



**EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY, MICHIGAN**

ORDER No. 2

**RESTRUCTURING OF OUTSTANDING WATER SUPPLY SYSTEM REVENUE
BONDS, SERIES 1999, SERIES 2000, SERIES 2001 AND SERIES 2002**

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER FOR THE CITY OF FLINT, MICHIGAN PURSUANT TO ACT 436, PUBLIC ACTS OF MICHIGAN, 2012 (“ACT 436”), THE LOCAL FINANCIAL STABILITY AND CHOICE ACT; GERALD W. AMBROSE, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

WHEREAS, the City of Flint, County of Genesee, State of Michigan (the “City”) is in a state of financial emergency under Act 436;

WHEREAS, effective on January 13, 2015, Gerald W. Ambrose was appointed as emergency manager (the “Emergency Manager”) of the City, by the Governor of the State of Michigan (the “State”) and the State by the Treasurer of the Department of Treasury; and

WHEREAS, pursuant to Section 9(2) of Act 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

WHEREAS, pursuant to Act 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

WHEREAS, the City has heretofore issued and presently has the following bonds outstanding in the amounts indicated, the proceeds of which were used to finance the acquisition, construction and installation of Phase I, segments 1 through 4 of the rehabilitation of the Flint Water Treatment Plant (the “Plant”): (i) \$2,543,994 Water Supply System Revenue Bonds,

Series 1999, (the "1999 Bonds"); (ii) \$3,275,000 Water Supply System Revenue Bonds, Series 2000, (the "2000 Bonds"); (iii) \$4,256,408 Water Supply System Revenue Bonds, Series 2001 (the "2001 Bonds"); and (iv) \$10,694,934 Water Supply System Revenue Bonds, Series 2002, (the "2002 Bonds", collectively with the 1999 Bonds, the 2000 Bonds and the 2001 Bonds, the "Bonds"); and

WHEREAS, all of the Bonds were sold to and are currently owned by the Michigan Finance Authority (the "Authority" or "MFA"), as successor to the Michigan Municipal Bond Authority; and

WHEREAS, the Plant and the water supply system are in need of further improvements and replacements (the "Improvements") to enhance the treatment of raw water processed by the Plant and the distribution of treated water from the Plant; and

WHEREAS, the City does not have sufficient funds on hand to finance the Improvements and the Authority has tentatively agreed to allow the Emergency Manager to restructure and amend the debt service payments on the Bonds, by postponing the principal payments next coming due on April 1, 2015 for the 1999 Bonds of \$395,000, the 2000 Bonds of \$435,000 and the 2001 Bonds of \$485,000 and on October 1, 2015 for the 2002 Bonds of \$925,000, all as more particularly described in this Order (collectively, the "Restructuring"), to allow the amounts available for such principal payments to be used to pay for the Improvements; provided, that the current interest payments due on such principal payment dates shall remain due and payable thereon; and

WHEREAS, Section 12(1)(x) of Act 436 authorizes the Emergency Manager to: "Enter into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to the approval of the State Treasurer;" and

WHEREAS, the interest on each series of the Bonds is presently excludable from gross income for federal income tax purposes and the City has covenanted, in each Bond Resolution which authorized each related series of the Bonds, among other things, to do all things necessary to assure that the interest on the respective series of Bonds will be and will remain excludable from gross income for federal income tax purposes (the "Bond Tax Covenant"); and

WHEREAS, in connection with the issuance of each series of the Bonds, the City entered into a Supplemental Agreement ("the Supplemental Agreement") with the Authority and the State of Michigan, acting through its Department of Environmental Quality (the "DEQ"), under which the City covenanted, among other things, to the extent permitted by law, to take all actions within its control and not fail to take any action as may be necessary to maintain the

exclusion of interest on the Bond from gross income for federal income tax purposes (the "Supplemental Agreement Tax Covenant"); and

WHEREAS, in implementing with the Restructuring the City will use its best efforts to maintain the tax-exempt status of the Bonds, however, the Emergency Manager, the MFA and the DEQ desire to allow the Restructuring to occur even if as a result of the Restructuring, Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel to the City ("Bond Counsel") delivers an opinion to the City and the MFA concluding that as a result of the Restructuring, the Bonds have lost their tax-exempt status (an "Unfavorable Tax Opinion"); and

