required by the Authority and has included in the Issuer's documents the standard provisions required by the Authority in each case without alteration in any way.

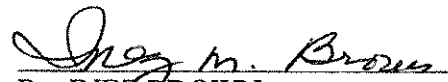
IN WITNESS WHEREOF, we have signed this Certificate on December __, 2018.

CITY OF FLINT

(the "Issuer")


By: KAREN W. WEAVER

Its: Mayor


By: INEZ BROWN

Its: Clerk



R-1

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF GENESEE

CITY OF FLINT
WATER SUPPLY SYSTEM REVENUE BOND (PROJECT PLAN PROJECTS),
SERIES 2018

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: Seventy Seven Million Seven Hundred Forty
Thousand Eight Hundred Twenty Five Dollars
(\$77,740,825)

DATE OF ORIGINAL ISSUE: December 14, 2018

The City of Flint, County of Genesee, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received, hereby promises to pay, but only out of the hereinafter described Net Revenues of the Issuer's Water Supply System (hereinafter defined), to the Michigan Finance Authority (the "Authority"), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environmental Quality, in lawful money of the United States of America, unless prepaid, reduced or forgiven prior thereto as hereinafter provided.

During the time funds are being drawn down by the Issuer under this Bond, the Authority will periodically provide a statement to the Issuer showing the amount of principal that has been advanced, the amount of principal that has been forgiven and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced (subject to any principal forgiveness as provided for in Schedule A) and any other amount payable with respect thereto in accordance with the terms of this Bond.

The Principal Amount shall be payable as set forth on Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$77,740,825 is disbursed to the Issuer or if a portion of the Principal Amount is prepaid, reduced or forgiven as provided herein, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of zero percent (0.00%) per

annum. The principal amount equal to each disbursement made pursuant to the terms of this Bond shall be forgiven by the Authority on the date such disbursement is made.

Notwithstanding any other provision of this bond, so long as the Authority is the owner of this bond, (a) this bond is payable, net of any principal forgiveness, at The Bank of New York Mellon Trust Company, N.A. or at such other place as shall be designated in writing to the Issuer by the Authority.

For prompt payment of principal (net of any principal forgiveness) on this bond, the Issuer has irrevocably pledged the revenues of the Water Supply System of the Issuer, including all appurtenances, extensions and improvements thereto (the "System"), after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the "Net Revenues"), and a statutory lien thereon is hereby recognized and created, subject to the senior lien of any additional bonds of the Issuer hereafter issued by the Issuer, and of equal standing and priority of lien as to any outstanding bonds of the Issuer or any additional bonds hereafter issued by the Issuer of equal standing and priority with the bonds of this issue. The Issuer has reserved the right to issue such additional Bonds which may be superior and senior or subordinate in all respects to this bond as to the Net Revenues or of equal standing and priority of lien as to the Net Revenues with this bond.

Purchasers of the bonds of this issue, by their acceptance of the bonds of this issue or a beneficial ownership interest therein, shall be deemed to have consented to the subordination of their interest in and lien upon the Net Revenues upon the issuance of Bonds subsequent to the delivery of the bonds of this issue.

This bond is a single, fully-registered, non-convertible bond in the principal sum indicated above issued pursuant to Resolution No. 180431 duly adopted by the City Council of the Issuer (the "Ordinance"), and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), for the purpose of paying part of the cost of acquiring and constructing additions, extensions and improvements to the System.

For a complete statement of the revenues from which and the conditions under which this bond is payable including the conditions under which the principal payable on this bond is forgiven, a statement of the conditions under which additional bonds of superior or equal standing may hereafter be issued and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Ordinance.

This bond is a self-liquidating bond which is not a general obligation of the Issuer and does not constitute an indebtedness of the Issuer within any constitutional, statutory, or charter limitation but is payable as to principal and interest solely and only from the Net Revenues of the System except to the extent the principal on the bond has been forgiven. The principal of this bond is secured by the statutory lien hereinbefore mentioned.

This bond is transferable only upon the books of the Issuer by the registered owner in person or the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the transfer agent, duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance, and upon payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law to be done precedent to and in the issuance of this bond have been done and performed in regular and due time and form as required by law.

IN WITNESS WHEREOF, the Issuer, by its City Council has caused this bond to be executed with the manual or facsimile signatures of its Mayor and its City Clerk and the corporate seal of the Issuer to be impressed or imprinted hereon, all as of the Date of Original Issue.

CITY OF FLINT
COUNTY OF GENESEE
STATE OF MICHIGAN

By *Frank A. Keaner*
Mayor

(Seal)

Countersigned:

By *Onay M. Brown*
City Clerk

DEQ Project Number: 7422-01
DEQ Approved Amount: \$77,740,825*
Loan Amount Forgiven: \$0
Remaining Loan Amount to be Forgiven: \$77,740,825

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the Bond shall be made until the full amount advanced to the Issuer is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Issuer and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority, or (3) that any portion of the principal amount of assistance approved by the Order and disbursed to the Issuer is forgiven pursuant to the Order, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

<u>Maturity Date</u>	<u>Principal Amount</u>
December 1, 2023	\$1,000
December 1, 2024	\$1,000
December 1, 2025	\$1,000
December 1, 2026	\$1,000
December 1, 2027	\$1,000
December 1, 2028	\$1,000
December 1, 2029	\$1,000
December 1, 2030	\$1,000
December 1, 2031	\$1,000
December 1, 2032	\$1,000
December 1, 2033	\$1,000
December 1, 2034	\$1,000
December 1, 2035	\$1,000
December 1, 2036	\$1,000
December 1, 2037	\$1,000
October 1, 2038	\$77,725,825

*Not to Exceed Amount - Repayment Amount(s), if any, pursuant to Section 5 of the Supplemental Agreement, may result in a decrease in the amount principal forgiven.

