

**City of Flint
Receivership Transition Advisory Board Agenda**

**Special Meeting
Monday – September 25, 2017
2:00 PM**

Richard H. Austin Building
State Treasurer Board Room – 1st Floor
430 W. Allegan St.
Lansing, Michigan 48922

I. CALL TO ORDER

- A. Roll Call
- B. Approval of Agenda

II. UNFINISHED BUSINESS

None

III. NEW BUSINESS

- A. Approval of Resolution #469 (First Supplement - Karegnondi Water Authority Financing Contract) (attachment #1 and #1a)
- B. Approval of Resolution #514.1 (One-Month Extension-Water Service Contract with Great Lakes Water Authority) (attachment #2 and #2a)

IV. PUBLIC COMMENT

V. ADJOURNMENT

170469

RESOLUTION NO.: _____

PRESENTED: 9-06-2017

ADOPTED: _____

RESOLUTION APPROVING FIRST SUPPLEMENT TO
KAREGNONDI WATER AUTHORITY FINANCING CONTRACT

WHEREAS, the Karegnondi Water Authority (the "Authority") has been incorporated under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended ("Act 233"); and

WHEREAS, in accordance with the provisions of Act 233, the Authority, the City of Flint (the "City") and the County of Genesee (the "County") have entered into that certain Karegnondi Water Authority Financing Contract, dated as of August 1, 2013 (the "Financing Contract"), wherein the Authority agreed to acquire, construct and equip a water supply system to provide untreated water to the City and the County, as more particularly described in the Financing Contract (the "System"); and

WHEREAS, pursuant to the Financing Contract, the Authority has previously issued its Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A, dated April 16, 2014, in the aggregate principal amount of \$220,500,000, and its Water Supply System Bonds (Karegnondi Water Pipeline), Series 2016, dated June 10, 2016, in the aggregate principal amount of \$74,370,000 (the "Series 2016 Bonds"), for the purpose of financing the costs of the acquisition, construction and equipping of the System; and

WHEREAS, the Series 2016 Bonds have a stated maturity date of May 1, 2018, and the Authority, the City and the County have determined that it is necessary that the Authority refund all of the outstanding Series 2016 Bonds in order to establish permanent long-term financing for the capital costs of the System; and

WHEREAS, the Authority, the City and the County have further determined that it is necessary for the Authority to issue additional bonds under and pursuant to the terms of the Financing Contract, in the aggregate principal amount of not to exceed \$4,200,000, to pay or to reimburse the Authority for the costs of completing the acquisition, construction and equipping of the System; and

WHEREAS, in order to finance the costs of completing the acquisition, construction and equipping of the System, and to pay the costs of refunding the Series 2016 Bonds, the Authority, the City and the County have determined that it is necessary for the Authority to issue additional bonds under and pursuant to the terms of the Financing Contract, in one or more series, in the aggregate principal amount of not to exceed \$79,000,000 (the "Series 2017 Bonds"); and

WHEREAS, a First Supplement to the Financing Contract, dated as of September 1, 2017 (the "First Supplement"), by and among the Authority, the City and the County has been prepared, pursuant to which the Authority will issue the Series 2017 Bonds; and

WHEREAS, prior to the issuance of the Series 2017 Bonds by the Authority, it is necessary for the City to approve the First Supplement and to authorize and approve certain other matters in connection with the issuance and sale of the Series 2017 Bonds.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The First Supplement is hereby approved in substantially the form attached hereto as Exhibit A. The Mayor and the City Clerk are authorized and directed to execute and deliver the First Supplement on behalf of the City. The First Supplement shall become effective immediately upon execution and delivery thereof by the City, the County and the Authority.

2. The City hereby approves of the issuance of the Series 2017 Bonds by the Authority, under and pursuant to the terms of the Financing Contract, as supplemented by the First Supplement, in one or more series, in the aggregate principal amount of not to exceed \$79,000,000, for the purposes of paying the costs of completing the acquisition, construction and equipping of the System, refunding the outstanding Series 2016 Bonds, and paying the costs of issuing and securing the Series 2017 Bonds, all as set forth in the First Supplement and, unless otherwise determined by the Mayor to be in the best interest of the City, bearing interest at a rate not exceeding eight percent (8%) per annum, having a final maturity date of not later than November 1, 2045, the principal of which is not subject to acceleration prior to the maturity, and having approximately level annual debt service with a deviation of not more than \$250,000 per year with the Mayor's determination being evidenced by the Mayor's execution and delivery of the First Supplement. The Series 2017 Bonds shall be issued in anticipation of, and shall be secured by, the contractual obligations of the City and the County as set forth in the Financing Contract. Pursuant to the Financing Contract, the City has pledged its limited tax full faith and credit for the prompt and timely payment of its obligations under the Financing Contract.

3. The City hereby authorizes the Authority to prepare and circulate a Preliminary Official Statement and a final Official Statement in connection with the sale of the Series 2017 Bonds. The Mayor and the City Administrator (each an "Authorized Officer") are each hereby authorized to prepare, approve and distribute information describing the City to be used by the Authority in connection with the preparation and distribution by the Authority of the Preliminary Official Statement and the Official Statement, and to deem such information final for the purpose of enabling the purchaser of the Series 2017 Bonds to comply with the requirements of Rule 15c2-12 of the United States Securities and Exchange Commission. Each Authorized Officer is authorized, if applicable, to execute the final Official Statement on behalf of the City.

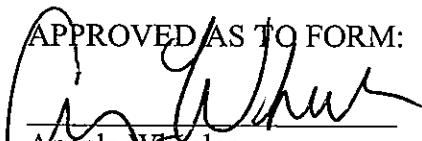
4. If required in connection with the sale and delivery of the Series 2017 Bonds, the City agrees to enter into a continuing disclosure undertaking for the benefit of the holders and beneficial owners of the Series 2017 Bonds in accordance with the requirements of Rule 15c2-12 of the United States Securities and Exchange Commission, and each Authorized Officer is hereby authorized to execute such undertaking on behalf of the City prior to delivery of the Series 2017 Bonds.

5. The City shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of interest on the Series 2017 Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

6. The Mayor, City Administrator and City Clerk are each individually authorized to complete, execute and file any and all applications or requests for waivers with the Michigan Department of Treasury necessary to effectuate the sale and delivery of the Series 2017 Bonds as contemplated by this resolution and the First Supplement, including, if necessary, an Application for State Treasurer's Approval to Issue Long-Term Securities, in such form as shall be approved by any of such officers, and to pay any and all necessary application or filing fees in connection therewith. The Mayor, City Administrator and City Clerk are each individually authorized to take all other actions, and to execute and deliver such other documents and certificates on behalf of the City, as may be necessary in connection with issuance, sale and delivery of the Series 2017 Bonds.

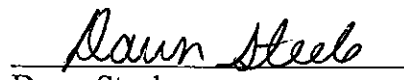
7. The City has been advised that the Authority has retained Miller, Canfield, Paddock and Stone, P.L.C. ("Miller Canfield") as its bond counsel in connection with the issuance of the Series 2017 Bonds and the City hereby consents to the representation of the Authority by Miller Canfield.

APPROVED AS TO FORM:



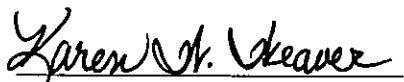
Angela Wheeler
Chief Legal Officer

APPROVED AS TO FINANCE:



Dawn Steele
Deputy Finance Director

FOR THE CITY OF FLINT:



Dr. Karen W. Weaver, Mayor

APPROVED BY CITY COUNCIL:



PRESENTED TO CITY COUNCIL:

9-06-2017

ADOPTED BY CITY COUNCIL:

9-11-2017

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Flint, County of Genesee, State of Michigan, at a regular meeting held on September __, 2017, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

City Clerk

EXHIBIT A

[ATTACH FORM OF FIRST SUPPLEMENT]

**FIRST SUPPLEMENT TO
KAREGNONDI WATER AUTHORITY FINANCING CONTRACT**

THIS FIRST SUPPLEMENT, dated as of September 1, 2017 (this "Supplement"), is entered into by and among the KAREGNONDI WATER AUTHORITY, a municipal authority and public body corporate of the State of Michigan (the "Authority"), the CITY OF FLINT, located in the County of Genesee, State of Michigan (the "City of Flint"), and the COUNTY OF GENESEE, State of Michigan (the "County of Genesee"). The City of Flint and the County of Genesee may be referred to herein individually as a "Local Unit" or collectively as the "Local Units."

WITNESSETH:

WHEREAS, the Authority has been incorporated under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended ("Act 233"); and

WHEREAS, in accordance with the provisions of Act 233, the Authority and the Local Units have entered into that certain Karegnondi Water Authority Financing Contract, dated as of August 1, 2013 (the "Financing Contract"), wherein the Authority agreed to acquire, construct and equip a water supply system to provide untreated water to the Local Units, as more particularly described in the Financing Contract (the "System"); and

WHEREAS, in order to finance the costs of the acquisition, construction and equipping of the System, the Financing Contract authorizes the issuance of bonds of the Authority, in one or more series, in the aggregate principal amount of not to exceed \$300,000,000, to be secured by the contractual obligations of each Local Unit as specified in the Financing Contract; and

WHEREAS, pursuant to the Financing Contract, the Authority has previously issued its Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A, dated April 16, 2014, in the aggregate principal amount of \$220,500,000; and

WHEREAS, pursuant to the Financing Contract, the Authority has previously issued its Water Supply System Bonds (Karegnondi Water Pipeline), Series 2016, dated June 10, 2016, in the aggregate principal amount of \$74,370,000 (the "Series 2016 Bonds"); and

WHEREAS, the Series 2016 Bonds have a stated maturity date of May 1, 2018, and the Authority and the Local Units have determined that it is necessary and in the best interests of the Authority and the Local Units that the Authority refund all of the outstanding Series 2016 Bonds in order to establish permanent long-term financing for the capital costs of the System; and

WHEREAS, the Authority and the Local Units have further determined that it is necessary for the Authority to issue additional bonds under and pursuant to the terms of the Financing Contract, in the aggregate principal amount of not to exceed \$4,200,000, to pay or to reimburse the Authority for the costs of completing the acquisition, construction and equipping of the System; and

WHEREAS, in order to finance the costs of completing the acquisition, construction and equipping of the System, and to pay the costs of refunding the Series 2016 Bonds, the Authority and the Local Units have determined that it is necessary for the Authority to issue additional bonds under and pursuant to the terms of the Financing Contract, as supplemented by this Supplement, in one or more series, in the aggregate principal amount of not to exceed \$79,000,000 (the "Series 2017 Bonds"); and

WHEREAS, the Authority and the Local Units desire, by the execution of this Supplement, to approve of the issuance of the Series 2017 Bonds by the Authority for the aforesaid purposes and to confirm the contractual obligations of each Local Unit with respect to the Series 2017 Bonds as specified in the Financing Contract; and

WHEREAS, prior to execution of this Supplement, each Local Unit has duly authorized and approved the execution and delivery of this Supplement.