WHEREAS, as a precondition to the Restructuring, the Emergency Manager desires for the MFA, as holder of the Bonds, and the DEQ to conditionally waive the respective Tax Covenant and the Supplemental Agreement Tax Covenant related to each series of the Bonds, which waivers shall be rescinded automatically if Bond Counsel concludes that the Restructuring has not had a negative impact on the tax-exempt status of the Bonds, and

WHEREAS, the Emergency Manager further desires to authorize and direct the Mayor, the Director of Finance, the City Clerk and all other authorized persons to perform all acts consistent with this Order, necessary and appropriate to complete the Restructuring as provided in this Order.

NOW THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. The current debt service schedules attached as Exhibit A to each of the Bonds are hereby deleted in their entirety and in lieu thereof shall be attached to each respective Bond the amended and restated debt service schedules attached hereto as Exhibit A for the 1999 Bonds, Exhibit B for the 2000 Bonds, Exhibit C for the 2001 Bonds and Exhibit D for the 2002 Bonds.
2. Except as otherwise amended and restated hereby, all of the other terms and conditions of the Bonds shall remain the same; provided however, that if Bond Counsel delivers an Unfavorable Tax Opinion, the interest on the Bonds shall be taxable for federal income tax purposes; and
3. The Emergency Manager, the Mayor, the Director of Finance and the City Clerk are hereby authorized and directed to perform all acts consistent with this Order and enter into such agreements with the Authority and DEQ and provide such certificates as may be necessary and appropriate to complete the Restructuring.

4. The Restructuring is conditioned upon and shall not become effective unless and until (i) the Restructuring has been approved in writing by the Treasurer of the State of Michigan, pursuant to Section 12(1)(x) of Act 436 and (ii) the MFA and the DEQ have approved the Restructuring and provided conditional waivers of the Bond Tax Covenants and the Supplemental Agreement Tax Covenants related to each series of the Bonds.
5. This Order is effective immediately upon the date of execution below.
6. This Order may be amended, modified, supplemented, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: March 18, 2015

By:



Gerald W. Ambrose
Emergency Manager
City of Flint

cc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

EXHIBIT A

**AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999**

MICHIGAN MUNICIPAL BOND AUTHORITY
FINAL DRINKING WATER PROGRAM SCHEDULE
City of Flint Project# 7019-01
Issue Date: 9/30/99

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/1999	-	-	-	-
10/01/1999	-	-	-	-
04/01/2000	-	-	8,422.31	8,422.31
06/30/2000	-	-	-	-
10/01/2000	-	-	22,740.16	22,740.16
04/01/2001	285,000.00	2.50%	60,807.06	345,807.06
06/30/2001	-	-	-	-
10/01/2001	-	-	62,929.45	62,929.45
04/01/2002	290,000.00	2.50%	78,086.21	368,086.21
06/30/2002	-	-	-	-
10/01/2002	-	-	82,424.93	82,424.93
04/01/2003	295,000.00	2.50%	82,424.93	377,424.93
06/30/2003	-	-	-	-
10/01/2003	-	-	78,737.43	78,737.43
04/01/2004	305,000.00	2.50%	78,737.43	383,737.43
06/30/2004	-	-	-	-
10/01/2004	-	-	74,924.93	74,924.93
04/01/2005	310,000.00	2.50%	74,924.93	384,924.93
06/30/2005	-	-	-	-
10/01/2005	-	-	71,049.93	71,049.93
04/01/2006	315,000.00	2.50%	71,049.93	386,049.93
06/30/2006	-	-	-	-
10/01/2006	-	-	67,112.43	67,112.43
04/01/2007	325,000.00	2.50%	67,112.43	392,112.43
06/30/2007	-	-	-	-
10/01/2007	-	-	63,049.93	63,049.93
04/01/2008	330,000.00	2.50%	63,049.93	393,049.93
06/30/2008	-	-	-	-
10/01/2008	-	-	58,924.93	58,924.93
04/01/2009	340,000.00	2.50%	58,924.93	398,924.93
06/30/2009	-	-	-	-
10/01/2009	-	-	54,674.93	54,674.93
04/01/2010	350,000.00	2.50%	54,674.93	404,674.93
06/30/2010	-	-	-	-
10/01/2010	-	-	50,299.93	50,299.93
04/01/2011	355,000.00	2.50%	50,299.93	405,299.93
06/30/2011	-	-	-	-
10/01/2011	-	-	45,862.43	45,862.43
04/01/2012	365,000.00	2.50%	45,862.43	410,862.43
06/30/2012	-	-	-	-
10/01/2012	-	-	41,299.93	41,299.93
04/01/2013	375,000.00	2.50%	41,299.93	416,299.93
06/30/2013	-	-	-	-
10/01/2013	-	-	36,612.43	36,612.43
04/01/2014	385,000.00	2.50%	36,612.43	421,612.43
06/30/2014	-	-	-	-
10/01/2014	-	-	31,799.93	31,799.93
04/01/2015	-	2.50%	31,799.93	31,799.93
06/30/2015	-	-	-	-
10/01/2015	-	-	31,799.93	31,799.93
04/01/2016	490,000.00	2.50%	31,799.93	521,799.93
06/30/2016	-	-	-	-
10/01/2016	-	-	25,674.93	25,674.93
04/01/2017	500,000.00	2.50%	25,674.93	525,674.93
06/30/2017	-	-	-	-
10/01/2017	-	-	19,424.93	19,424.93
04/01/2018	510,000.00	2.50%	19,424.93	529,424.93