180431

RESOLUTION NO.:

PRESENTED: 8-22-2018

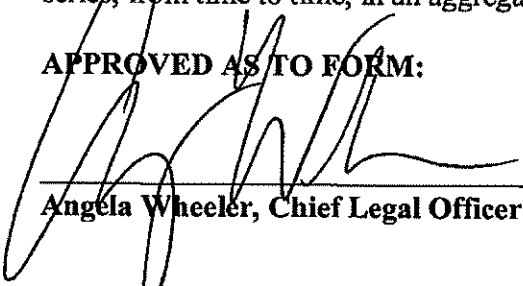
ADOPTED: 8-29-2018

**RESOLUTION APPROVING ISSUANCE OF WATER SUPPLY SYSTEM REVENUE
BONDS AND AUTHORIZING PUBLICATION OF NOTICE**

BY THE MAYOR:

WHEREAS, The Flint City Council adopted a resolution on August 29, 2018 authorizing the issuance of the City's Water Supply System Revenue Bonds, issued in one or more series, from time to time, in an aggregate principal amount not to exceed \$80,000,000.

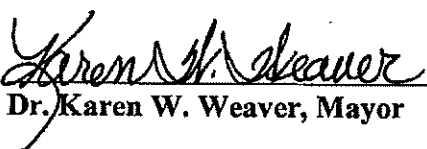
APPROVED AS TO FORM:


Angela Wheeler, Chief Legal Officer

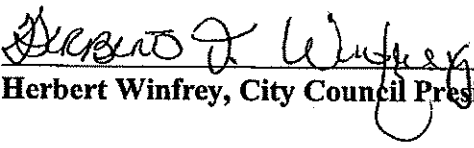
APPROVED AS TO FINANCE:


Hughey Newsome, Chief Financial Officer

FOR THE CITY OF FLINT:


Dr. Karen W. Weaver, Mayor

APPROVED BY CITY COUNCIL:


Herbert Winfrey, City Council President

180431

RESOLUTION NO.: _____

PRESENTED: 8-22-2018

ADOPTED: 8-29-2018

**RESOLUTION AUTHORIZING ISSUANCE OF
WATER SUPPLY SYSTEM REVENUE BONDS AND PUBLICATION OF NOTICE**

WHEREAS, this City Council does hereby determine that it is necessary to acquire and construct improvements to the System (as hereinafter defined); and

WHEREAS, pursuant to Resolution No. 180284.2 (the "Project Plan Resolution") adopted by the City Council of the City on July 23, 2018, approval was given to a proposed project plan application for the Michigan Department of Environmental Quality Drinking Fund (the "Project Plan") for improvements to the System as set forth in such Project Plan; and

WHEREAS, the Project Plan, including Appendix A thereto, lists eight projects and within such eight projects, subparts of the various projects (collectively, the "Project"), for the acquisition and construction of repairs, enlargements, extensions, additions and improvements to the System; and

WHEREAS, this City Council does hereby determine that it is necessary to acquire and construct the Project as described in the Project Plan; and

WHEREAS, the cost of acquiring, constructing and installing the entire Project is estimated to be at least One Hundred Thirty-Two Million Nine Hundred Sixty-Three Thousand Two Hundred Dollars (\$132,963,200); and

WHEREAS, the City desires to issue bonds, as authorized by the provisions of Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), to pay all or part of the estimated cost of acquiring, constructing and installing the Project in an amount not to exceed Eighty Million Dollars

(\$80,000,000) and the City is not hereby making a determination to acquire, construct and install the entire Project described in the Project Plan; and

WHEREAS, a Notice of Intent to Issue Bonds must be published at least 45 days before the issuance of such bonds in order to comply with the requirements of Act 94; and

WHEREAS, the City wishes at this time to authorize the issuance of such bonds, from time to time, in one or more series to defray the cost of acquiring, constructing and installing the Project and to sell the bonds to the Michigan Finance Authority (the "Authority") as authorized by Act 227, Public Acts of Michigan, 1985, as amended ("Act 227"), in order to enable the Authority to provide assistance to the City with respect to financing the Project through the Michigan Department of Environmental Quality Drinking Water Revolving Fund including such funds provided through the Drinking Water Revolving Fund pursuant to the Water Infrastructure Improvements for the Nation Act of 2016, Pub. Law No. 114-322 ("WIIN Act"); and

WHEREAS, the loans related to the issuance of such bonds that provide assistance to the City through the Drinking Water Revolving Fund are eligible for subsidization pursuant to provisions providing for 100% principal forgiveness and zero interest rate loans under the WIIN Act, Act 227 and Part 54, Safe Drinking Water Assistance of the Natural Resources and Environmental Protection Act, Act 451 of the Public Acts of 1994 ("Part 54").

THEREFORE, BE IT RESOLVED by the City Council of the City of Flint, Genesee County, Michigan, as follows:

SECTION 1. Definitions. Whenever used in this Resolution, except when otherwise indicated by the context:

(a) "Additional Bonds" means any additional bonds of equal standing with the Project Plan Bonds in Net Revenues.

(b) "Bonds" means the Project Plan Bonds authorized for issuance under this Resolution and any Additional Bonds.

(c) "City" means the City of Flint, County of Genesee, Michigan.

(d) "Code" means the Internal Revenue Code of 1986, as it may be amended.

(e) "Council" means the City Council of the City.

(f) "Revenues" and "Net Revenues" shall be construed as defined in Section 3 of Act 94.

(g) "Project Plan Bonds" means the Water Supply System Revenue Bonds (Project Plan Projects) of the City authorized for issuance pursuant to this Resolution.

(h) "System" means the City's complete water supply system, both inside and outside the City, including all plants, works, equipment, instrumentalities and properties, used or useful in connection with the generation, transmission and distribution of water, as the same now exists, together with all additions, extensions, repairs and improvements thereto hereafter acquired.

