

Master Agreement

This Master Agreement is made as of the date of execution, between and among the City of Flint (“the City”), the Department of Environmental Quality of the State of Michigan (“DEQ”), the Genesee County Drain Commissioner (“GCDC”), the Great Lakes Water Authority (“GLWA”), and the Karegnondi Water Authority (“KWA”) (together, the “Parties”, or each singly a “Party”), for the purposes of effectuating the overall agreement described in the Statement of Principles for Long Term Water Delivery to the City of Flint (“Statement of Principles”), signed by the Parties and dated 18 April 2017, which is attached to this document as Attachment 1.

- A. **Incorporation.** This Master Agreement fully incorporates the agreements that are Exhibits to this Master Agreement as listed in Paragraph I, and such Exhibits therefore shall be considered part of this Master Agreement unless clearly stated otherwise in this Master Agreement.
- B. **Third Party Beneficiaries.** The parties acknowledge and agree that all Parties benefit from the interlocking set of transactions that together encompass this Master Agreement, and that all promises by any single Party as part of this Master Agreement (including those made in the Exhibits to this Master Agreement) are made to the benefit of all Parties to this Master Agreement. The Parties acknowledge and agree that each Party, and each of its respective successors and assigns, shall have all the rights of a third-party beneficiary in respect to this Master Agreement and shall be entitled to rely upon and directly enforce its provisions. Such rights vest immediately upon execution of this Master Agreement by all Parties. Nothing in this clause shall be read to allow enforcement of third party beneficiary rights if such enforcement would abridge, impair, or destroy the rights which the promisee of a promise made for the benefit of another person or would otherwise have as a result of such promise. Nothing in this clause shall be read to create a third party beneficiary right or to allow enforcement of third party beneficiary rights by an individual or entity that is not a Party, successor to a Party, or assignee of a Party to this Master Agreement. Notwithstanding anything herein to the contrary, the provisions of this Paragraph B shall only apply to Exhibits A, B, C, D, and E to this Master Agreement, and shall not apply to any other Exhibits.

The Parties are aware that the necessity to enter into this Master Agreement, its validity, or the capacity of the City of Flint to enter into this Master Agreement are subject to challenge in the case of *MDEQ v City of Flint*, USDC case No. 17-12107 DML-SDD (the “Litigation”). GLWA, GCDC, and KWA are not plaintiffs or defendants in the Litigation.

The Parties to the Master Agreement wish to ensure that the Litigation does not impose additional costs or burdens on them. The Parties agree that if (a) (1) the City of Flint files an action with the City named as plaintiff (2) an action pursuant to a binding resolution of the City Council (3) by a simple majority of the City Council, which is 5 members, (4) the Mayor, (5) City Administrator, (6) City Clerk, or in the

event that an action is filed by an (7) City executive staff member or principal official, which includes members responsible for budget, personnel, planning, legal counsel and administrative services, (8) executive department heads, which are defined as public safety, public works, utilities, parks and recreations, transportation including aviation, finance, community development and environmental protection; or (9) City board, commission or agency, (each, a "Flint Challenger") and/or (b) (1) no more than 4 City Council member(s) or unauthorized (2) instrumentality of the City (3) officer (4) employee, and/or (5) any other individual purportedly acting on behalf of the City (each a "Potential Flint Challenger") and/or (c) a third party, including a former officer or a former employee (each, a "Third Party Challenger") challenges the validity, execution or the capacity of any Party or the Signatory Representative of any Party to enter into the Master Agreement, then the City of Flint shall reimburse any other Party(ies) to this Master Agreement for that Party's expenses associated with enforcing, upholding or defending the Master Agreement. The rights and remedies set forth are intended to be an addition and supplement to the specific rights and remedies contained in any Exhibit within the Master Agreement.

In the event any litigation is brought that attempts to invalidate or nullify this Master Agreement or any of its incorporated Agreements, the Parties agree to give reasonable notice to each other of the litigation.