NOW, THEREFORE, in consideration of the premises and the covenants made herein, THE PARTIES HERETO AGREE THAT THE FINANCING CONTRACT SHALL BE SUPPLEMENTED AND AMENDED AS FOLLOWS:

1. Issuance of Series 2017 Bonds by the Authority. Each Local Unit hereby approves of the issuance of the Series 2017 Bonds by the Authority under and pursuant to the terms of the Financing Contract, as supplemented by this Supplement, in one or more series, in the aggregate principal amount of not to exceed \$79,000,000, for the purposes of: (i) paying the costs of completing the acquisition, construction and equipping of the System; (ii) refunding all of the outstanding Series 2016 Bonds; (iii) making any required deposit to the debt service reserve account established for the purpose of securing the Series 2017 Bonds and other bonds of the Authority issued pursuant to the Financing Contract (the "Debt Service Reserve Account"); and (iv) paying costs incidental to the issuance and sale of the Series 2017 Bonds, including the cost of obtaining a municipal bond insurance policy for the Series 2017 Bonds, if determined to be advisable by the Authority in consultation with the Authority's financial advisor (collectively, the "Plan of Financing").

In order to accomplish the issuance of the Series 2017 Bonds for the foregoing purposes in accordance with the provisions of Act 233 and Act 34, Public Acts of Michigan, 2001, as amended, the Authority shall take the following steps:

(a) The Authority will adopt a resolution (the "Series 2017 Bond Resolution") providing for the issuance of the Series 2017 Bonds, in one or more series, in the aggregate principal amount of not to exceed \$79,000,000, to pay the costs of the Plan of Financing. The Series 2017 Bonds shall mature serially or be subject to mandatory sinking fund redemption, as authorized by law, and shall have a final maturity date of not later than November 1, 2045. The Series 2017 Bonds shall be issued in anticipation of and shall be secured by the contractual obligations of each Local Unit as provided in the Financing Contract and as hereinafter provided in this Supplement. After due adoption of the Series 2017 Bond Resolution, the Authority will take all legal procedures and steps within its control necessary to effectuate the sale and delivery of the Series 2017 Bonds.

(b) The Authority, upon receipt of proceeds of sale of the Series 2017 Bonds, will comply with all provisions and requirements of law, the Series 2017 Bond Resolution, the Financing Contract and this Supplement relative to the disposition and use of the proceeds of sale thereof.

(c) The Authority may temporarily invest any proceeds of the Series 2017 Bonds or other funds held by it for the benefit of each Local Unit as permitted by law, and investment income shall accrue to and follow the fund producing such income. The Authority shall not, however, invest, reinvest or accumulate any moneys deemed to be proceeds of the Series 2017 Bonds pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "Code"), in such a manner as to cause the Series 2017 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(d) The Authority, upon receipt of the proceeds of sale of the Series 2017 Bonds, shall take all steps necessary to refund the Series 2016 Bonds.

2. Continuing Effectiveness of Financing Contract; Series 2017 Bonds Governed by Financing Contract. Except as amended by or expressly provided to the contrary in this Supplement, all of the provisions of the Financing Contract shall remain in full force and effect and shall apply with equal effect to the Series 2017 Bonds the same as though the provisions of this Supplement were fully set forth therein. The Series 2017 Bonds constitute "bonds" of the Authority as described in and as contemplated by the Financing Contract, and each reference in the Financing Contract to the "bonds" or to a "series of bonds" shall be construed as referring to, and shall be deemed to include, the Series 2017 Bonds.

Without limiting the foregoing, each Local Unit acknowledges and confirms its contractual obligation, as specified in Section 9 of the Financing Contract and in Exhibit B to the Financing Contract, to pay to the Authority, in the manner and at the times required by the Financing Contract, (i) its share of each annual installment of principal coming due on the Series 2017 Bonds by maturity or mandatory redemption, and (ii) in addition to said principal installments, as accrued interest on the principal amount of the Series 2017 Bonds remaining unpaid, an amount sufficient to pay its share of all interest due on the Series 2017 Bonds on the next succeeding interest payment date for the Series 2017 Bonds. In addition to the foregoing, each Local Unit acknowledges and confirms its contractual obligation as provided in Exhibit B to the Financing Contract to replenish the Debt Service Reserve Account in the event that the Authority is required to draw funds from the Debt Service Reserve Account due to such Local Unit's failure to pay any of its contractual obligations required by the Financing Contract. In the event that the City of Flint fails to fulfill its payment obligations under the Financing Contract, including the obligation of the City of Flint to pay its share of principal of and interest on the Series 2017 Bonds in accordance with the Financing Contract, the County of Genesee has irrevocably covenanted and agreed, in accordance with Exhibit B of the Financing Contract, to make such missed payment within 15 days of being notified of the missed payment.

Pursuant to Section 10 of the Financing Contract, each Local Unit has irrevocably pledged its full faith and credit for the prompt and timely payment of its obligations pledged for

payment of the bonds of the Authority issued pursuant to the Financing Contract, including the Series 2017 Bonds. Pursuant to such pledge, each Local Unit acknowledges and confirms its obligation, as specified in Section 10 of the Financing Contract, to levy an ad valorem tax on all the taxable property in such Local Unit in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under the Financing Contract becoming due before the time of the following year's tax collections. Such annual tax levies shall be subject to applicable constitutional, statutory and charter tax limitations. Nothing in the Financing Contract or in this Supplement shall be construed to prevent a Local Unit from using any, or any combination of, the means and methods provided in Section 7 of Act 233, as now or hereafter amended, for the purpose of providing funds to meet its obligations under the Financing Contract, and, if at the time of making the annual tax levy there shall be either funds on hand earmarked and set aside, or funds provided in the annual budget of the water supply system of the Local Unit, for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

Each Local Unit and the Authority covenants and agrees that it will comply with its respective duties and obligations under the terms of the Financing Contract, as supplemented by this Supplement, promptly at the times and in the manner therein set forth. The Authority shall be vested with all rights and remedies provided by the Financing Contract, and as otherwise provided by law or contract, to enforce the obligation of each Local Unit to make its payment obligations with respect to the Series 2017 Bonds in the manner and at the times required by the Financing Contract.

3. Surplus Proceeds. After payment of all costs of the Plan of Financing, any surplus remaining from the proceeds of sale of the Series 2017 Bonds shall be credited by the Authority toward the next payments due to the Authority by the Local Units under the Financing Contract for the payment of debt service on the Series 2017 Bonds.

4. Amendment to Section 18 of the Financing Contract. Section 18 of the Financing Contract is hereby amended and restated in its entirety as follows:

“This Contract shall remain in full force and effect from the effective date hereof (as provided in Section 20) until each series of bonds issued by the Authority is paid in full, together with any deficiency or penalty thereon, at which time this Contract shall terminate.”

5. Binding Upon Successors. This Supplement shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

6. Effective Date of Supplement. This Supplement shall become effective upon (i) due authorization and approval by each Local Unit, (ii) due authorization and approval by the Board of the Authority and (iii) due execution by the authorized officers of each Local Unit and by the Chairman and Secretary of the Authority.

7. Counterparts. This Contract may be executed in several counterparts.

IN WITNESS WHEREOF, the parties hereto have cause this instrument to be executed as of the day and year first above written.

In the presence of :

KAREGNONDI WATER AUTHORITY

By _____
Its: Chairman

By _____
Its: Secretary

In the presence of :

CITY OF FLINT

By _____
Its: Mayor

By _____
Its: Clerk

In the presence of :

COUNTY OF GENESEE

By _____
Its: Chairperson, Board of Commissioners

By _____
Its: Clerk

Cline, Richard (Treasury)

From: Angela Wheeler <awheeler@cityofflint.com>
Sent: Thursday, September 14, 2017 5:43 PM
To: Cline, Richard (Treasury)
Subject: Re: Resolution Copies - KWA Financing and Verizon Lease Agreement

Categories: Orange Category

Hi Eric:

The Resolution approving the first supplement is an obligation that the City took on when it pledged its full faith and credit to levy an ad valorem tax on property within the City and pledged its intention to use revenue derived from users of the City's water supply to pay its obligation under the KWA Financing Contract. Adoption of the resolution approves the issuance and terms of the KWA refunding bonds to reissue new debt at a lower coupon rate. The KWA 2016 bonds mature on May 1, 2018, which is \$74,370,000. The Resolution allows KWA to issue an additional \$79 million of bonds to refund the KWA 2016 bonds and to finance \$4 million of additional KWA project costs.