SECTION 2. Necessity; Public Purpose; Project Costs; Period of Usefulness. It is hereby determined to be a necessary public purpose of the City to issue the Project Plan Bonds to finance all or a portion of the Project, or any component thereof, as such projects are described in the Project Plan that is now on file with the City Clerk, which Project Plan is hereby approved and adopted. The City hereby adopts the estimate of 40 years and upwards as the period of usefulness

of the Project and also adopts the estimate of \$132,963,200 as the total cost of the Project, not more than \$80,000,000 of which will be financed by the Project Plan Bonds, and both of which estimates are on file with the City Clerk.

SECTION 3. Project Plan Bonds Authorized. To pay all or part of the cost of the Project, including payment of legal, financial and other expenses incidental thereto and incidental to the issuance and sale of the Project Plan Bonds, the City shall borrow a sum totaling not more than Eighty Million Dollars (\$80,000,000) or such lesser amount as may be approved by the Director of Finance, and issue the Project Plan Bonds, from time to time, in one or more series therefor pursuant to the provisions of Act 94 and other applicable statutory provisions. The remaining cost of the Project, if any, shall be paid by the City from federal or state grants, federal or state funds provided to the City and/or from funds on hand and legally available to the City for such use.

SECTION 4. Project Plan Bond Details. In addition to the designation "Water Supply System Revenue Bonds (Project Plan Projects), each series shall bear the additional designation of "Series" and be numbered sequentially from 1 upwards and shall be entitled "Water Supply System Revenue Bonds (Project Plan Projects), Series []," shall be dated as of the date of delivery thereof; shall be registered in the name of the Authority, shall be in the form of a single bond in the denomination of the aggregate principal amount of such series of Project Plan Bonds, with an exhibit attached thereto that identifies the annual maturities for such Project Plan Bond, except to the extent the amount of the Project Plan Bonds to be paid with respect to such annual maturities has been forgiven; shall bear interest at the rate of .0% per annum from the date of delivery of the various principal installments as hereinafter described, payable on such dates as shall be determined by written order of the Director of Finance; and shall mature in installments of principal on such dates as shall be determined by written order of the Director of Finance.

The Project Plan Bonds of each series are expected to be delivered to the Authority as the purchaser thereof in installments (the "Installments") equal to the amounts advanced from time to time by the Authority to the City pursuant to the Purchase Contract and the Supplemental Agreement (each as hereinafter defined) related to each series of Project Plan Bonds.

SECTION 5. Payment of Principal and Interest. The Project Plan Bonds (net of any principal forgiveness) and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien for the Project Plan Bonds, upon the whole of the Net Revenues that shall continue until payment in full of the principal of (net of any principal forgiveness) and interest on all Project Plan Bonds, or until sufficient cash or direct obligations of the United States of America or obligations the principal and interest of which are fully guaranteed by the United States of America, not redeemable at the option of the issuer thereof, the principal and interest payments on which, without reinvestment of interest, come due at such times and in such amounts as to be fully sufficient to pay, when due, the principal of and interest on all Project Plan Bonds (net of any principal forgiveness) payable from the Net Revenues on their stated maturity date shall have been deposited in trust for payment in full of such Project Plan Bonds to their maturity. Upon such deposit or forgiveness, the statutory lien herein created shall be terminated with respect to the Project Plan Bonds, the holders of such Project Plan Bonds shall have no further rights under this Resolution except for payment from the deposited funds, and such Project Plan Bonds no longer shall be considered to be outstanding under this Resolution.

The City hereby reserves the right to issue such additional bonds which may be superior and senior or subordinate in all respects to the Project Plan Bonds as to the Net Revenues or of equal standing and priority of lien as to the Net Revenues with the Project Plan Bonds.

The principal of, premium, if any, and interest on the Project Plan Bonds (net of any principal forgiveness) shall be payable in lawful money of the United States. So long as any Project Plan Bonds are registered in the name of the Authority, the Project Plan Bonds are payable as to principal, redemption premium, if any, and interest at The Bank of New York Mellon Trust Company, N.A., or at such other place as shall be designated in writing to the City by the Authority (the "Authority's Depository").

SECTION 6. Forgiveness of Principal. Each of the various Installments of a series of Project Plan Bonds delivered to the Authority in amounts equal to the advancements from time to time by the Authority to the City with respect to the principal of such series of Project Plan Bonds shall be forgiven in accordance with the terms of the Supplemental Agreement related to such series of Project Plan Bonds and with the terms of such series of Project Plan Bonds. It is expected that each series of Project Plan Bonds will be subject to 100% principal forgiveness subject to compliance with the WIIN Act, Act 227, Part 54, such series of Project Plan Bonds and the Supplemental Agreement related to such series of Project Plan Bonds.

SECTION 7. Bond Registrar and Paving Agent. Until a successor is appointed by the Council, the City Treasurer shall act as bond registrar and paying agent.

SECTION 8. Execution and Delivery of the Project Plan Bonds. The Project Plan Bonds shall be executed in the name of the City by the manual or facsimile signatures of the Mayor and the Clerk of the City and authenticated by the manual signature of the bond registrar and paying agent, and the seal of the City (or a facsimile thereof) shall be impressed or imprinted on the Project Plan Bonds. After the Project Plan Bonds have been executed and authenticated for delivery to the Authority as the purchaser thereof, they shall be delivered by the Treasurer or the Director of Finance to the purchaser upon receipt of the purchase price or upon compliance with the terms and

conditions of the Purchase Contract applicable to a series of Project Plan Bonds. Additional Project Plan Bonds bearing the manual or facsimile signatures of the Mayor and the City Clerk, and upon which the seal of the City (or a facsimile thereof) has been impressed or imprinted, may be delivered to the bond registrar and paying agent for authentication and delivery in connection with the exchange or transfer of Project Plan Bonds of the same series. The bond registrar and paying agent shall indicate on each Project Bond the date of its authentication.

