



KAREGNONDI WATER AUTHORITY
Meeting of Authority Board
June 27, 2018 @ 2:15 p.m

Genesee County Water Treatment Plant
4414 Stanley Road
Columbiaville, Michigan 48421
(810) 732-7870

REVISED AGENDA

Pledge of Allegiance
Prayer
Roll Call

1. Minutes:
 - * December 18, 2017
2. Reports:
 - * Treasurer's Report
3. Communication: Notice of Appointment
Recognition of Retiring Members:
 - * Micki Hoffman (Former Supervisor of Grand Blanc Township)
 - * Marsha Binelli, Deceased (Former Treasurer of Flint Township)Recognition of New Members:
 - * Appointment of Lisa Anderson, Flint Township – Swearing In
 - * Appointment of Scott Bennett, Grand Blanc Township – Swearing In
4. Public Comment
(Maximum of 3 minute commentary)
5. Old Business: None
6. New Business:
 - * Resolution 2018-01 – A Resolution Establishing Capacity Fee for 2017-2018
 - * Resolution 2018-02 – A Resolution Establishing a Public Hearing on the Karegnondi Water Authority Fiscal Year 2018 Budget
 - * Election of Officers – *The Nominating Committee/Incorporating Board will present their report at this time.*
 - Chairperson
 - Vice Chairperson
 - Secretary
 - Treasurer
 - * Oath of Officers
7. Board Comment
8. Adjournment



**KAREGNONDI WATER AUTHORITY
Public Board Meeting
Genesee County Water Treatment Plant
4414 Stanley Road
Columbiaville, MI 48421
(810) 732-7870**

**MINUTES OF MEETING
December 18, 2017, at 2 p.m.**

Meeting Convened 2:37 p.m.
The Pledge of Allegiance was recited.
Invocation was given by Eric Mays.

- ❖ For quorum purposes, Kevin Sylvester was appointed to the Board in the place of Marsha Binelli, and was officially sworn in.

Roll Call –

Board Members Present: Ted Henry; Larry Green; Dale Kerbyson; Eric Mays; Joseph Suma; Kevin Sylvester; Martin Cousineau; Greg Alexander

Board Members Absent: Jamie Curtis; Micki Hoffman (E); Sheldon Neeley; Laura Sullivan; Thomas Svrcek; Karen Weaver; Paula Zelenko (E)

Also Present:

Jeff Wright, CEO
Kevin Kilby, Corporation Counsel
Steven Franks, Bond Counsel
Hughey Newsome, City of Flint CFO

Minutes:

- ❖ Motion for Approval of August 30, 2017 Minutes by *Eric Mays*; Supported by *Ted Henry*; Voice Vote – Motion Passed Unanimously

Public Comment:

- ❖ Mark Monson – Asked for clarification of the total bond amount for the KWA Project. A discussion ensued, and it was relayed that the total amount of the KWA project cost will be no more than \$300 million (answering Martin Cousineau's question).

New Business:

- **Resolution No. 2017-13 Resolution Authorizing the Issuance of Water Supply System Bonds (Karegnondi Water Pipeline) Series 2018**
 - ❖ Motion to Approve Resolution 2017-13 by *Ted Henry*; Supported by *Martin Cousineau* with a question; Discussion ensued – Motion Passed Unanimously

Board Comment:

Each Board member was invited to give comment.

Meeting Adjourned 3:13 p.m.

STATE OF MICHIGAN)
) ss:
COUNTY OF GENESEE)

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of the Minutes of Meeting of December 18, 2017, adopted by the Karegnondi Water Authority Board, acting in the County of Lapeer, at a meeting held on the 20th day of June, 2018, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this ____ day of _____, 2018.

JANIS M. WELLS, Deputy Secretary



MEMORANDUM

To: Jeff Wright
CEO

From: John F. O'Brien, PE, BCEE *JFO*
Deputy CEO

Re: Capacity Fee

Date: May 9, 2018

Last March, KWA refinanced its short-term loan to a 28-year bond term. With this final sale, the Authority can now establish a capacity fee which will incorporate all bond debt. The next bond payment is due in November. With a shorter debt cycle, the remainder of 2018, May through September, we are required to accelerate payments for that period.

We are proposing an annual per unit cost of \$466,682.66, or a per unit cost of \$38,890.23 per month for May 2018 through September 2018. For 2019, we are proposing \$369,618.75 per unit annually or \$30,801.56 per unit per month.

KWA has communicated with each of the parties-- Flint/GLWA and Genesee County Drain Commission-- regarding the proposed capacity fees. We have provided each with the debt payment schedule and the methodology for the fee. I have enclosed a copy of Karl Kramer's Memorandum in Support of this request.

I have attached a proposed Resolution 2018-01 for consideration by the Authority Board. The Resolution is retroactive to the May 1st billing.

Should you have any questions, do not hesitate to contact this office.