If KWA is unable to timely issue the refunding bonds, the the City would be challenged to pay its proportional share of the \$74,370,000 of the 2016 KWA bonds which mature on May 1, 2018 from moneys on deposit in the City's General fund which would be 34.2% which is \$25,434,540 and get access the market to pay for the bonds issuance on its own. There will be a savings, but the actual savings is unknown at this time. We have not received the estimated interest rate on the bonds yet. It will result in a short term obligation being spread out over a 30 year term with a low rate, which will be determined when the bonds are priced.

With regarding to Verizon, this is being sent to RTAB because it is a transfer of interest in City owned property and City Council must approve transfers of ownership in real property. There is a typographical error in the resolution and agreement and the square footage is was suppose to be 1250, which was the original space estimate. In summary, it is a 5-year lease with 4 options to renew (max total: 25 years) on what is currently a parking lot. The City will be paid \$18,000/year, +1% per annum, for a total of \$508,377.60 over the life of the lease (assuming it goes the max 25 years). The City also retains the right to utilize part of the tower for emergency communications, if such need arises in the future. In addition, while Verizon may sublease space on their tower, such subleasees will need to seek a separate agreement with the City. We would like to begin receiving the funds now. However, if necessary this one can wait until next month.

With thanks,

Angela

On Thu, Sep 14, 2017 at 1:12 PM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:

Angela,

Good afternoon.

I have been reviewing these resolutions and have a few questions for you.

- Regarding resolution 469 (KWA Refinancing), is there any data available as to the financial impact of this process?
 - Are the overall savings known?
 - What savings does the City realize from the refinancing?
 - What will the additional \$4M in bonds be used for?
 - Are these capital costs or being used for some other purpose?

- Regarding resolution 465 (Verizon Contract), why does this contract need to be reviewed by the RTAB prior to the October meeting?

- I note that the agreement states that 1,125 sq.' (in the aggregate) is being leased but the resolution states that only 250 sq.' is being leased. Can you clarify?

- I assume that you conducted the legal review of the contract, so is there any other information regarding this that I should note for the RTAB?

Please let me know as soon as you can so I can convey information to the RTAB.

If you have any questions, let me know.

Thanks.

Regards,

Eric Cline | Department Manager | State of Michigan

Michigan Department of Treasury |

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, September 14, 2017 10:03 AM
To: Headen, Frederick (Treasury)
Cc: Dempkowski, Angela (Treasury); Steckelberg, Larry (TREASURY)
Subject: Flint RTAB - Analysis of Resolutions 469 & 495

Importance: High

Categories: Blue Category, Yellow Category

Fred,

Per your request, I have reviewed City Council resolutions 469 and 495.

The City has requested that the RTAB addresses these resolutions outside of the normal review schedule.

Accordingly, my summary of these resolutions is as follows:

- **Resolution 469** – This resolution secures the City’s concurrence to amend the Financing Contract of the KWA Water Authority.
 - KWA issued bonds in 2014 and 2016 to finance the acquisition, construction and equipping of a water system for the City of Flint and Genesee County.
 - The Series 2016 bonds were issued for \$74.37M.
 - These bonds are scheduled to mature May 1, 2018.
 - The resolution authorizes the issuance of Series 2017 Bonds in the amount of \$79M.
 - This cost includes the refinancing of the \$74.37M Series 2016 Bonds plus issuance of another \$4.2M for additional capital costs.
 - The resolution authorizes the Mayor and City Clerk to individually execute various provisions in order to effectuate the sale and delivery of the Series 2017 Bonds.
 - The resolution also approves the First Supplement to the KWA Financing Contract.
 - The First Supplement amends the Financing Contract to permit the issuance of the Series 2017 Bonds.
 - It also maintains the effectiveness of all other contract provisions and applies contract provisions to the Series 2017 Bonds.
 - The First Supplement also addresses surplus proceeds and makes some additional technical modifications to the Financing Contract.
- **Noted** – I note the following regarding this resolution.
 - All signatures appear to be present.
 - The signature of the City Clerk, certifying the resolution, is not present.
 - No signatures are present on the First Supplement of the Financing Contract
- **Resolution 495** – An agreement between the City and Verizon Wireless for lease of City-owned property on Stevens Street to construct and operate a cell tower.
 - The agreement appears fairly standard in terms of the topics covered.
 - Legal review of the agreement is assumed.
 - The term of the agreement is five years.
 - Four additional five-year renewals are permitted and are automatically approved unless the City is provided 3 months’ notice by Verizon.

- o The City is to be paid \$18K/year for the lease.
- o This amount increases 1%/year.
- **Noted** – I note the following regarding this resolution.
 - o It is unclear why this resolution must be considered by the RTAB now as opposed to the regular meeting in October.
 - o Section 1 of the agreement states that the portion of the property being leased is 1,125 square feet in the aggregate.
 - o However, the adopting resolution by the City Council states the amount of property being leased is “specifically approximately 250 square feet.”
 - o I note all signatures on the resolution.
 - o However, the signature of the Chief Legal Officer includes “by Direction.”
 - o The reason for this inclusion is unclear but could have significance.

Follow-up with the City may be necessary, especially regarding Resolution 495.

If you wish to discuss further, please let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury |
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450
E-mail cliner1@michigan.gov

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments Thank you.

SUBMISSION NO.: CA525 2017.1

PRESENTED: 9-20-2017

ADOPTED: _____


RESOLUTION APPROVING THE LETTER OF AGREEMENT FOR A ONE-MONTH EXTENSION OF THE WATER SERVICE CONTRACT WITH THE GREAT LAKES WATER AUTHORITY (GLWA)

BY THE MAYOR:

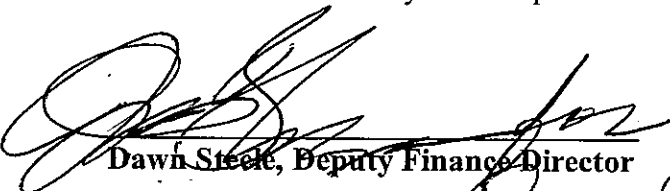
The City of Flint continues to experience a public emergency with respect to its source of water supply. The City of Flint's contract with the Great Lakes Water Authority is set to expire on September 30, 2017. Since the future water supply for the City of Flint has not yet been determined, the City requested a one-month extension with the Great Lakes Water Authority (GLWA).

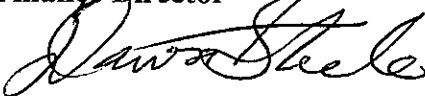
The Great Lakes Water Authority is agreeable to the City's request for an extension for the period October 1, 2017 through October 31, 2017. The extension will require a replenishing of the prepayment fund to cover the extended contract term. The extended contract term coincides with the new GLWA FY2018 agreement which began on July 1, 2017. Because the extension is for a limited one-month period, GLWA has based the prepayment amounts on an average for the GLWA whole class by 4.7%. The projected FY2018 fixed monthly charge will remain the same as the rate set with the prior three-month extension adopted by the RTAB on 6/27/17. That fixed monthly charge increase was \$31,100.00 per month. That increase accompanied a commodity charge increase of \$0.42/Mcf for a total commodity charge of \$9.35/Mcf, giving a projected 31-day total of \$1,144,805.00.

IT IS RESOLVED, that the Flint City Council approves the Letter of Agreement for One Month Extension of Water Service Contract by the Great Lakes Water Authority dated September 15, 2017.



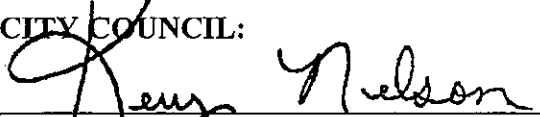
Angela Wheeler
Chief Legal Officer



Dawn Steele, Deputy Finance Director




Dr. Karen W. Weaver, Mayor

CITY COUNCIL:


Kerry Nelson Council President

RECEIVERSHIP TRANSITION
ADVISORY BOARD:

PRESENTED TO CITY COUNCIL:
9-20-2017
ADOPTED BY CITY COUNCIL:
9-20-2017



Office of the Chief Executive
735 Randolph Street, Suite 1900
Detroit, Michigan 48226

September 15, 2017

Honorable Karen Weaver, Mayor
City of Flint
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Mayor Weaver:

Regarding: Letter Agreement for One Month Extension of Water Service Contract

We are acknowledging receipt of a request from Dawn Steele, Flint's Interim Chief Financial Officer, regarding an extension of the term of Flint's Water Service Contract, effective October 14, 2015, with the Great Lakes Water Authority (GLWA).¹ Ms. Steel's letter confirms that Flint continues to experience a public emergency with respect to its source of water supply. For this reason, GLWA is agreeable to a one month extension of the term of the contract beginning October 1, 2017 and ending October 31, 2017, at the same contract terms and conditions.

This contract extension will require a replenishing of the FY 2018 prepayment fund to cover the extended contract term. Because this extension is only for a one month period, GLWA has based the prepayment amount on Flint's past usage for October 2016. This results in a projected 31-day volume of 48,300 Mcf. There is no change to the contract max day and peak hour values of 21.40 mgd and 22.40 mgd, respectively. Collectively, as evidenced in the attached charge sheet, these values result in a projected fixed monthly charge of \$693,200 and a commodity charge of \$9.35 Mcf for a projected 31-day revenue of \$1,144,805.

The current balance in the prepayment fund is \$1,960,604.33 based on payments made through September 1, 2017 (for July usage). Based on the current balance, the reported usage for August (to be billed in September) and the projected usage through September 30, 2017 (to be billed in October), the prepayment fund has a shortfall of \$308,572.

Thus, the total deposit to the prepayment fund, inclusive of the shortfall amount and the one month extension prepayment amount, is \$1,453,500.00. The terms of this one month extension require that Flint remit payment to the prepayment fund in the full amount on or before October 6, 2017.