SECTION 9. Exchange and Transfer of the Project Plan Bonds. Any Project Bond, upon surrender thereof to the bond registrar and paying agent with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney, at the option of the registered owner thereof, may be exchanged for Project Plan Bonds of any other authorized denominations of the same series, aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Project Bond. Each Project Bond shall be transferable only upon the books of the City, which shall be kept for that purpose by the bond registrar and paying agent, upon surrender of such Project Bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney.

Upon the exchange or transfer of any Project Bond, the bond registrar and paying agent on behalf of the City shall cancel the surrendered Project Bond and shall authenticate and deliver to the transferee a new Project Bond or Bonds of any authorized denomination of the same series, aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Project Bond.

The City and the bond registrar and paying agent may deem and treat the person in whose name any Project Bond shall be registered upon the books of the City as the absolute owner of

such Project Bond, whether such Project Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Project Bond and for all other purposes, and all payments made to such registered owner, or upon his order, and principal forgiveness in accordance with the provisions of Section 5 of this Resolution shall be valid and effectual to satisfy and discharge the liability upon such Project Bond to the extent of the sum or sums so paid or forgiven, and neither the City nor the bond registrar and paying agent shall be affected by any notice to the contrary. The City agrees to indemnify and save the bond registrar and paying agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

For every exchange or transfer of the Project Plan Bonds, the City or the bond registrar and paying agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

SECTION 10. Bondholders' Rights: Receiver. The registered owner or owners of the Project Plan Bonds representing in the aggregate not less than twenty percent (20%) of the entire principal amount thereof then outstanding (net of any principal forgiveness) may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the City, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the System and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the System or any part thereof.

If there is a default in the payment of the principal of or interest on the Project Plan Bonds (net of any principal forgiveness), any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the City and under the direction of the court, and by and with the approval of the court to perform all of the duties of the officers of the City more particularly set forth herein and in Act 94.

The registered owner or owners of the Project Plan Bonds shall have all other rights and remedies given by Act 94 for the payment and enforcement of the Project Plan Bonds and the security therefor.

SECTION 11. Rates and Charges. The rates and charges for service furnished by and the use of the System and the methods of collection and enforcement of the collection of the rates shall be those in effect on the date of adoption of this Resolution.

SECTION 12. No Free Service or Use. No free service or use of the System, or service or use of the System at less than cost, shall be furnished by the System to any person, firm or corporation, public or private, or to any public agency or instrumentality.

SECTION 13. Fixing and Revising Rates: Rate Covenant. The rates now in effect are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to pay an amount equal to the Repayment Amount, as described in each applicable Supplemental Agreement, in each series of the Project Plan Bonds, if any, and to provide for all other obligations, expenditures and funds for the System required by law and this Resolution. Rates shall be fixed and revised from time to time by the Council so as to produce the foregoing amounts, and the City covenants and agrees to review such rates at least annually and

maintain at all times such rates for service furnished by the System as shall be sufficient to provide for the foregoing.

SECTION 14. Funds and Accounts; Flow of Funds. A. All Revenues of the System shall be set aside as collected and credited to the WATER SUPPLY SYSTEM RECEIVING FUND (the "Receiving Fund") which is hereby established. Moneys on hand in the Receiving Fund are pledged for the purpose of the following funds and shall be transferred from the Receiving Fund periodically in the manner and at the times and in the order of priority:

A. Operation and Maintenance Fund: There shall be first set aside in, or credited to, a fund designated OPERATION AND MAINTENANCE FUND (the "Operation and Maintenance Fund") periodically, a sum sufficient to provide for all payment of the expenses of administration and operation of the System and such current expenses for the maintenance thereof as may be necessary to preserve the System in good repair and working order.

B. Bond and Interest Redemption Fund: There shall be established and maintained a separate depository fund designated BOND AND INTEREST REDEMPTION FUND (the "Redemption Fund"), the moneys on deposit therein which from time to time are to be used solely for the purpose of paying the principal of and interest on the Project Plan Bonds and Additional Bonds, if any. The moneys in the Redemption Fund shall be kept on deposit with the paying agent.

There shall be set aside in the Redemption Fund a sum proportionately sufficient to provide for the payment when due of the current principal of and interest on the Bonds (net of principal forgiveness).

No further payments need to be made into the Redemption Fund after enough of the Bonds have been retired so that the amount then held in the Redemption Fund is equal to the entire amount of principal and interest will be payable at the time of maturity of all the then outstanding Bonds.

C. Repair and Replacement Fund: There shall be established and maintained a fund designated REPAIR AND REPLACEMENT FUND (the "Repair and Replacement Fund"). The Council shall include in the annual budget and there shall be deposited in the Repair and Replacement Fund such amounts so as to maintain the System in proper repair and working order. Out of the Revenues remaining after meeting the monthly requirements of the foregoing funds, there shall be deposited monthly into the Repair and Replacement Fund such amounts described in the preceding sentence. The money deposited in said Fund shall be used for the purpose of paying the costs of making repairs and replacements to parts of the System as determined by the Council or to reimburse the City for any amounts advanced for such purpose.

D. Surplus Moneys: Any Revenues remaining in the Receiving Fund at the end of any operating year after satisfying the foregoing requirements of this Section shall be deemed to be surplus moneys, and may, at the option of the City, be used and applied for any purpose related to the System for which the foregoing funds and accounts were established or to improve or extend the System; provided however, that if there should be any deficit in the Operation and Maintenance Fund or the Redemption Fund then deposits of surplus moneys shall be made to such funds in the priority and order named to the extent of any such deficit.

