

Drinking Water Revolving Fund
ORDER OF APPROVAL

Applicant/Issuer: City of Flint, Genesee County

Project No. 7421-01

Assistance Amount: \$40,000,000 (Forty Million Dollars)

Rate: 0.00% (Zero Percent)

Term: Final maturity October 1, 2037.

Pursuant to: Part 54, Safe Drinking Water Assistance, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

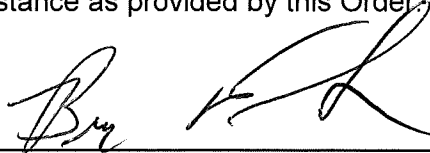
The Director of the Department of Environmental Quality of the state of Michigan, acting upon the application submitted by the applicant/issuer for assistance in financing the project pursuant to the referenced Act,

ORDERS that the application is approved based upon the requirements, provisions, and information included in the application and other documents submitted to the Department of Environmental Quality, and which are incorporated herein and made part hereof by this reference.

Special conditions of this Order are identified in the attached Exhibits A - C.

This approval is based on the application and other documents currently filed with the Director of the Department of Environmental Quality and no material change may be made to the application or this approval without the prior written approval of the Department of Environmental Quality.

The Department of Environment Quality certifies to the Michigan Finance Authority that the applicant/issuer is eligible to receive assistance as provided by this Order.



Bryce Feighner, P.E., Division Director
Drinking Water and Municipal Assistance Division
Department of Environmental Quality

Dated: May 16, 2017
Lansing, Michigan

Drinking Water Revolving Fund
EXHIBIT A

Cost summary identifying design, construction, and administrative costs.

Planning Costs	\$1,250,000
Rate Methodology Development Costs	\$0
Design Engineering Cost	\$0
Legal/Financial Service Fees	\$67,425
Administrative Costs	\$975,826 *
Bond Counsel Fees	\$0
Bond Advertisement Costs	\$0
Bid Advertisement Costs	\$0
Capitalized Interest	\$0
Land Acquisition/Relocation Costs	\$0
Land Purchase Costs	\$0
Construction Engineering Costs	\$200,000
Construction Costs (bid contracts)	\$31,128,975 *
Construction Costs (force account)	\$4,486,500 *
Equipment Costs	\$0
Other Project Costs	\$0
Contingencies	\$1,891,274
LESS Other Sources of Funding	<u>(\$0)</u>
TOTAL PROJECT COSTS APPROVED (rounded to nearest \$5,000)	\$40,000,000

* Amount could be lower if the city of Flint utilizes grant funding made available for eligible homes from the U.S. Department of Health and Human Services, Children's Health Insurance program.

Drinking Water Revolving Fund
EXHIBIT B

Project Description:

- Replacement and restoration of up to 6,000 residential water service lines constructed of lead and galvanized pipe with new copper pipe.
- Hydrovac testing of approximately 4,500 water service lines.
- Service line and right-of-way inspection by the city of Flint.
- Disposal of removed lead and galvanized service lines.

Drinking Water Revolving Fund
EXHIBIT C

Additional special conditions.

1. Financial assistance authorized by this Order of Approval is conditioned upon receipt by the Michigan Finance Authority (the "Authority") by May 16, 2017, or such other date approved by the Authority, of all documentation necessary to satisfy the Authority's municipal obligation purchase requirements as set forth in the Shared Credit Rating Act, 1985 PA 227, as amended.
2. Financial assistance authorized by this Order of Approval is conditioned upon issuance, by the applicant or owner, of a Notice to Proceed, to the successful bidder(s) on the project construction contract(s) on or before July 15, 2017.
3. The applicant must comply with Section 424 of the Consolidated Appropriations Act 2016 (Public Law 114-113), which requires that all of the iron and steel products used in the project be produced in the United States unless the applicant obtains a waiver from the U.S. Environmental Protection Agency.
4. Financial assistance authorized by this Order of Approval is in part supported by funding from the federal fiscal year 2017 Water Infrastructure Improvements for the Nation Act appropriation law covering the U.S. Environmental Protection Agency (P.L. 114-322) and includes loan principal forgiveness of \$40,000,000.

Total Loan Amount:	Amount of Principal Forgiven:
\$40,000,000	\$40,000,000



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



C. HEIDI GREETHER
DIRECTOR

May 16, 2017

The Honorable Sheldon Neeley
State Representative
State Capitol
P.O. Box 30014
Lansing, Michigan 48909-7514

Dear Representative Neeley:

I am pleased to inform you that the Department of Environmental Quality (DEQ) has issued its Order of Approval for a \$40,000,000 loan from the Drinking Water Revolving Fund for the city of Flint. The loan is for the replacement and restoration of up to 6,000 water service lines constructed of lead and galvanized pipe with new copper pipe. The loan will also cover hydrovac testing of approximately 4,500 water service lines. This project will take Flint one step closer towards the goal of removing all lead material from the water distribution system to protect the public health of people within the city.

A portion of the funds made available through the fiscal year 2017 Water Infrastructure Improvements for the Nation Act federal capitalization grant is being provided to the city of Flint in the form of loan principal forgiveness totaling \$40,000,000.

The city of Flint is commended for its efforts to provide a safe, reliable water supply and protect the public health.

If you have any questions regarding this matter, please contact Ms. Sonya T. Butler, Section Manager, Revolving Loan Section, Drinking Water and Municipal Assistance Division, at 517-284-5433; butlers2@michigan.gov; or DEQ, P.O. Box 30241, Lansing, Michigan 48909-7741; or you may contact me.

Sincerely,

Bryce Feighner, P.E., Division Director
Drinking Water and Municipal Assistance Division
517-284-6544

cc: Ms. C. Heidi Grether, Director, DEQ
Ms. Amy Epkey, Environment Deputy Director, DEQ
Ms. Sarah M. Howes, Legislative Liaison, DEQ
Ms. Sonya T. Butler, DEQ



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



C. HEIDI GREETHER
DIRECTOR

May 16, 2017

The Honorable Phil Phelps
State Representative
State Capitol
P.O. Box 30014
Lansing, Michigan 48909-7514

Dear Representative Phelps:

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RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



C. HEIDI GREETHER
DIRECTOR

May 16, 2017

The Honorable Jim Ananich
State Senator
State Capitol
P.O. Box 30036
Lansing, Michigan 48909-7536

Dear Senator Ananich:

I am pleased to inform you that the Department of Environmental Quality (DEQ) has issued its Order of Approval for a \$40,000,000 loan from the Drinking Water Revolving Fund for the city of Flint. The loan is for the replacement and restoration of up to 6,000 water service lines constructed of lead and galvanized pipe with new copper pipe. The loan will also cover hydrovac testing of approximately 4,500 water service lines. This project will take Flint one step closer towards the goal of removing all lead material from the water distribution system to protect the public health of people within the city.

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