¹ As you may recall, Flint's contract was assigned by the City of Detroit to the Great Lakes Water Authority in conjunction with the Water Supply System Lease Agreement executed between the City of Detroit and the Great Lakes Water Authority and effective January 1, 2016.

If the City of Flint is in agreement with the terms of this Letter Agreement, please indicate acceptance by the required signatures below. Should you have any questions, please always feel free to contact me directly at (313) 964-9501.

Sincerely,

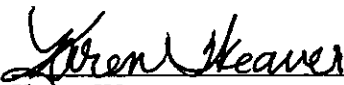


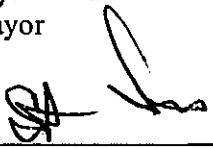
Sue F. McCormick
Chief Executive Officer

Cc: D. Steele, Interim Chief Financial Officer

Attachment

The undersigned acknowledge and agree to be bound by the terms and conditions of this Letter Agreement:

 9-20-17
Karen Weaver Date
Mayor

 9/20/17
Sylvester Jones, Jr. Date
City Administrator

Approved by Flint City Council on:

9-20-2017
Date

City of Flint Billings and Collections
Letter Agreement Extension to October 31, 2017

Invoice Month	Usage	Commodity		Total Invoice	Prepayment Fund Deposits	Prepayment Fund Balance
		Charge	Fixed Charge			
<i>October 2015 Prepayment Deposit</i>	-	\$ -	\$ -	\$ -	\$ 10,000,000.00	\$ 10,000,000.00
November 2015	26,875.0	\$ 8.93	\$ 341,729.00	\$ 581,722.75	\$ -	\$ 9,418,277.25
December 2015	47,576.9	\$ 8.93	\$ 662,100.00	\$ 1,086,961.72	\$ -	\$ 8,331,315.53
January 2016	48,067.4	\$ 8.93	\$ 662,100.00	\$ 1,091,341.88	\$ -	\$ 7,239,973.65
February 2016	52,606.4	\$ 8.93	\$ 662,100.00	\$ 1,131,875.15	\$ -	\$ 6,108,098.50
March 2016	51,787.4	\$ 8.93	\$ 662,100.00	\$ 1,124,561.84	\$ -	\$ 4,983,536.66
April 2016	51,490.5	\$ 8.93	\$ 662,100.00	\$ 1,121,910.52	\$ -	\$ 3,861,626.14
May 2016	48,496.8	\$ 8.93	\$ 662,100.00	\$ 1,095,176.07	\$ -	\$ 2,766,450.07
June 2016	51,410.7	\$ 8.93	\$ 662,100.00	\$ 1,121,197.82	\$ -	\$ 1,645,252.25
<i>July 2016 Prepayment Deposit</i>	-	\$ -	\$ -	\$ -	\$ 5,900,000.00	\$ 7,545,252.25
July 2016	53,884.4	\$ 8.93	\$ 662,100.00	\$ 1,143,287.33	\$ -	\$ 6,401,964.92
August 2016	56,368.7	\$ 8.93	\$ 662,100.00	\$ 1,165,472.22	\$ -	\$ 5,236,492.69
September 2016	57,283.3	\$ 8.93	\$ 662,100.00	\$ 1,173,640.05	\$ -	\$ 4,062,852.65
<i>October 2016 Prepayment Deposit</i>	-	\$ -	\$ -	\$ -	\$ 3,900,000.00	\$ 7,962,852.65
October 2016	49,587.3	\$ 8.93	\$ 662,100.00	\$ 1,104,914.86	\$ -	\$ 6,857,937.79
November 2016	52,665.3	\$ 8.93	\$ 662,100.00	\$ 1,132,401.31	\$ -	\$ 5,725,536.48
December 2016	43,857.1	\$ 8.93	\$ 662,100.00	\$ 1,053,743.99	\$ -	\$ 4,671,792.49
January 2017	47,101.3	\$ 8.93	\$ 662,100.00	\$ 1,082,714.34	\$ -	\$ 3,589,078.15
<i>February 2017 Prepayment Deposit</i>	-	\$ -	\$ -	\$ -	\$ 2,465,700.00	\$ 6,054,778.15
February 2017	52,183.1	\$ 8.93	\$ 662,100.00	\$ 1,128,095.44	\$ -	\$ 4,926,682.71
March 2017	45,690.3	\$ 8.93	\$ 662,100.00	\$ 1,070,114.11	\$ -	\$ 3,856,568.60
April 2017	48,707.3	\$ 8.93	\$ 662,100.00	\$ 1,097,056.28	\$ -	\$ 2,759,512.32
May 2017	45,658.1	\$ 8.93	\$ 662,100.00	\$ 1,069,826.48	\$ -	\$ 1,689,685.84
June 2017	47,915.0	\$ 8.93	\$ 662,100.00	\$ 1,089,980.86	\$ -	\$ 599,704.98
<i>June 2017 Prepayment Deposit</i>	-	\$ -	\$ -	\$ -	\$ 1,802,750.00	\$ 2,402,454.98
<i>July 2017 Prepayment Deposit</i>	-	\$ -	\$ -	\$ -	\$ 1,203,045.02	\$ 3,605,500.00
<i>July 2017 Prepayment Deposit (2)</i>	-	\$ -	\$ -	\$ -	\$ 599,704.98	\$ 4,205,204.98
July 2017	47,734.7	\$ 8.93	\$ 662,100.00	\$ 1,088,370.42	\$ -	\$ 3,116,834.56
August 2017	49,522.0	\$ 9.35	\$ 693,200.00	\$ 1,156,230.33	\$ -	\$ 1,960,604.23
September 2017 (August Usage)	46,114.6	\$ 9.35	\$ 693,200.00	\$ 1,124,371.23	\$ -	\$ 836,233.00
October 2017 (September Usage)	48,300.0 *	\$ 9.35	\$ 693,200.00	\$ 1,144,805.00	\$ -	\$ (308,572.00)
<i>October 6, 2017 Prepayment Deposit</i>	-	\$ -	\$ -	\$ -	\$ 1,453,500.00	\$ 1,144,928.00
November 2017 (October Usage)	48,300.0 *	\$ 9.35	\$ 693,200.00	\$ 1,144,805.00	\$ -	\$ 123.00
Total				\$ 27,324,577.00	\$ 27,324,700.00	

* Estimated, based on 2016 usage over the same period.

REVISED 9.15.17

Dempkowski, Angela (Treasury)

From: Steckelberg, Larry (TREASURY)
Sent: Monday, September 18, 2017 9:27 AM
To: Headen, Frederick (Treasury)
Cc: Dempkowski, Angela (Treasury); Cline, Richard (Treasury)
Subject: RE: Flint RTAB - Analysis of Resolutions 469 & 495
Attachments: KWA refinance NPV exemption letter 4-12-16.pdf; 2016 Compliance 5568 Miller Canfield letter.pdf

Fred,
In follow-up to this, I spoke with Karl Kramer, with GCDC. Construction was not complete at the time of this borrowing. They had anticipated needing at least another \$1.5 million to complete. The rest is contingency since they are 3-6 months from actually closing the construction project and all of the contracts.

The refinancing does not create an NPV savings. We anticipated the short-term nature of the deal and the need for remarketing in our letter of approval (see attached). The letter constitutes an approval of their request for a NPV exemption for the 2016 issuance and the 2017-18 remarketing. I have also attached the letter from Miller Canfield from April of last year explaining the requests.

Let me know if you need more information.

Larry

From: Headen, Frederick (Treasury)
Sent: Thursday, September 14, 2017 11:41 AM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: RE: Flint RTAB - Analysis of Resolutions 469 & 495

I presume the KWA bonds are being refinanced to achieve savings due to lower interest rates, etc. Do we know how much the City will realize in savings from the proposed refinancing? Why the addition of \$4.2 million in new capital costs (what are they?) as opposed to refinancing just the original \$74.37 million? Finally, per your point about the Verizon contract, let's find out why City officials seek expedited RTAB approval as opposed to consideration at the regularly scheduled October meeting. Thanks.

From: Cline, Richard (Treasury)
Sent: Thursday, September 14, 2017 10:03 AM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: Flint RTAB - Analysis of Resolutions 469 & 495
Importance: High

Fred,

Per your request, I have reviewed City Council resolutions 469 and 495.

The City has requested that the RTAB addresses these resolutions outside of the normal review schedule.

Accordingly, my summary of these resolutions is as follows:

- **Resolution 469** – This resolution secures the City’s concurrence to amend the Financing Contract of the KWA Water Authority.
 - KWA issued bonds in 2014 and 2016 to finance the acquisition, construction and equipping of a water system for the City of Flint and Genesee County.
 - The Series 2016 bonds were issued for \$74.37M.
 - These bonds are scheduled to mature May 1, 2018.
 - The resolution authorizes the issuance of Series 2017 Bonds in the amount of \$79M.
 - This cost includes the refinancing of the \$74.37M Series 2016 Bonds plus issuance of another \$4.2M for additional capital costs.
 - The resolution authorizes the Mayor and City Clerk to individually execute various provisions in order to effectuate the sale and delivery of the Series 2017 Bonds.
 - The resolution also approves the First Supplement to the KWA Financing Contract.
 - The First Supplement amends the Financing Contract to permit the issuance of the Series 2017 Bonds.
 - It also maintains the effectiveness of all other contract provisions and applies contract provisions to the Series 2017 Bonds.
 - The First Supplement also addresses surplus proceeds and makes some additional technical modifications to the Financing Contract.

- **Noted** – I note the following regarding this resolution.
 - All signatures appear to be present.
 - The signature of the City Clerk, certifying the resolution, is not present.
 - No signatures are present on the First Supplement of the Financing Contract

- **Resolution 495** – An agreement between the City and Verizon Wireless for lease of City-owned property on Stevens Street to construct and operate a cell tower.
 - The agreement appears fairly standard in terms of the topics covered.
 - Legal review of the agreement is assumed.
 - The term of the agreement is five years.
 - Four additional five-year renewals are permitted and are automatically approved unless the City is provided 3 months’ notice by Verizon.
 - The City is to be paid \$18K/year for the lease.
 - This amount increases 1%/year.