SECTION 15. Project Bond Proceeds. Proceeds of each series of Project Plan Bonds shall be used solely to pay part of the cost of the improvements comprising part of the Project and any engineering, legal and other expenses incident thereto, and shall be paid out only upon

authorization of the Council; provided that the Council shall not authorize the payment of any such moneys for acquisition, construction and installation of the improvements until there shall have been first filed with it by the consulting engineer in charge of such work, a written statement to the effect that the sum so to be paid is in full or partial payment of a contractual obligation in connection with such improvements and that the City has received the consideration for such payment. The statement of the consulting engineer shall also show the cost of acquisition, construction and installation of the improvements that has theretofore been approved by him for payment and the amount of the balance that will be required for completion of such improvements. Moneys derived from the proceeds of the sale of such series of Project Plan Bonds shall be deposited with a bank, savings and loan association or credit union designated by resolution of the Council and may be invested as set forth in this Resolution.

SECTION 16. Investments. Except as otherwise provided herein, moneys in the funds and accounts established herein and moneys derived from the proceeds of the sale of the Bonds may be invested by the City in one or more of the following:

- (a) United States government obligations.
- (b) Obligations the principal and interest on which is fully guaranteed by the United States.
- (c) Repurchase agreements that are secured by United States government obligations or obligations fully guaranteed by the United States and that are held by an independent third party.
- (d) Certificates of deposit or other accounts of, or banker's acceptances of, one or more of the following:

(i) Banks that are members of the federal deposit insurance corporation.

(ii) Savings and loan associations that are members of the federal savings and loan insurance corporation.

(iii) Credit unions whose accounts are insured by the national credit union share insurance fund.

(e) Commercial paper that is rated in the highest category by a nationally recognized rating agency.

(f) Obligations of a state of the United States or of a political subdivision of a state of the United States that are rated in one of the three highest categories by a nationally recognized rating agency.

(g) A collective investment fund that invests solely in one or more of the securities authorized for investment by this Section.

Investment of moneys in the Redemption Fund being accumulated for payment of the next maturing principal or interest on the Bonds is limited to one or more of the following:

(a) United States government obligations, or obligations the principal and interest of which are fully guaranteed by the United States, that mature not later than 10 days after the date for payment of the maturing principal or interest for which the moneys is being accumulated.

(b) Repurchase agreements that are to settle on or before the date set for payment and that are secured by United States government obligations or obligations fully guaranteed by the United States and that are held by an independent third party.

Profit realized or interest income earned on investment of funds in the Receiving Fund, the Operation and Maintenance Fund, the Redemption Fund and the Repair and Replacement Fund shall be deposited in or credited as received to the Receiving Fund.

SECTION 17. Project Plan Bonds Bond Form. Each series of Project Plan Bonds shall be in substantially the following form, with such changes, deletions and additions as shall be approved by the Mayor and the City Clerk, with such approval to be evidenced by their manual or facsimile signatures thereon:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF GENESEE
CITY OF FLINT
WATER SUPPLY SYSTEM REVENUE BOND
(PROJECT PLAN PROJECTS), SERIES []

REGISTERED OWNER: Michigan Finance Authority
PRINCIPAL AMOUNT: _____ Million Dollars (\$ _____)
DATE OF ORIGINAL ISSUE: [Dated Date]

The City of Flint, County of Genesee, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received, hereby promises to pay, but only out of the hereinafter described Net Revenues of the Issuer's Water Supply System (hereinafter defined), to the Michigan Finance Authority (the "Authority"), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environmental Quality, in lawful money of the United States of America, unless prepaid, reduced or forgiven prior thereto as hereinafter provided.

During the time funds are being drawn down by the Issuer under this Bond, the Authority will periodically provide a statement to the Issuer showing the amount of principal that has been advanced, the amount of principal that has been forgiven and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced (subject to any principal forgiveness as provided for in Schedule A) and any other amount payable with respect thereto in accordance with the terms of this Bond.

The Principal Amount shall be payable as set forth on Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than \$_____ is disbursed to the Issuer or if a portion of the Principal Amount is prepaid, reduced or forgiven as provided herein, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of zero percent (0.00%) per annum. The principal amount equal to each disbursement made pursuant to the terms of this Bond shall be forgiven by the Authority on the date such disbursement is made.

Notwithstanding any other provision of this bond, so long as the Authority is the owner of this bond, (a) this bond is payable, net of any principal forgiveness, at The Bank of New York Mellon Trust Company, N.A. or at such other place as shall be designated in writing to the Issuer by the Authority.

For prompt payment of principal (net of any principal forgiveness) on this bond, the Issuer has irrevocably pledged the revenues of the Water Supply System of the Issuer, including all appurtenances, extensions and improvements thereto (the "System"), after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the "Net Revenues"), and a statutory lien thereon is hereby recognized and created, subject to the lien of any additional bonds of the Issuer hereafter issued by the Issuer, of equal standing and priority of lien with the bonds of this issue (the "Outstanding Bonds"). The Issuer has reserved the right to issue such additional Bonds which may be superior and senior or subordinate in all respects to this bond as to the Net Revenues or of equal standing and priority of lien as to the Net Revenues with this bond and any Outstanding Bonds.

This bond is a single, fully-registered, non-convertible bond in the principal sum indicated above issued pursuant to Ordinance No. _____ and the Bond Resolution No. _____ duly adopted by the City Council of the Issuer (together, the "Ordinances"), and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), for the purpose of paying part of the cost of acquiring and constructing additions, extensions and improvements to the System.

For a complete statement of the revenues from which and the conditions under which this bond is payable including the conditions under which the principal payable on this bond is forgiven, a statement of the conditions under which additional bonds of superior and equal standing may hereafter be issued and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Ordinances. This Bond is subordinate to all bonds currently outstanding which have been issued by the Issuer for the System pursuant to Act 94.

This bond is a self-liquidating bond, payable solely and only from the Net Revenues of the System except to the extent the principal on the bond has been forgiven. The principal of this bond is secured by the statutory lien hereinbefore mentioned.