- C. **Amendment.** This Master Agreement may not be amended without the consent of all Parties. Any Parties to agreements that are Exhibits to this Master Agreement, if they wish to amend such as Exhibit, must give no less than 45 days' written notice to all Parties. If requested by any Party, the signatories to the affected Exhibit must meet and confer with the requesting Party regarding a proposed amendment within 15 days of receiving such a request. Amendment of any Exhibit may not be done without the consent of all Parties to this Master Agreement, except that a Party that fails to request an opportunity to meet and confer within 15 days of receiving notice of a proposed amendment shall be deemed to have consented to such amendment. Consent to an amendment by any Party shall not be unreasonably withheld. Notwithstanding anything herein to the contrary, the provisions of this Paragraph C shall only apply to Exhibits A, B, C, and D to this Master Agreement, and shall not apply to any other Exhibits.
- D. **Assignment.** This Agreement shall not be assigned, in whole or in part, by any Party without the prior written consent of all of the other Parties provided. Consent to an assignment by any Party shall not be unreasonably withheld. Notwithstanding anything in this Paragraph D, if an Exhibit to this Master Agreement specifically provides for assignment of such exhibit without consent, nothing in this paragraph shall be read to require consent by any Party to such assignment, and such assignment shall be sufficient to assign all rights under this Master Agreement, including third-party beneficiary rights.
- E. **Terms and Termination.** This Master Agreement shall become effective upon execution by all of the Parties and shall remain in effect until the latest of the

termination dates of Exhibit A, B, C or D upon the time of the first execution of those documents. If any Exhibit to this Master Agreement is later amended to alter a termination date, such amendment shall not be deemed to have altered the termination date of this Master Agreement. The Master Agreement may only be terminated prior to the end of the term with the written consent of all Parties.

If for any reason the Master Agreement and/or the Water Service Contract between GLWA and the City of Flint are/is declared void or nullified for any reason during its Term, then the City of Flint shall pay to GLWA the total amount of the credits issued to the City of Flint. In the event the City of Flint wishes to repay such credits over a period of years, it may do so in one of two ways. The City of Flint may repay such credits over a period of not more than five years (or such longer period as may be agreed upon by the City of Flint and GLWA) by (a) executing a new water service contract for the standard term or (b) by serving as a non-contract customer with GLWA for the designated period of years, for water at then-prevailing rates for non-contract customers.

- F. **Authority to Enter into this Master Agreement.** Each of the Parties hereby represents and warrants that it is duly authorized and empowered to execute, deliver, and perform this Master Agreement and that such action does not conflict with, or violate, any provision of law, regulation, rule, policy, contract, or other instrument to which it is a party or by which it is bound and that this Master Agreement constitutes a valid and binding obligation of it enforceable in accordance with its terms.

The City is a home rule city, organized under Act 279 of 1909, as amended (“Act 279”) with full power and authority under Act 279 to own and operate its water supply system, and execute, deliver and perform the agreements contemplated hereby. Each of GLWA and KWA are municipal authorities, organized under Act 233 of 1955, as amended (“Act 233”) with full power and authority under Act 233 and Act 94 of 1933, as amended (“Act 94”) to own, operate and finance their respective water supply systems, and execute, deliver and perform the agreements contemplated hereby. GCDC is a Michigan county agency organized pursuant to Act 342 of 1939, as amended (“Act 342”), to own and operate its water supply system, and execute, deliver and perform the agreements contemplated hereby.

- G. **Counterparts.** This Master Agreement may be executed in counter parts.
- H. **Severability.** If any provision of this Master Agreement or its application to any Party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Master Agreement shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law. Similarly, if any provision of any Exhibit to this Master Agreement or its application to any signatory or circumstance shall to any extent be invalid or unenforceable, the remainder of this Master Agreement shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law.

I. **Exhibits.** The following are the Exhibits to this Master Agreement:

Exhibit A	Water Service Contract Between Great Lakes Water Authority, a Michigan Municipal Authority, and City of Flint, together with Irrevocable License of Essential Water Mains and Raw Water Rights
Exhibit B	Reciprocal Backup Water Service Contract Between Great Lakes Water Authority, a Michigan Municipal Authority and Genesee County Drain Commissioner, a Michigan County Agency
Exhibit C	Baseline and All Receipts Trust Agreement
Exhibit D	Three Party Agreement
Exhibit E	Grant Agreement
Exhibit F	Contract for Deed and Bill of Sale, License and Sublicense of 72-inch Water Main
Exhibit G	Second Addendum to Raw Water Supply Contract (Exhibit to Three Party Agreement)

(Signatures to Follow on Separate Page)

Agreed to by:

City of Flint

By: Karen Weaver
Its: Mayor

Date

**Department of Environmental Quality
State of Michigan**

By: C. Heidi Grether
Its: Director

Date

**Genesee County Drain Commissioner --
Division of Water & Waste Services**

By: Jeffrey Wright
Its: Drain Commissioner

Date

Great Lakes Water Authority

By: Sue F. McCormick
Its: CEO

Date

Karegnondi Water Authority

By: John O'Brien
Its: Deputy CEO

Date

ATTACHMENT 1

STATEMENT OF PRINCIPLES