- **Noted** – I note the following regarding this resolution.
 - It is unclear why this resolution must be considered by the RTAB now as opposed to the regular meeting in October.
 - Section 1 of the agreement states that the portion of the property being leased is 1,125 square feet in the aggregate.
 - However, the adopting resolution by the City Council states the amount of property being leased is “specifically approximately 250 square feet.”
 - I note all signatures on the resolution.
 - However, the signature of the Chief Legal Officer includes “by Direction.”
 - The reason for this inclusion is unclear but could have significance.

Follow-up with the City may be necessary, especially regarding Resolution 495.

If you wish to discuss further, please let me know.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

April 12, 2016

ORDER OF APPROVAL

Municipality Code: 25-7-552
Application ID No: 5567

Jeff Wright, CEO
Karegnondi Water Authority
G-4610 Beecher Road
Flint, MI 48502

Dear Chief Administrative Officer:

Thank you for submitting to the Department of Treasury an *Application for Exemption* under Public Act 34 of 2001.

Based upon the information provided, the Department of Treasury has determined that the Karegnondi Water Authority (the "Authority") request for a Rating Exemption of Public Act 34 of 2001 (the "Act"), has been approved. Pending approval under Section 303(7), Karegnondi Water Authority is now authorized to issue Water Supply System Bonds (Karegnondi Water Pipeline), Series 2016, in an amount not to exceed 79,500,000, which matures by no later than May 1, 2018.

It will be necessary for the Authority, prior to May 1, 2018, to refund the bonds by means of the issuance of a series of long-term, fixed rate refunding bonds in order to establish permanent financing for the capital costs of the System. Unless the Authority, Genesee County, and the City of Flint have each been granted "qualified status" under the Act at the time of issuance of the refunding bonds, the issuance of the refunding bonds will be subject to the prior approval of the Department of Treasury in accordance with Section 303(7) of the Act.

Within 15 business days after the issuance of a municipal security, you will need to file with the Department a Security Report and the documents required in Section 319 of Public Act 34 of 2001. Please email them as a single portable document format (.pdf) file to Treas_MunicipalFinance@Michigan.gov. The name of the file and the subject of the email should both be the six-digit municipal code, followed by 3892SecRpt (Example: 3320203892SecRpt).

Karegnondi Water Authority
Page 2
April 12, 2016

If you have any questions, please contact the Local Government Financial Services Division at (517) 373-3227.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry Steckelberg', with a long horizontal flourish extending to the right.

Larry Steckelberg
Interim Deputy State Treasurer

cc: Steven M. Frank – Miller, Canfield, Paddock and Stone, P.L.C.
Paul Stauder – Public Financial Management, Inc.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

April 12, 2016

AMENDED ORDER OF APPROVAL

Municipality Code: 25-7-552
Application ID No: 1305

Jeff Wright, CEO
Karegnondi Water Authority
G-4610 Beecher Road
Flint, MI 48502

Dear Chief Administrative Officer:

Thank you for submitting to the Department of Treasury an *Application to Issue Long-Term Municipal Securities* under Section 303(7) of Public Act 34 of 2001 (the "Act"). This determination supersedes our previous determination dated October 12, 2015.

Based upon the information provided, the Department of Treasury has determined that the Karegnondi Water Authority (the "Authority") has indicated the authority to issue the municipal security requested; projected the ability to repay the municipal security when due; and, adequately addressed any non-compliance with Section 303(3) of Public Act 34 of 2001, as amended.

This approval is for Water Supply System Bonds (Karegnondi Water Pipeline), Series 2016, in an amount not to exceed \$79,500,000, which matures by no later than May 1, 2018. It will be necessary for the Authority, prior to May 1, 2018, to refund the bonds by means of the issuance of a series of long-term, fixed rate refunding bonds in order to establish permanent financing for the capital costs of the System. Unless the Authority, Genesee County, and the City of Flint have each been granted "qualified status" under the Act at the time of issuance of the refunding bonds, the issuance of the refunding bonds will be subject to the prior approval of the Department of Treasury in accordance with Section 303(7) of the Act.

In approving this application, the Department has relied upon information supplied by the municipality which would indicate the probable revenues pledged for the payment of the municipal security will be sufficient to pay the principal thereof and interest thereon when due. No person may rely on the issuance of this approval as evidence that the Department has undertaken any due diligence with regard to that information. No material changes, amendments, or addenda may be made to the information provided without further approval of the Department.

Within 15 business days after the issuance of a municipal security, you will need to file with the Department a Security Report and the documents required in Section 319 of Public Act 34 of 2001. Please email them as a single portable document format (.pdf) file to Treas_MunicipalFinance@Michigan.gov. The name of the file and the subject of the email should both be the six-digit municipal code, followed by 3892SecRpt (Example: 3320203892SecRpt).

Karegnondi Water Authority
Page 2
April 12, 2016

If you have any questions, please contact the Local Government Financial Services Division at (517) 373-3227.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry Steckelberg', with a long horizontal flourish extending to the right.

Larry Steckelberg
Interim Deputy State Treasurer

cc: Steven M. Frank – Miller, Canfield, Paddock and Stone, P.L.C.
Paul Stauder – Public Financial Management, Incorporated

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

STEVEN M. FRANK
TEL (313) 496-7503
FAX (313) 496-8451
E-MAIL frank@millercanfield.com

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
www.millercanfield.com

MICHIGAN: Ann Arbor
Detroit • Grand Rapids
Kalamazoo • Lansing • Troy

FLORIDA: Tampa

ILLINOIS: Chicago

NEW YORK: New York

OHIO: Cincinnati

CANADA: Windsor

CHINA: Shanghai

MEXICO: Monterrey

POLAND: Gdynia

Warsaw • Wroclaw

April 8, 2016

Ms. Suzanne Schafer
Local Government Financial Services Division
Michigan Department of Treasury
430 West Allegan Street
Lansing, Michigan 48922

Re: Karegnondi Water Authority

Dear Ms. Schafer:

The Karegnondi Water Authority (the "KWA") was established by the Counties of Genesee, Lapeer and Sanilac, and the Cities of Flint and Lapeer, for the purpose of acquiring, constructing and operating a water supply system (the "KWA System") to provide the member communities of KWA with a new source of raw water for distribution and treatment. Initially, the KWA System will serve the City of Flint ("Flint") and the County of Genesee ("Genesee County") pursuant to separate raw water purchase contracts entered into between KWA and Flint and between KWA and the Genesee County Drain Commissioner, as County Agency, on behalf of Genesee County.

In order to provide for the construction and financing of the KWA System, KWA, Flint and Genesee County have entered into the Karegnondi Water Authority Financing Contract, dated as of August 1, 2013 (the "Financing Contract"), in accordance with the provisions of Act 233, Public Acts of Michigan, 1955, as amended. The Financing Contract provides for the issuance by KWA of one or more series of bonds, in the aggregate principal amount of not to exceed \$300,000,000, for the purpose of financing the costs of the acquisition and construction of the KWA System.

On November 20, 2013, the KWA Board of Trustees, pursuant to the Financing Contract, adopted a resolution (the "Bond Resolution") authorizing the issuance by KWA of its Water Supply System Bonds (Karegnondi Water Pipeline), in one or more series, in the aggregate principal amount of not to exceed \$300,000,000. On April 16, 2014, KWA issued the first series of bonds authorized by the Financing Contract and the Bond Resolution – Series 2014A – in the principal amount of \$220,500,000. In order to complete the construction of the KWA System and to ensure the availability of sufficient funds to meet KWA's obligations to contractors engaged in the construction of the KWA System, it is immediately necessary for KWA to issue the second and final series of bonds authorized by the Financing Contract and the Bond

Resolution in an aggregate principal amount not to exceed \$79,500,000 (the "Series 2016 Bonds").

Due to the significant challenges currently facing Flint as a result of the Flint water crisis, the KWA has determined, in consultation with its independent financial advisor, that a public offering of the Series 2016 Bonds at the present time would not be in the best interests of KWA, Flint, Genesee County or the ratepayers of the Flint and Genesee County water supply systems. Accordingly, KWA has solicited and received a proposal (the "Financing Proposal") from JPMorgan Chase Bank, N.A. ("JPMC") to purchase the Series 2016 Bonds on a short-term basis pursuant to a private placement transaction. Under the terms of the Financing Proposal, JPMC proposes to purchase the Series 2016 Bonds in the aggregate principal amount of not to exceed \$79,500,000 and with a final maturity date of not later than May 1, 2018. The sale of the Series 2016 Bonds to JPMC will provide KWA with interim financing in an amount that is expected to be sufficient to complete the construction of the KWA System, to fund the debt service reserve account required by the Bond Resolution and to pay costs of issuance of the Series 2016 Bonds. However, it will be necessary for KWA, prior to the May 1, 2018 maturity date of the Series 2016 Bonds, to refund the Series 2016 Bonds by means of the issuance of a series of long-term, fixed rate refunding bonds (the "Refunding Bonds") in order to establish permanent financing for the capital costs of the KWA System.

KWA, in consultation with its financial advisor, believes that the sale of the Series 2016 Bonds to JPMC on an interim basis, and the subsequent issuance of the Refunding Bonds in order to establish permanent long-term financing for the capital costs of the KWA System, taken together as part of a common plan of finance, will result in the lowest overall cost of capital to KWA and will be in the best interests of KWA, Flint, Genesee County and the ratepayers of the Flint and Genesee County water supply systems.