This bond is transferable only upon the books of the Issuer by the registered owner in person or the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the transfer agent, duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinances, and upon payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law to be done precedent to and in the issuance of this bond have been done and performed in regular and due time and form as required by law.

IN WITNESS WHEREOF, the Issuer, by its City Council has caused this bond to be executed with the manual or facsimile signatures of its Mayor and its City Clerk and the corporate seal of the Issuer to be impressed or imprinted hereon, all as of the Date of Original Issue.

**CITY OF FLINT
COUNTY OF GENESEE
STATE OF MICHIGAN**

By _____
Mayor

(Seal)
Countersigned:

By _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Resolution.

Treasurer, City of Flint
Bond Registrar and Paying Agent

AUTHENTICATION DATE:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

(please print or type name, address and taxpayer identification number of transferee) the within bond and all rights thereunder and does hereby irrevocably constitute and appoint an attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

Signatures must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

DEQ Project Number: _____
 DEQ Approved Amount: \$ _____
 Loan Amount Forgiven: _____ \$0
 Remaining Loan Amount to be \$ _____
 Forgiven:

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the Bond shall be made until the full amount advanced to the Issuer is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Issuer and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority, or (3) that any portion of the principal amount of assistance approved by the Order and disbursed to the Issuer is forgiven pursuant to the Order, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

<u>Maturity Date</u>	<u>Principal Amount</u>
_____	\$ _____

[END OF BOND FORM]

SECTION 18. Sale, Issuance, Delivery, Transfer and Exchange of Project Plan Bonds.

The Project Plan Bonds shall be sold at a private, negotiated sale to the Authority, as authorized by Act 227. It is hereby determined that the sale of the Project Plan Bonds to the Authority as described in this Resolution will result in the lowest cost of borrowing funds to the City. The sale shall be made pursuant to the terms and conditions to be set forth in the Purchase Contract (the "Purchase Contract") and the Supplemental Agreement (the "Supplemental Agreement") related to each series of Project Plan Bonds. The Mayor and the City Clerk are authorized to execute and deliver a Supplemental Agreement and the Director of Finance or the City Administrator is authorized to execute and deliver a Project Plan Bond in the form set forth in Section 17 of this Resolution with such modifications as shall be approved by the officials signing such Project Plan Bond and is authorized to execute and deliver a Purchase Contract in such forms as shall be

approved by the officials signing the respective agreements, with such approval in each case to be evidenced by their signatures thereon. Notwithstanding any other provision of this Resolution, each series of the Project Plan Bonds shall be sold to the Authority as one bond, numbered in the manner described in this Resolution, in the aggregate principal amount of such Project Plan Bonds. In addition, the Mayor, the City Clerk, the City Treasurer, the City Administrator, the Director of Finance and other City employees and officials are authorized to execute and deliver to the Authority any such certificates and documents as the Authority or bond counsel shall require and to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of a series of Project Plan Bonds in accordance with the provisions of this Resolution.

SECTION 19. Replacement of Bonds. Upon receipt by the City Clerk of proof of ownership of an unmatured Project Bond, of satisfactory evidence that a Project Bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity that complies with applicable law and is satisfactory to the City Clerk, the City Clerk may authorize the bond registrar and paying agent to deliver a new executed Project Bond to replace the Project Bond lost, apparently destroyed or wrongfully taken in compliance with applicable law. In the event an outstanding matured Project Bond is lost, apparently destroyed or wrongfully taken, the City Clerk may authorize the bond registrar and paying agent to pay the Project Bond without presentation upon the receipt of the same documentation required for the delivery of a replacement Project Bond of the same series. The bond registrar and paying agent, for each new Project Bond delivered or paid (net of principal forgiveness) without presentation, as provided above, shall require the payment of expenses, including counsel fees, which may be incurred by the bond registrar and paying agent and the City in the premises. Any Project Bond delivered pursuant to the provisions of this Section in lieu of any Project Bond lost, apparently destroyed or wrongfully taken shall be

of the same form and tenor and be secured in the same manner as the Project Bond in substitution for which such Project Bond was delivered.

SECTION 20. Covenants. The City hereby covenants and agrees with the registered owners, from time to time, of the Project Plan Bonds herein authorized to be issued, that it will punctually perform all duties with reference to the System and the Project Plan Bonds required by the Constitution and laws of the State of Michigan and this Resolution; that it will not sell, lease, mortgage or in any manner dispose of the System or any substantial part thereof, until all Project Plan Bonds shall have been paid or forgiven in full; and that it will not, to the extent permitted by law, permit any person, firm or corporation to compete with it in the furnishing of water supply and distribution services to premises within its corporate limits. The City further covenants and agrees with the registered owners of the Project Plan Bonds that it will maintain the System in good condition and operate the same in an efficient manner and at a reasonable cost, so long as the Project Plan Bonds are outstanding; that it will maintain insurance on the System for the benefit of the registered owners of the Project Plan Bonds in an amount that usually would be carried by private companies engaged in a similar type of business; that it will prepare, keep and file such records, statements and accounts as may be required by Act 94; and that it will furnish a copy of the foregoing statements and the annual audit of the System prepared by a certified public accountant to the registered owners of the Project Plan Bonds upon payment of the actual cost of such copy.

SECTION 21. Additional Bonds. In accordance with the provisions of Act 94, the City shall have the right to issue Additional Bonds payable from the Revenues of the System that shall be of equal standing and priority of lien on the Net Revenues of the System with the Project Plan Bonds for the acquisition and construction of repairs, enlargements extensions, additions and

improvements to the System, for refunding all or a part of any outstanding Bonds or any other debt incurred by the City for any purpose for which Bonds may be issued hereunder, for paying costs of issuing such Additional Bonds, and for payment of interest on such Additional Bonds. The City has the right to issue such additional bonds which may be superior and senior or subordinate in all respects to the Project Plan Bonds as to the Net Revenues or of equal standing and priority of lien as to the Net Revenues with the Project Plan Bonds and any outstanding Bonds.

