



July 6, 2016

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

Dear Madam Mayor:

Regarding: Letter Agreement for Extension of Water Service Contract

We are acknowledging receipt of your letter dated June 28, 2016, regarding the City's request to extend the term of its Water Service Contract with the Great Lakes Water Authority (GLWA).¹ As your letter makes clear, Flint continues to experience a public emergency with respect to its source of water supply. For this reason, GLWA is agreeable to the City's request for an extension of the term of the contract until June 30, 2017, at the same contract terms and conditions.

GLWA acknowledges the magnitude of the public health emergency faced by the City and, accordingly, in support of the myriad state and local efforts to remediate the situation. GLWA is willing to do its part in the effort by holding firm the current charges for the term of the contract extension. Simply put, GLWA will not increase its existing FY 2016 charges to Flint for the upcoming FY 2017.

The contract extension will require replenishing of the prepayment fund to cover the extended contract term. Maintaining the FY 2016 charges for FY 2017 means the fixed monthly charge of \$662,100 and commodity charge of \$8.93/Mcf will continue, which results in an annual projected revenue of \$13,240,700. As the renewal term equates to 11.5 months rather than a full 12 months, we are amenable to deducting 2 weeks of projected revenue, or \$509,300, for a revised sum of \$12,731,400 to be deposited to the FY 2017 prepayment fund.

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.



Office of the Chief Executive Officer
July 11, 2016
Page 2

GLWA is amenable to accepting payment to the FY 2017 prepayment fund in two equal installments of \$6,365,700, with the first installment due on or before July 13, 2016, and the second installment on or before October 15, 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 yours,


Sue P. McCormick
Chief Executive Officer

Cc: Angela Wheeler, Deputy City Attorney

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


Karen Weaver
Mayor

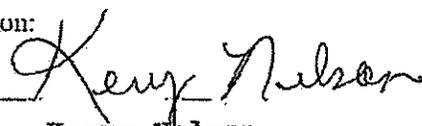
7-8-16
Date


Sylvester Jones, Jr.
City Administrator

7/8/16
Date

Approved by Flint City Council on:

July 11, 2016
Date


Kerry Nelson
City Council President



Great Lakes Water Authority Board of Directors

General Certification

The undersigned hereby certifies that (i) the Resolution 2016-06-09 "Extension of Water Contract with City of Flint" attached hereto is a true and complete copy of the Resolution duly passed by the Great Lakes Water Authority Board of Directors at a meeting held on June 27, 2016 at which meeting a quorum was present and remained throughout, (ii) the original thereof is on file in the records of the Great Lakes Water Authority Board of Directors, (iii) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended) and (iv) Minutes of such meeting were kept and will be or have been made available as required thereby.

YES: Robert J. Daddow, Gary A. Brown, Joseph Nardone, and Freman Hendrix

NO: Brian Baker

ABSTAIN: None

ABSENT: None

Dated: June 27, 2016

By: Rechanda L. Willis

Title: Executive Board Assistant

160292

RESOLUTION: _____

PRESENTED: 7-11-2016

ADOPTED: _____

**RESOLUTION APPROVING THE LETTER OF AGREEMENT FOR THE
EXTENSION OF THE WATER SERVICE CONTRACT WITH THE
GREAT LAKES WATER AUTHORITY (GLWA)**

BY THE CITY COUNCIL:

The city of Flint continues to experience a public emergency with respect to its source of water supply and is requesting an extension of the term of its Water Service Contract with the Great Lakes Water Authority (GLWA) until June 30, 2017; and

The Great Lakes Water Authority (GLWA) is agreeable to the City's request for an extension at the same contract terms and conditions as its existing FY2016 charges, with a renewal term equating to 11.5 months at a sum of \$12,731,400.00, to be deposited to the FY2017 prepayment fund (fixed monthly charge of \$662,100.00 and a commodity charge of \$8.93/Mcf); and

At the regular Flint City Council meeting held Monday, July 11, 2016, a motion was made by Councilperson Scott Kincaid, and seconded by Councilperson Jacqueline Poplar, to approve the Letter Agreement for Extension of Water Service Contract by the Great Lakes Water Authority (GLWA) dated July 6, 2016. The motion passed by a vote of 9:0.

IT IS RESOLVED, that the Flint City Council approves the Letter Agreement for Extension of Water Service Contract by the Great Lakes Water Authority dated July 6, 2016.

APPROVED AS TO FORM:

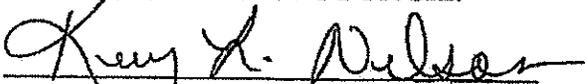
APPROVED AS TO FINANCE:

Stacy Erwin Oakes, Chief Legal Officer

David Sabuda, Chief Financial Officer

APPROVED BY CITY COUNCIL:

**RECEIVERSHIP TRANSITION
ADVISORY BOARD:**



Kerry L. Nelson, City Council President

PRESENTED TO CITY
COUNCIL: 7-11-2016

ADOPTED BY CITY
COUNCIL: 7-11-2016