06/30/2018	-	-	-	-
10/01/2018	-	-	13,049.93	13,049.93
04/01/2019	515,000.00	2.50%	13,049.93	528,049.93
06/30/2019	-	-	-	-
10/01/2019	-	-	6,612.43	6,612.43
04/01/2020	528,994.00	2.50%	6,612.43	535,606.43
Total	\$7,168,994.00	-	\$1,939,657.56	\$9,108,651.56

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EXHIBIT B

**AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2000**

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-02

Issue Date: 9/28/00

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2000	-	-	-	-
10/01/2000	-	-	-	-
04/01/2001	-	-	2,844.01	2,844.01
06/30/2001	-	-	-	-
10/01/2001	-	-	17,124.18	17,124.18
04/01/2002	315,000.00	2.500%	42,367.78	357,367.78
06/30/2002	-	-	-	-
10/01/2002	-	-	79,291.89	79,291.89
04/01/2003	320,000.00	2.500%	91,265.81	411,265.81
06/30/2003	-	-	-	-
10/01/2003	-	-	91,839.95	91,839.95
04/01/2004	330,000.00	2.500%	92,500.00	422,500.00
06/30/2004	-	-	-	-
10/01/2004	-	-	88,375.00	88,375.00
04/01/2005	340,000.00	2.500%	88,375.00	428,375.00
06/30/2005	-	-	-	-
10/01/2005	-	-	84,125.00	84,125.00
04/01/2006	345,000.00	2.500%	84,125.00	429,125.00
06/30/2006	-	-	-	-
10/01/2006	-	-	79,812.50	79,812.50
04/01/2007	355,000.00	2.500%	79,812.50	434,812.50
06/30/2007	-	-	-	-
10/01/2007	-	-	75,375.00	75,375.00
04/01/2008	365,000.00	2.500%	75,375.00	440,375.00
06/30/2008	-	-	-	-
10/01/2008	-	-	70,812.50	70,812.50
04/01/2009	375,000.00	2.500%	70,812.50	445,812.50
06/30/2009	-	-	-	-
10/01/2009	-	-	66,125.00	66,125.00
04/01/2010	385,000.00	2.500%	66,125.00	451,125.00
06/30/2010	-	-	-	-
10/01/2010	-	-	61,312.50	61,312.50
04/01/2011	395,000.00	2.500%	61,312.50	456,312.50
06/30/2011	-	-	-	-
10/01/2011	-	-	56,375.00	56,375.00
04/01/2012	400,000.00	2.500%	56,375.00	456,375.00
06/30/2012	-	-	-	-
10/01/2012	-	-	51,375.00	51,375.00
04/01/2013	410,000.00	2.500%	51,375.00	461,375.00
06/30/2013	-	-	-	-
10/01/2013	-	-	46,250.00	46,250.00
04/01/2014	425,000.00	2.500%	46,250.00	471,250.00
06/30/2014	-	-	-	-
10/01/2014	-	-	40,937.50	40,937.50
04/01/2015	-	2.500%	40,937.50	40,937.50
06/30/2015	-	-	-	-
10/01/2015	-	-	40,937.50	40,937.50
04/01/2016	520,000.00	2.500%	40,937.50	560,937.50
06/30/2016	-	-	-	-
10/01/2016	-	-	34,437.50	34,437.50
04/01/2017	525,000.00	2.500%	34,437.50	559,437.50
06/30/2017	-	-	-	-
10/01/2017	-	-	27,875.00	27,875.00
04/01/2018	530,000.00	2.500%	27,875.00	557,875.00
06/30/2018	-	-	-	-
10/01/2018	-	-	21,250.00	21,250.00
04/01/2019	555,000.00	2.500%	21,250.00	576,250.00