SECTION 22. Reduction of Principal Maturities, Other Changes. In the event that the Director of Finance deems it necessary or desirable to reduce the aggregate principal amount of the Project Plan Bonds, the Director of Finance may do so by written order. In addition, the Director of Finance may by written order change provisions of or relating to a series of Project Plan Bonds if the Director of Finance deems such changes necessary to comply with State Revolving Fund Loan Program, the WIIN Act, or Authority requirements for the Project Plan Bonds.

SECTION 23. Michigan Department of Treasury Approval. The Mayor is authorized to submit an application, from time to time, for the State Treasurer's approval to issue each series of Project Plan Bonds, if necessary, and to pay the applicable filing fee therefor.

SECTION 24. Publication. The Finance Director is hereby authorized and directed to publish a Notice of Intent to Issue Bonds in an aggregate principal amount not to exceed \$80,000,000, with respect to the Project Plan Bonds in a newspaper of general circulation in the City of Flint.

SECTION 25. Publication and Recordation. This Resolution shall be published promptly after its adoption as required by law, including publication in full once in a newspaper of general circulation in the City of Flint.

SECTION 26. Severability: Section Headings. If any section, paragraph or clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution. The section headings in this Resolution are furnished for convenience of reference only and shall not be considered part of this Resolution.

SECTION 27. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they may be in conflict herewith are hereby rescinded.

SECTION 28. Effective Date. This Resolution shall be effective immediately upon its adoption.

YEAS: 5
NAYS: 2
ABSENT: 2

4826-2672-1902

NOTICE TO THE ELECTORS, TAXPAYERS AND OTHER INTERESTED PERSONS OF THE CITY OF FLINT AND TO USERS OF THE CITY'S WATER SUPPLY SYSTEM OF THE INTENT OF THE CITY OF FLINT TO ISSUE WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE SOLELY FROM THE REVENUES OF SUCH SYSTEM AND THE RIGHT OF REFERENDUM RELATING THERETO

Please Take Notice that the City of Flint, Genesee County, Michigan, intends to issue and sell Water Supply System Revenue Bonds, pursuant to Act No. 94, Public Acts of Michigan, 1933, as amended, in a principal amount not to exceed \$80,000,000 (the *Revenue Bonds*) to the Michigan Finance Authority through the Michigan Department of Environmental Quality Drinking Water Revolving Fund, for the purpose of paying all or part of the cost of acquiring and constructing replacements, extensions, improvements, and repairs to the Water Supply System of the City (the *Water Supply System*).

**SOURCE OF PAYMENT
OF REVENUE BONDS**

The principal of and interest on the Revenue Bonds shall be payable solely from the revenues received by the City from the operation of the Water Supply System after paying costs of operation and maintenance of the Water Supply System. Such revenues will consist principally of income derived from the rates charged to the users of the Water Supply System, a schedule of which is on file in the office of the City Clerk. Such rates may from time to time be revised in accordance with law. Information concerning such rates and the adjustment in rates is available for inspection at the offices of the Water and Sewerage Department of the City.

BOND DETAILS

The Revenue Bonds will be issuable in one or more series and from time to time. Each series will be payable in the principal installments as determined by the Finance Director of the City, which principal installments are eligible for forgiveness in full, with the final installment due not more than 40 years after the original date of the Revenue Bonds. The Revenue Bonds are expected to bear interest at the rate of 0% per annum.

RIGHT OF REFERENDUM

THE REGISTERED ELECTORS OF THE CITY HAVE THE RIGHT TO FILE A PETITION FOR REFERENDUM WITH RESPECT TO THE REVENUE BONDS DESCRIBED IN THE FIRST PARAGRAPH OF THIS NOTICE. THE REVENUE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS UNLESS A PETITION REQUESTING SUCH VOTE SIGNED BY NOT FEWER

THAN [THE LESSER OF 10% OF THE VOTERS OR 15,000] REGISTERED ELECTORS OF THE CITY IS FILED WITH THE CITY CLERK WITHIN 45 DAYS AFTER PUBLICATION OF THIS NOTICE. If such a petition is filed, the Revenue Bonds cannot be issued without an approving vote by a majority of qualified electors of the City voting on the question.

Additional Information with respect to the above described Revenue Bonds, the Water Supply System of the City, the rates to be charged, the projects to be acquired and constructed, repairs to be made and the costs related thereto, the financing thereof, and any other matters relating to the foregoing may be obtained from the office of the City Clerk or from the Chief Financial Officer of the City of Flint.

This Notice is given pursuant to the requirements of Section 33 of Act No. 94, Public Acts of Michigan, 1933, as amended.

Hughey Newsome
Chief Financial Officer
City of Flint, Michigan

JE# 49106, posted as of 3-29-17
TAL 4-20-17

170159
SUBMISSION NO.: CA3782017
PRESENTED: 3-17-17
ADOPTED: RTAB 3-29-17

**RESOLUTION AUTHORIZING ACCEPTANCE OF A \$100,000,000 FEDERAL WATER
INFRASTRUCTURE IMPROVEMENTS FOR THE NATION (WIIN) GRANT AND \$20,000,000
MATCHING STATE OF MICHIGAN APPROPRIATION AND THE AMENDMENT OF THE 2016/17
CITY OF FLINT ADOPTED BUDGET FOR WATER INFRASTRUCTURE AND DISTRIBUTION
IMPROVEMENTS IN THE AMOUNT OF \$32,000,000**

BY THE MAYOR:

Whereas, \$100,000,000.00 is available from the US Environmental Protection Agency (EPA) to provide capitalization grants under the Safe Drinking Water Act (SDWA) and the Water Infrastructure Improvements for the Nation Act (WIIN); and