In order to enable KWA to undertake and achieve the foregoing plan of finance, KWA is requesting the following approvals and/or exemptions from the Michigan Department of Treasury pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"):

1. Amendment to State Treasurer's Approval to Issue Long-Term Securities.

On October 12, 2015, KWA received an Amended State Treasurer's Approval to Issue Long-Term Securities under Section 303(7) of Act 34 (the "Amended Approval") in connection with the proposed issuance by KWA of the second and final series of bonds authorized under the Financing Contract and the Bond Resolution. At the time that the Amended Approval was granted, KWA anticipated that the second series of bonds would be issued in calendar year 2015, and therefore the Amended Approval refers to the second series of authorized bonds by the designation "Series 2015." KWA is requesting that the Amended Approval be further amended to change the designation of the second series of bonds to be issued by KWA from "Series 2015"

Ms. Suzanne Schafer

-3-

April 8, 2016

to "Series 2016," so that the approved designation matches the expected year of issuance of the second series of bonds.

Accompanying this letter is an updated schedule of estimated annual debt service requirements, prepared by KWA's financial advisor, which shows (i) estimated annual debt service requirements on the Series 2016 Bonds and (ii) estimated annual debt service requirements on the Refunding Bonds proposed to be issued by KWA for the purpose of refunding the Series 2016 Bonds. As reflected in the updated debt service schedule, it is anticipated that the Series 2016 Bonds will be issued in April 2016 and mature not later than May 1, 2018, and that the Refunding Bonds will be issued prior to May 1, 2018 and mature not later than November 1, 2045. Accordingly, the common plan of finance represented by the issuance of the Series 2016 Bonds and the Refunding Bonds will result in a combined principal amortization period of approximately thirty (30) years from the date of issuance of the Series 2016 Bonds and an effective final maturity date of November 1, 2045, consistent with the final maturity date specified in the Amended Approval.

We note that, pursuant to Section 20 of the Bond Resolution and Section 315(1)(d) of Act 34, the Chief Executive Officer of KWA is authorized to approve and adjust the final terms of the Series 2016 Bonds, including but not limited to interest rates, prices, maturities, principal amounts, denominations and the date of issuance, all within the parameters established by the Bond Resolution. The adjustments to the terms of the Series 2016 Bonds as reflected in the estimated annual debt service schedule are authorized by the Bond Resolution and are consistent with the parameters specified in the Bond Resolution.

2. Exemption from Investment Grade Rating Requirement.

In connection with the issuance of the Series 2016 Bonds, KWA is requesting an exemption from the investment grade rating requirement of Section 303(7)(d) of Act 34. As discussed above, the Series 2016 Bonds will be privately placed with JPMC pursuant to a direct purchase transaction. JPMC has not requested and is not requiring that the Series 2016 Bonds be rated by a national rating service. An exemption from the investment grade rating requirement would eliminate costly rating agency fees, thereby reducing the overall cost of the financing. As a condition to the sale and delivery of the Series 2016 Bonds by KWA, JPMC will be required to deliver an investment letter to KWA in substantially the form attached to this letter. Pursuant to the investment letter, JPMC will specifically acknowledge, among other things, that the Series 2016 Bonds will not carry a rating from any rating service.

Enclosed with this letter is a completed Application for Exemption (Form 1432) with respect to the investment grade rating requirement of Section 303(7)(d) of Act 34 and the required supporting documentation.

3. Exemption from Net Present Value Savings Requirement for Refunding Securities.

In order to execute the financing plan described above, it will be necessary for KWA to issue the Refunding Bonds prior to May 1, 2018 for the purpose of refunding the outstanding Series 2016 Bonds. As shown in the enclosed schedule of estimated annual debt service requirements, the issuance of the Refunding Bonds is expected to result in a net present value loss to KWA. JPMC is requiring, as a condition precedent to its obligation to purchase the Series 2016 Bonds from KWA, that KWA obtain an exemption from the net present value savings requirement of Section 611(1) of Act 34 with respect to the Refunding Bonds to be issued by KWA.

Section 611(2) of Act 34 provides that a municipality may obtain an exemption from the net present value savings requirement of Section 611(1) of Act 34 if the Department of Treasury determines that a reasonable basis for the exemption exists. Under Section 611(2)(b) of Act 34, a "reasonable basis" may be found when "the refunding is necessary to reduce or eliminate requirements of ordinances or covenants applicable to the existing outstanding security." KWA is requesting that an exemption from the net present value savings requirement be granted under Section 611(2)(b) of Act 34 with respect to the issuance of the Refunding Bonds in order to reduce or eliminate the following requirements or covenants applicable to the Series 2016 Bonds pursuant to the requirements of JPMC's Financing Proposal and the Bond Resolution:

- A. Under the terms of the Financing Proposal, the Series 2016 Bonds will bear interest at a variable rate of interest equal to 70% of 1-month LIBOR plus a fixed spread. The variable interest rate will be subject to a cap of 10% per annum. The variable interest rate, while necessary to achieve short-term financing from JPMC, will expose KWA and its contracting municipalities (i.e., Flint and Genesee County) to interest rate risk. Changes in short-term interest rates, or disruptions in the London interbank market, could result in higher than anticipated debt service costs on the Series 2016 Bonds. The issuance of the Refunding Bonds at a future date, when conditions are more conducive to a fixed rate long-term financing, will eliminate the variable rate interest exposure and will provide KWA and its contracting municipalities with more predictable annual debt service requirements.
- B. Pursuant to the Bond Resolution, KWA is required to establish and maintain a common debt service reserve account to secure the payment of principal of and interest on all bonds issued pursuant to the Financing Contract and the Bond Resolution. Under the formula for sizing the debt service reserve account set forth in the Bond Resolution, KWA will be required, in connection with the issuance of the Series 2016 Bonds, to make an additional deposit to the debt service reserve account in the currently estimated amount of \$7,500,000. The

Ms. Suzanne Schafer

-5-

April 8, 2016

issuance of the Refunding Bonds and the retirement of the Series 2016 Bonds will permit KWA, under the formula established by the Bond Resolution, to reduce the required deposit to the debt service reserve account by the currently estimated amount of \$3,400,000 (subject to market conditions at the date of issuance of the Refunding Bonds). Funds released from the debt service reserve account as a result of the issuance of the Refunding Bonds will be applied to reduce the principal amount of the Refunding Bonds to be issued by KWA.

- C. Finally, the issuance of the Refunding Bonds will enable KWA to eliminate the monthly financial reporting covenant applicable to the Series 2016 Bonds. Under the terms of the Financing Proposal, KWA is required to covenant to prepare and submit to JPMC, on a monthly basis, (i) revenue and expense statements of the general operating fund of KWA and (ii) statements of activity for the bond fund and the debt service reserve account established pursuant to the Bond Resolution. The foregoing monthly reporting requirements exceed the annual continuing disclosure requirements that would typically apply to a public offering of municipal securities under the continuing disclosure requirements of Rule 15c2-12 of the U.S. Securities and Exchange Commission. Eliminating the monthly financial reporting covenant will reduce administrative burden on KWA and will allow KWA to align its continuing disclosure requirements with those currently applicable to KWA's outstanding Series 2014A Bonds.

It is presently anticipated that the Refunding Bonds will be issued by KWA in accordance with the following parameters: (i) the Refunding Bonds will be issued on or before May 1, 2018; (ii) the Refunding Bonds will be issued in the aggregate principal amount of not to exceed \$79,500,000; (iii) the Refunding Bonds will bear interest at a fixed rate or rates of interest not to exceed 7% per annum; and (iv) the Refunding Bonds will have a final maturity date of not later than November 1, 2045. Unless KWA, Genesee County and Flint have each been granted "qualified status" under Act 34 at the time of issuance of the Refunding Bonds, the issuance of the Refunding Bonds will be subject to the prior approval of the Department of Treasury in accordance with Section 303(7) of Act 34.

Enclosed with this letter is a completed Application for Exemption (Form 1432) with respect to the net present value savings requirement of Section 611(1) of Act 34 and the required supporting documentation.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Ms. Suzanne Schafer

-6-

April 8, 2016

On behalf of the Karegnondi Water Authority, thank you very much for your time and consideration of the foregoing requests. If you have any questions, or if you need any additional information, please do not hesitate to contact me.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: 

Steven M. Frank

Enclosures

cc: Jeffrey Wright, CEO, Karegnondi Water Authority
John F. O'Brien, Deputy CEO, Karegnondi Water Authority
Paul R. Stauder, Public Financial Management, Inc.