06/30/2019	-	-	-	-
10/01/2019	-	-	14,312.50	14,312.50
04/01/2020	565,000.00	2.500%	14,312.50	579,312.50
06/30/2020	-	-	-	-
10/01/2020	-	-	7,250.00	7,250.00
04/01/2021	580,000.00	2.500%	7,250.00	587,250.00
Total	\$8,085,000.00	-	\$2,151,108.62	\$10,186,108.62

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EXHIBIT C

**AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2001**

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-03

Issue Date: 9/28/01

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2001	-	-	-	-
10/01/2001	-	-	-	-
04/01/2002	-	-	15,888.77	15,888.77
06/30/2002	-	-	-	-
10/01/2002	-	-	45,812.54	45,812.54
04/01/2003	370,000.00	2.500%	72,851.54	442,851.54
06/30/2003	-	-	-	-
10/01/2003	-	-	98,598.60	98,598.60
04/01/2004	380,000.00 ^f	2.500%	107,557.26	487,557.26
06/30/2004	-	-	-	-
10/01/2004	-	-	102,807.26	102,807.26
04/01/2005	390,000.00	2.500%	102,807.26	492,807.26
06/30/2005	-	-	-	-
10/01/2005	-	-	97,932.26	97,932.26
04/01/2006	400,000.00	2.500%	97,932.26	497,932.26
06/30/2006	-	-	-	-
10/01/2006	-	-	92,932.26	92,932.26
04/01/2007	410,000.00	2.500%	92,932.26	502,932.26
06/30/2007	-	-	-	-
10/01/2007	-	-	87,807.26	87,807.26
04/01/2008	420,000.00	2.500%	87,807.26	507,807.26
06/30/2008	-	-	-	-
10/01/2008	-	-	82,557.26	82,557.26
04/01/2009	420,000.00	2.500%	87,399.15	507,399.15
06/30/2009	-	-	-	-
10/01/2009	-	-	81,517.60	81,517.60
04/01/2010	430,000.00	2.500%	81,517.60	511,517.60
06/30/2010	-	-	-	-
10/01/2010	-	-	76,142.60	76,142.60
04/01/2011	440,000.00	2.500%	76,142.60	516,142.60
06/30/2011	-	-	-	-
10/01/2011	-	-	70,642.60	70,642.60
04/01/2012	455,000.00	2.500%	70,642.60	525,642.60
06/30/2012	-	-	-	-
10/01/2012	-	-	64,955.10	64,955.10
04/01/2013	465,000.00	2.500%	64,955.10	529,955.10
06/30/2013	-	-	-	-
10/01/2013	-	-	59,142.60	59,142.60
04/01/2014	475,000.00	2.500%	59,142.60	534,142.60
06/30/2014	-	-	-	-
10/01/2014	-	-	53,205.10	53,205.10
04/01/2015	-	2.500%	53,205.10	53,205.10
06/30/2015	-	-	-	-
10/01/2015	-	-	53,205.10	53,205.10
04/01/2016	565,000.00	2.500%	53,205.10	618,205.10
06/30/2016	-	-	-	-
10/01/2016	-	-	46,142.60	46,142.60
04/01/2017	580,000.00	2.500%	46,142.60	626,142.60
06/30/2017	-	-	-	-
10/01/2017	-	-	38,892.60	38,892.60
04/01/2018	595,000.00	2.500%	38,892.60	633,892.60
06/30/2018	-	-	-	-
10/01/2018	-	-	31,455.10	31,455.10
04/01/2019	605,000.00	2.500%	31,455.10	636,455.10
06/30/2019	-	-	-	-
10/01/2019	-	-	23,892.60	23,892.60
04/01/2020	625,000.00	2.500%	23,892.60	648,892.60