Whereas, these grant funds have been awarded through the State of Michigan, Department of Environmental Quality along with local matching funds provided by a State appropriation in the amount of \$20,000,000 for water infrastructure and distribution improvements; and

Whereas, the City Council supports acceptance of these federal grant funds and State appropriation to be received through the State Michigan Department of Environmental Quality (MDEQ) in the amount of \$120,000,000.00; and

Whereas, the grant dollars will be awarded in installments by types of work and the first draw from these funds will be \$32,000,000 to be used for service line replacements throughout the City; and

THEREFORE BE IT RESOLVED, by the Flint City Council that the Council hereby accepts the federal Water Infrastructure Improvements for the Nation (WIIN) grant in the amount of \$100,000,000 and the appropriation within the State of Michigan MDEQ in the amount of \$20,000,000 for a total award of \$120,000,000; and

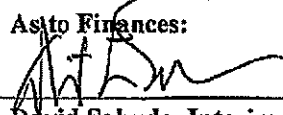
BE IT FURTHER RESOLVED that the appropriate City officials are authorized to do all things necessary to amend the 2016-17 adopted budget to include revenue and expenditure appropriation for water infrastructure and distribution improvements in the amount of \$32,000,000 within the Water Fund, to be split appropriately under City of Flint Grant Codes # FEPA17WIIN-1, and SDEQ-17LEAD2, and to budget any unspent grant funds in subsequent fiscal years in which they continue to remain available by the grantor(s).

ADMINISTRATION:

As to Form:


Angela Wheeler, Interim Chief Legal Officer

As to Finances:


David Sabuda, Interim Chief Financial Officer


Dr. Karen W. Weaver, Mayor

CITY COUNCIL:


Kerry Nelson, Council President

PRESENTED TO CITY COUNCIL: 3-23-2017

ADOPTED BY CITY COUNCIL: 3-23-2017

**RECEIVERSHIP TRANSITION ADVISORY
BOARD:**

**ADOPTED BY THE RECEIVERSHIP
TRANSITION ADVISORY BOARD
MARCH 29, 2017**

17-6039

RESOLUTION STAFF REVIEW FORM

DATE: March 16, 2017

Agenda Item Title: RESOLUTION AUTHORIZING ACCEPTANCE OF A \$100,000,000 FEDERAL WATER INFRASTRUCTURE IMPROVEMENTS FOR THE NATION, (WIIN) GRANT AND \$20,000,000 MATCHING STATE OF MICHIGAN APPROPRIATION AND THE AMENDMENT OF THE 2016/17 ADOPTED BUDGET FOR WATER INFRASTRUCTURE AND DISTRIBUTION IMPROVEMENTS IN THE AMOUNT OF \$32,000,000

Prepared By: Tamar Lewis, Budget & Grants Administrator and David L. Sabuda, Interim Chief Financial Officer

Background/Summary of Proposed Action: The City has been granted \$100,000,000.00 in WIIN (Water Infrastructure Improvements for the Nation) monies from the USEPA through the State of Michigan. The local match requirement is also being funded by the State of Michigan, Department of Environmental Quality (MDEQ) \$20,000,000 State appropriation within their FY 2016/17 operating budget. Further, the FY 2016/17, City budget needs to be amended to include and appropriate such funds so that they can be recognized and spent. The funds will be provided on a reimbursement basis, following satisfactory completion of the listed grant activities and proof of products and deliverables.

The USEPA is distributing the WIIN dollars in installments by type of work. The first installment to be received and appropriated by the City will be \$32,000,000 out of \$40,000,000 designated for service line replacement from the WIIN grant and associated State match. There are currently five anticipated installments. They are as follows:

1. Corrosion Control Study - \$1.5 million
2. Service Line Replacement - \$40.0 million - (\$32 million draw)
3. Water Treatment Facility - \$58.5 million
4. Water Meters - \$10.0 million
5. Water Transmission Lines - \$10.0 million

The project list above may change as the City works through the Drinking Water Revolving Loan water source selection process.

The attached resolution is accepting the full grant of \$100,000,000 from the USEPA, \$20,000,000 from the State of Michigan for a total award of \$120,000,000. The resolution also appropriates \$32,000,000 of the \$120,000,000 for service line replacement. The City was notified by the USEPA via telephone that the award has been made to the City of Flint on 3/16/2017.

Financial Implications: The City does not have available funds to pay for this work, and must follow the grant guidelines in order to have the full expense refunded by the grant without disallowed costs and/or repayment. The City must follow Federal guidelines related to Federal funds, and guidelines for local matching funds accompanying Federal grants.

Budgeted Expenditure: Yes ____ No X please explain, if no: The funds will be added to the budget and encumbered upon approval of this resolution.

RESOLUTION STAFF REVIEW FORM

Account #s: 591 = Water Fund

545.300 = Water Plant – Capital Improvements

540.210 = Lead Service Line Replacement

REVENUES:

538.500 = State Capital Grant Federal Pass-Through

539.000 = State Grants

Account #s: 591 = Water Fund

545.300 = Water Plant – Capital Improvements

540.210 = Lead Service Line Replacement

EXPENSES:

702.000 = Wages and Salaries (Expenditure)

709.000 = Overtime

719.100 = Direct Fringes

719.150 = Employer Pension – DB

719.152 = MERS Hybrid

719.157 = MERS Hybrid – DC

719.200 = Other Fringes

719.310 = Employer Health Care Savings Plan

801.012 = Prof Services – Lead Line Repl. Ph2

801.920 = Restoration expenses - intracity

Grant Code: FEPA17WIIN-1, MDEQ-17LEAD2

Pre-encumbered: Yes _____ No X

Requisition # _____

Other Implications (i.e., collective bargaining:

Staff Recommendation: Approval of this resolution is recommended.

Approval:



David L. Sabuda
Interim Chief Financial Officer