\$220,500,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM REFUNDING BONDS, SERIES 2017
(LIMITED TAX GENERAL OBLIGATION)

Estimated Sources & Uses of Funds

	<u>Series 2018</u>	<u>Series 2017</u>
Sources of Funds		
Par Amount of Bonds	\$72,500,000.00	\$62,410,000.00
Production	0.00	7,212,393.45
Accrued Interest	0.00	0.00
Other	0.00	0.00
Contribution from Debt Fund	0.00	0.00
Total Sources	<u>\$72,500,000.00</u>	<u>\$69,622,393.45</u>
Uses of Funds		
Deposit to Construction/Escrow Account	\$60,000,000.00	\$72,500,000.00
Deposit to Debt Fund-Bond Reserve	7,494,327.77	(\$3,397,840.27)
Deposit to Debt Fund-Cap Int	4,478,888.89	0.00
Underwriter's Discount @ 0.429% JP Morgan 0.423%	306,875.00	267,738.90
Bond Insurance 0.250%	0.00	0.00
Costs of Issuance	217,425.00	248,148.06
Miscellaneous	2,483.35	4,346.76
Total Uses	<u>\$72,500,000.00</u>	<u>\$69,622,393.45</u>
Costs of Issuance Detail		
Bond Attorney Miller Canfield	\$126,875.00	\$109,217.50
Financial Consultant PFM	89,150.00	86,560.15
Credit Rating Moodys	0.00	45,000.00
Credit Rating S&P	0.00	0.00
Escrow Agent	0.00	500.00
Auditor Consent	0.00	0.00
Security Report Filing Dept of Treasury	1,000.00	1,000.00
Verification Agent	0.00	1,200.00
Official Statement	0.00	4,500.00
Municipal Advisory Council Fee	400.00	170.40
Total Costs of Issuance	<u>\$217,425.00</u>	<u>\$248,148.06</u>

Public Financial Management, Inc.
3989 Research Park Drive
Ann Arbor, Michigan 48108
Phone: (734) 668-6688 Fax (734) 668-6723

	Series 2014A		Series 2016		Total
Par Amount	220,500,000	Par Amount	72,500,000	Par Amount	293,000,000
Dated	4/16/14	Dated	4/15/16		4/15/16
11/1/14	6,027,389.06				
11/1/15	11,127,487.50				
11/1/16	11,127,487.50	11/1/16	1,578,888.89	11/1/16	12,706,376.39
11/1/17	15,232,487.50	11/1/17	2,900,000.00	11/1/17	18,132,487.50
11/1/18	15,237,237.50	5/1/18	73,950,000	11/1/18	89,187,237.50
11/1/19	15,236,487.50			11/1/19	15,236,487.50
11/1/20	15,232,737.50			11/1/20	15,232,737.50
11/1/21	15,234,987.50			11/1/21	15,234,987.50
11/1/22	15,236,487.50			11/1/22	15,236,487.50
11/1/23	15,232,737.50			11/1/23	15,232,737.50
11/1/24	15,236,487.50			11/1/24	15,236,487.50
11/1/25	15,236,737.50			11/1/25	15,236,737.50
11/1/26	15,232,987.50			11/1/26	15,232,987.50
11/1/27	15,234,737.50			11/1/27	15,234,737.50
11/1/28	15,234,800.00			11/1/28	15,234,800.00
11/1/29	15,237,012.50			11/1/29	15,237,012.50
11/1/30	15,235,325.00			11/1/30	15,235,325.00
11/1/31	15,233,950.00			11/1/31	15,233,950.00
11/1/32	15,236,837.50			11/1/32	15,236,837.50
11/1/33	15,232,675.00			11/1/33	15,232,675.00
11/1/34	15,236,675.00			11/1/34	15,236,675.00
11/1/35	15,233,675.00			11/1/35	15,233,675.00
11/1/36	15,235,475.00			11/1/36	15,235,475.00
11/1/37	15,235,500.00			11/1/37	15,235,500.00
11/1/38	15,237,437.50			11/1/38	15,237,437.50
11/1/39	15,234,712.50			11/1/39	15,234,712.50
11/1/40	15,236,012.50			11/1/40	15,236,012.50
11/1/41	15,234,500.00			11/1/41	15,234,500.00
11/1/42	15,236,500.00			11/1/42	15,236,500.00
11/1/43	15,235,500.00			11/1/43	15,235,500.00
AADS	14,881,796.24	AADS	50,781,294.96	AADS	18,185,412.21
10% of par	22,050,000.00	10% of par	7,250,000.00	10% of par	29,300,000.00
MADS	15,237,437.50	MADS	73,950,000.00	MADS	89,187,237.50
125% of AADS	18,602,245.31	125% of AADS	63,476,618.71	125% of AADS	22,731,765.27
Lesser	15,237,437.50	Lesser	7,250,000.00	Lesser	22,731,765.27
				New Funding	7,494,327.77

\$72,500,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE), SERIES 2016A
(LIMITED TAX GENERAL OBLIGATION)

Bond Production Report

Sale Date: 3/30/16 First Call Date: 9/1/16
Dated Date: 4/15/16 First Call Premium: 100.00%
Delivery Date: 4/15/16
First Coupon Date: 11/1/16

Principal Due	Principal	Bond Type	Cumulative Bond Years	Coupon	Yield	Price	Gross Production
5/1/17	\$0.00	Serial	0.00	0.000%	0.000%		\$0.00
5/1/18	72,500,000.00	Serial	148,222.22	4.000%	4.000%	100.000	72,500,000.00
5/1/19	0.00	Serial	148,222.22	0.000%	0.000%	100.000	0.00
	<u>\$72,500,000.00</u>						<u>\$72,500,000.00</u>

Par Amount:	\$72,500,000.00	
Production (Discount)/Premium:	0.00	
Gross Production:	\$72,500,000.00	100.00000%
(Bond Insurance):	0.00	0.00000%
Underwriter's (Discount):	(306,875.00)	0.42328%
Bid:	\$72,193,125.00	<u>99.57672%</u>
Accrued:	0.00	
Net to Issuer:	<u>\$72,193,125.00</u>	
Gross Interest Cost:	\$5,928,888.89	
+ Net Discount/(Premium):	306,875.00	
Net Interest Cost:	<u>\$6,235,763.89</u>	

Original Issue Premium	\$0.00
Original Issue Discount	0.00
Net OI Premium	\$0.00

Bond Years:	148,222.22	
Average Coupon:	4.00000% @	100.00000%
Average Life:	2.044	
Net Interest Rate:	4.20704% @	99.57672%
True Interest Cost:	4.21724% @	99.57672%
Arbitrage Yield:	3.99903% @	100.00000%

Public Financial Management, Inc.
3989 Research Park Drive
Ann Arbor, Michigan 48108
Telephone: (734) 668-6688 Fax: (734) 668-6723

Run Date: 3/30/16 16:35

PRS

\$72,500,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE), SERIES 2016A
(LIMITED TAX GENERAL OBLIGATION)

Bond Attorney: Miller, Canfield, Paddock & Stone, PLC
Purchaser: JP Morgan
Paying Agent: Bank of New York
Insurer: n/a
Sale Date: 3/30/16
Dated Date: 4/15/16
Delivery Date: 4/15/16
Capitalized Interest: \$5,928,888.89

Debt Service and Yield Calculation Schedule

Par Value of Bonds:	\$72,500,000.00
Plus: OI(Discout)/Premium:	0.00
Gross Production:	72,500,000.00
Plus: (Bond Insurance):	0.00
Plus: (Underwriter Discount):	(308,875.00)
Bid:	72,193,125.00
Plus: Accrued Interest:	0.00
Net to Issuer:	<u>\$72,193,125.00</u>

Bond Years:	148,222.22
Average Life:	2.044

Gross Interest Cost:	\$5,928,888.89	Avg Coup:	4.00000%
Less Net (Discount)/Premium:	(308,875.00)		
Net Interest Cost:	<u>6,235,783.89</u>	N.I.C. %	4.20704%

<i>Internal Rate of Return Target:</i>	\$72,500,000.00	<u>Bond Yields</u>	
Plus: OI(Discout)/Premium:	0.00		3.99903% = IRR
(Bond Insurance):	0.00		
Accrued Interest:	0.00		
<i>Arbitrage Yield Target:</i>	72,500,000.00		3.99903% = ARB
(Underwriter Discount):	(308,875.00)		
<i>True Interest Cost Target:</i>	72,193,125.00		4.21724% = TIC
Issuance Costs:	(233,822.86)		
<i>Effective Interest Cost Target:</i>	<u>\$71,959,302.14</u>		4.38429% = EIC

Payment Date	Principal Due	Interest Rate	Interest Due	Total Payment	Fiscal Year Total
11/1/16			\$1,578,888.89	\$1,578,888.89	\$1,578,888.89
5/1/17			1,450,000.00	1,450,000.00	
11/1/17			1,450,000.00	1,450,000.00	2,900,000.00
5/1/18	\$72,500,000.00	4.000%	1,450,000.00	73,950,000.00	
11/1/18			0.00	0.00	73,950,000.00
	<u>\$72,500,000.00</u>		<u>\$5,928,888.89</u>	<u>\$78,428,888.89</u>	<u>\$78,428,888.89</u>

3/30/16
PRS

NOTE: The above table does not include charges for bond registrar and paying agent services.

\$62,410,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM REFUNDING BONDS, SERIES 2017
(LIMITED TAX GENERAL OBLIGATION)

Bond Production Report

Sale Date: d First Call Date: 11/1/27
Dated Date: 11/1/17 First Call Premium: 100.00%
Delivery Date: 11/1/17
First Coupon Date: 5/1/18