06/30/2020	-	-	-	-
10/01/2020	-	-	16,080.10	16,080.10
04/01/2021	640,000.00	2.500%	16,080.10	656,080.10
06/30/2021	-	-	-	-
10/01/2021	-	-	8,080.10	8,080.10
04/01/2022	646,408.00	2.500%	8,080.10	654,488.10
Total	\$9,311,408.00	-	\$2,520,330.82	\$11,831,738.82

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EXHIBIT D

**AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2002**

MICHIGAN MUNICIPAL BOND AUTHORITY
FINAL DRINKING WATER PROGRAM SCHEDULE
City of Flint Project# 7019-04
Issue Date: 9/25/03

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/25/2003	-	-	-	-
10/01/2003	-	-	-	-
04/01/2004	-	-	14,672.82	14,672.82
10/01/2004	-	-	67,805.18	67,805.18
04/01/2005	-	-	140,139.46	140,139.46
10/01/2005	-	-	187,082.85	187,082.85
04/01/2006	750,000.00	2.500%	221,379.46	971,379.46
10/01/2006	-	-	225,988.30	225,988.30
04/01/2007	770,000.00	2.500%	229,198.21	999,198.21
10/01/2007	-	-	219,573.21	219,573.21
04/01/2008	790,000.00	2.500%	219,573.21	1,009,573.21
10/01/2008	-	-	209,698.21	209,698.21
04/01/2009	810,000.00	2.500%	209,698.21	1,019,698.21
10/01/2009	-	-	199,573.21	199,573.21
04/01/2010	830,000.00	2.500%	199,573.21	1,029,573.21
10/01/2010	-	-	189,198.21	189,198.21
04/01/2011	850,000.00	2.500%	189,198.21	1,039,198.21
06/23/2011	-	-	-	-
10/01/2011	840,000.00	2.500%	173,445.00	1,013,445.00
04/01/2012	-	-	166,811.68	166,811.68
10/01/2012	865,000.00	2.500%	166,811.68	1,031,811.68
04/01/2013	-	-	156,510.71	156,510.71
10/01/2013	880,000.00	2.500%	155,999.18	1,035,999.18
04/01/2014	-	-	144,999.18	144,999.18
10/01/2014	905,000.00	2.500%	144,999.18	1,049,999.18
04/01/2015	-	-	133,686.68	133,686.68
10/01/2015	-	2.500%	133,686.68	133,686.68
04/01/2016	-	-	133,686.68	133,686.68
10/01/2016	1,050,000.00	2.500%	133,686.68	1,183,686.68
04/01/2017	-	-	120,561.68	120,561.68
10/01/2017	1,080,000.00	2.500%	120,561.68	1,200,561.68
04/01/2018	-	-	107,061.68	107,061.68
10/01/2018	1,095,000.00	2.500%	107,061.68	1,202,061.68
04/01/2019	-	-	93,374.18	93,374.18
10/01/2019	1,125,000.00	2.500%	93,374.18	1,218,374.18
04/01/2020	-	-	79,311.68	79,311.68
10/01/2020	1,140,000.00	2.500%	79,311.68	1,219,311.68
04/01/2021	-	-	65,061.68	65,061.68
10/01/2021	1,175,000.00	2.500%	65,061.68	1,240,061.68
04/01/2022	-	-	50,374.18	50,374.18
10/01/2022	1,195,000.00	2.500%	50,374.18	1,245,374.18
04/01/2023	-	-	35,436.68	35,436.68
10/01/2023	1,225,000.00	2.500%	35,436.68	1,260,436.68
04/01/2024	-	-	20,124.18	20,124.18
10/01/2024	1,609,934.00	2.500%	20,124.18	1,630,058.18
Total	\$18,984,934.00	-	\$5,509,287.10	\$24,494,221.10

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