Principal Due	Principal	Bond Type	Cumulative Bond Years	Coupon	Yield	Price	Gross Production
11/1/18	\$1,035,000.00	Serial	1,035.00	3.000%	1.430%	101.553	\$1,051,073.55
11/1/19	1,070,000.00	Serial	3,175.00	3.000%	1.630%	102.685	1,098,729.50
11/1/20	1,105,000.00	Serial	6,490.00	4.000%	1.820%	106.336	1,176,012.80
11/1/21	1,145,000.00	Serial	11,070.00	4.000%	2.000%	107.651	1,232,603.95
11/1/22	1,180,000.00	Serial	17,020.00	5.000%	2.200%	113.188	1,346,937.20
11/1/23	1,255,000.00	Serial	24,550.00	5.000%	2.420%	114.328	1,434,816.40
11/1/24	1,315,000.00	Serial	33,755.00	5.000%	2.610%	115.200	1,514,880.00
11/1/25	1,380,000.00	Serial	44,795.00	5.000%	2.770%	115.903	1,599,481.40
11/1/26	1,455,000.00	Serial	57,890.00	5.000%	2.920%	116.358	1,693,008.80
11/1/27	1,525,000.00	Serial	73,140.00	5.000%	3.020%	116.980	1,783,945.00
11/1/28	1,600,000.00	Serial	90,740.00	5.000%	3.100%	116.230 **	1,859,680.00
11/1/29	1,680,000.00	Serial	110,800.00	5.000%	3.180%	115.485 **	1,940,148.00
11/1/30	1,765,000.00	Serial	133,845.00	5.000%	3.260%	114.747 **	2,025,284.55
11/1/31	1,855,000.00	Serial	159,815.00	5.000%	3.330%	114.105 **	2,116,647.75
11/1/32	1,945,000.00	Serial	188,990.00	5.000%	3.390%	113.558 **	2,208,703.10
11/1/33	2,045,000.00	Serial	221,710.00	5.000%	3.440%	113.105 **	2,312,997.25
11/1/34	2,145,000.00	Serial	258,175.00	5.000%	3.490%	112.654 **	2,416,428.30
11/1/35	2,255,000.00	Serial	298,765.00	5.000%	3.530%	112.295 **	2,532,252.25
11/1/36	2,365,000.00	Term	343,700.00	5.000%	4.172%	110.783 **	2,820,017.95
11/1/37	2,480,000.00	Term	393,300.00	5.000%	4.187%	110.783 **	2,747,418.40
11/1/38	2,605,000.00	Term	448,005.00	5.000%	4.220%	110.783 **	2,885,897.15
11/1/39	2,735,000.00	Term	508,175.00	5.000%	4.241%	110.783 **	3,029,915.05
11/1/40	2,870,000.00	Term	574,185.00	5.000%	3.700%	110.783 **	3,179,472.10
11/1/41	3,015,000.00	Term	646,545.00	5.000%	4.299%	110.431 **	3,329,494.65
11/1/42	2,095,000.00	Term	698,920.00	5.000%	4.314%	110.431 **	2,313,529.45
11/1/43	2,200,000.00	Term	756,120.00	5.000%	3.740%	110.431 **	2,429,482.00
11/1/44	6,955,000.00	Term	943,905.00	5.000%	4.350%	110.256 **	7,668,304.80
11/1/45	7,325,000.00	Term	1,149,005.00	5.000%	3.760%	110.256 **	8,076,252.00
	<u>\$62,410,000.00</u>						<u>\$69,622,393.45</u>

Par Amount:	\$62,410,000.00	
Production (Discount)/Premium:	7,212,393.45	
Gross Production:	\$69,622,393.45	111.55647%
(Bond Insurance):	0.00	0.00000%
Underwriter's (Discount):	(284,166.47)	0.42328%
Bid:	\$69,358,226.98	111.13319%
Accrued:	0.00	
Net to Issuer:	<u>\$69,358,226.98</u>	

** Callable Premium Bonds Priced to 11/1/27 Call Date @ 100.00%
Significant for Arbitrage Purposes

Gross Interest Cost:	\$57,307,800.00
+ Net Discount/(Premium):	(6,948,226.98)
Net Interest Cost:	<u>\$50,359,573.02</u>

Original Issue Premium	\$7,212,393.45
Original Issue Discount	0.00
Net OI Premium	<u>\$7,212,393.45</u>

Bond Years:	1,149,005.00	
Average Coupon:	4.98760% @	100.00000%
Average Life:	18.411	
Net Interest Rate:	4.38289% @	111.13319%
True Interest Cost:	4.07115% @	111.13319%
Arbitrage Yield:	3.47858% @	111.55647%

Public Financial Management, Inc.
3989 Research Park Drive
Ann Arbor, Michigan 48108
Telephone: (734) 668-6688 Fax: (734) 668-6723

Run Date: 3/30/16 16:35

PRS

\$62,410,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM REFUNDING BONDS, SERIES 2017
(LIMITED TAX GENERAL OBLIGATION)

Bond Attorney: Miller, Canfield, Paddock & Stone, PLC
Purchaser: JP Morgan
Paying Agent: Bank of New York
Insurer: n/a
Sale Date: d
Dated Date: 11/1/17
Delivery Date: 11/1/17
Capitalized Interest: \$7,577,125.00

Debt Service and Yield Calculation Schedule

Par Value of Bonds:	\$62,410,000.00		Bond Yields
Plus: OI(Discoutn)/Premium:	7,212,393.45	<i>Internal Rate of Return Target:</i>	\$62,410,000.00 4.98127% = IRR
Gross Production:	69,622,393.45	Plus: OI(Discoutn)/Premium:	7,212,393.45
Plus: (Bond Insurance):	0.00	(Bond Insurance):	0.00
Plus: (Underwriter Discount):	(264,166.47)	Accrued Interest:	0.00
Bid:	69,358,226.98	<i>Arbitrage Yield Target:</i>	69,622,393.45 3.47858% = ARB
Plus: Accrued Interest:	0.00	(Underwriter Discount):	(264,166.47)
Net to Issuer:	<u>\$69,358,226.98</u>	<i>True Interest Cost Target:</i>	69,358,226.98 4.07115% = TIC
		Issuance Costs:	(201,281.17)
		<i>Effective Interest Cost Target:</i>	<u>\$69,156,945.82</u> 4.09557% = EIC
Bond Years:	1,149,005.00		
Average Life:	18.411		
Gross Interest Cost:	\$57,307,800.00	Avg Coup:	4.98760%
Less Net (Discount)/Premium:	6,948,226.98		
Net Interest Cost:	<u>50,359,573.02</u>	N.I.C. %	4.38289%

Payment Date	Principal Due	Interest Rate	Interest Due	Total Payment	Fiscal Year Total
5/1/18			\$1,527,950.00	\$1,527,950.00	
11/1/18	\$1,035,000.00	3.000%	1,527,950.00	2,562,950.00	\$4,090,900.00
5/1/19			1,512,425.00	1,512,425.00	
11/1/19	1,070,000.00	3.000%	1,512,425.00	2,582,425.00	4,094,850.00
5/1/20			1,496,375.00	1,496,375.00	
11/1/20	1,105,000.00	4.000%	1,496,375.00	2,601,375.00	4,097,750.00
5/1/21			1,474,275.00	1,474,275.00	
11/1/21	1,145,000.00	4.000%	1,474,275.00	2,619,275.00	4,093,550.00
5/1/22			1,451,375.00	1,451,375.00	
11/1/22	1,190,000.00	5.000%	1,451,375.00	2,641,375.00	4,092,750.00
5/1/23			1,421,625.00	1,421,625.00	
11/1/23	1,255,000.00	5.000%	1,421,625.00	2,676,625.00	4,098,250.00
5/1/24			1,390,250.00	1,390,250.00	
11/1/24	1,315,000.00	5.000%	1,390,250.00	2,705,250.00	4,095,500.00
5/1/25			1,357,375.00	1,357,375.00	
11/1/25	1,380,000.00	5.000%	1,357,375.00	2,737,375.00	4,094,750.00
5/1/26			1,322,875.00	1,322,875.00	
11/1/26	1,455,000.00	5.000%	1,322,875.00	2,777,875.00	4,100,750.00
5/1/27			1,286,500.00	1,286,500.00	
11/1/27	1,525,000.00	5.000%	1,286,500.00	2,811,500.00	4,098,000.00
5/1/28			1,248,375.00	1,248,375.00	
11/1/28	1,600,000.00	5.000%	1,248,375.00	2,848,375.00	4,096,750.00
5/1/29			1,208,375.00	1,208,375.00	
11/1/29	1,680,000.00	5.000%	1,208,375.00	2,888,375.00	4,096,750.00
5/1/30			1,166,375.00	1,166,375.00	
11/1/30	1,765,000.00	5.000%	1,166,375.00	2,931,375.00	4,097,750.00
5/1/31			1,122,250.00	1,122,250.00	
11/1/31	1,855,000.00	5.000%	1,122,250.00	2,977,250.00	4,099,500.00
5/1/32			1,075,875.00	1,075,875.00	
11/1/32	1,945,000.00	5.000%	1,075,875.00	3,020,875.00	4,096,750.00
5/1/33			1,027,250.00	1,027,250.00	
11/1/33	2,045,000.00	5.000%	1,027,250.00	3,072,250.00	4,089,500.00
5/1/34			976,125.00	976,125.00	
11/1/34	2,145,000.00	5.000%	976,125.00	3,121,125.00	4,097,250.00
5/1/35			922,500.00	922,500.00	
11/1/35	2,255,000.00	5.000%	922,500.00	3,177,500.00	4,100,000.00
5/1/36			866,125.00	866,125.00	
11/1/36	2,365,000.00	5.000%	866,125.00	3,231,125.00	4,097,250.00
5/1/37			807,000.00	807,000.00	
11/1/37	2,480,000.00	5.000%	807,000.00	3,287,000.00	4,094,000.00
5/1/38			745,000.00	745,000.00	
11/1/38	2,605,000.00	5.000%	745,000.00	3,350,000.00	4,095,000.00
5/1/39			679,875.00	679,875.00	
11/1/39	2,735,000.00	5.000%	679,875.00	3,414,875.00	4,094,750.00
5/1/40			611,500.00	611,500.00	
11/1/40	2,870,000.00	5.000%	611,500.00	3,481,500.00	4,093,000.00
5/1/41			539,750.00	539,750.00	
11/1/41	3,015,000.00	5.000%	539,750.00	3,554,750.00	4,094,500.00
5/1/42			464,375.00	464,375.00	
11/1/42	2,085,000.00	5.000%	464,375.00	2,559,375.00	3,023,750.00
5/1/43			412,000.00	412,000.00	
11/1/43	2,200,000.00	5.000%	412,000.00	2,612,000.00	3,024,000.00
5/1/44			357,000.00	357,000.00	
11/1/44	6,955,000.00	5.000%	357,000.00	7,312,000.00	7,689,000.00
5/1/45			183,125.00	183,125.00	
11/1/45	7,325,000.00	5.000%	183,125.00	7,508,125.00	7,691,250.00
5/1/46			0.00	0.00	
	<u>\$82,410,000.00</u>		<u>\$57,307,800.00</u>	<u>\$119,717,800.00</u>	<u>\$119,717,800.00</u>

NOTE: The above table does not include charges for bond registrar and paying agent services.

3/30/16
PRS