JFO/JMW
Attachments

**KAREGNONDI WATER AUTHORITY
ACTING IN LAPEER COUNTY, MICHIGAN**

RESOLUTION NO. 2018-01

**A RESOLUTION ADOPTING THE COST OF UNITS FOR
THE KAREGNONDI WATER AUTHORITY**

At a regular meeting of the Karegnondi Water Authority Board, acting in Lapeer County, Michigan, held on June 27, 2018, at 2:15 p.m., local time.

PRESENT:

ABSENT:

The following preamble and resolution were offered by _____ and seconded by _____.

PREAMBLE

WHEREAS, Article XIV – Contracts of the Articles of Incorporation of the KWA state the Authority may enter into contracts, which contracts shall provide for reasonable charges and rates; and,

WHEREAS, Section 3.04 of the Raw Water Supply Contract between the Karegnondi Water Authority and the City of Flint requires that the Authority Board calculate the cost of units; and,

WHEREAS, Section 3.04 of the Water Purchase contract between the Karegnondi Water Authority and Genesee County requires the Authority Board to calculate the cost of units;

WHEREAS, the Authority Board established a fee of \$296,004 per unit on August 31, 2016; and,

WHEREAS, the Authority refinanced its short term note on March 24, 2018;

NOW, THEREFORE, BE IT RESOLVED THAT the Authority Board shall set the cost of units at \$38,890.23 for May 2018 through September 2018; and,

BE IT FURTHER RESOLVED THAT the Authority shall set the annual cost of units at \$369,618.75, beginning October 2018;

BE IT FURTHER RESOLVED THAT the revenue received shall be deposited in an account separate from the operations for the sole purpose of the bond payments.

ROLL CALL VOTE:

Yeas:

Nays:

RESOLUTION 2018-01 DECLARED ADOPTED.

Greg Alexander, Chairman
Karegnondi Water Authority

Janis M. Wells, Deputy Secretary
Karegnondi Water Authority

STATE OF MICHIGAN }
 } ss
COUNTY OF GENESEE }

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of Resolution 2018-01 adopted by the Karegnondi Water Authority Board, acting in Lapeer County, at a meeting held on June 27, 2018, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on the _____ day of _____, 2018.


Janis M. Wells, Deputy Secretary
Karegnondi Water Authority



Karegnondi Water Authority[®]

4610 Beecher Road Flint, Michigan 48532-2617
Phone (810) 732-7870 Fax (810) 732-9773

MEMORANDUM

TO: John O'Brien, Deputy CEO
FROM: Karl Kramer, Deputy Treasurer 
CC: Jeff Wright, CEO
Trudy Nicol, Treasurer
DATE: Tuesday, May 08, 2018
SUBJECT: Fiscal 2018 & 2019 Capacity Contract Payment Amounts

Per the capacity contracts between the Karegnondi Water Authority and the City of Flint and the Genesee County Drain Commissioner Division of Water and Waste Services, it is appropriate at this time to re-establish the capacity or fixed fee which will be owed by both Flint and GCDC for the remainder of 2018 and for the upcoming 2019 fiscal year for KWA. As such, the capacity fees will be set as follows:

	Monthly May 2018 thru <u>September 2018</u>	Monthly October 2018 thru <u>September 2019</u>
City of Flint	\$700,024.30	\$554,428.13
Genesee County Drain Commission	\$1,633,390.04	\$1,293,665.63

The May thru September 2018 amounts are based on the calculations on the attached KWA Debt Flow of Funds 04-18-18 Excel spreadsheet. These figures show the amount Flint and GCDC will owe for the remainder of this debt cycle, i.e. May thru September 2018, and take into consideration interest earned to date on the debt service account, the Series 2016 funding requirement which was due at the time of the April 2018 bond refinancing, and the amounts Flint and GCDC have been billed since October 2017.

The October 2018 thru September 2019 amounts simply reflect the KWA annual debt service schedule which was finalized after selling the 2018 bonds in April.

- Flint's fiscal 2019 annual requirement = \$6,653,137.50, Per Unit cost: \$369,618.75
- GCDC's fiscal 2019 annual requirement = \$15,523,987.50, Per Unit cost: \$369,618.75

All debt service figures above are based on Flint's 30% ownership share (18 units), and GCDC's 70% ownership share (42 units) of available capacity.

KWA Debt Reserve and Debt Service Calculations	Beginning Balances 4/1/2018	Refunding 4/10/2018	Balances After Refunding 4/11/2018
Series 2014 Debt Reserve Fund	\$16,869,130.23	\$0.00	\$16,869,130.23
Series 2016 Debt Reserve & Cap. Interest	\$8,035,791.41	-\$5,224,828.81	\$2,810,962.60
New Combined Debt Reserve 2014 & 2018 Total			\$19,680,092.83
Combined 2014 & 2018 Debt Reserve Requirement			\$19,650,537.00
Excess amount in Total Debt Reserve Funds:			\$29,555.83
All Series Debt Service Fund (from Flint & GCDC)	\$8,937,380.48	-\$1,388,668.04	\$7,548,712.44
Plus Flint & GCDC Debt Service Payments by 4/27/2018			\$1,480,020.00
Leave out Excess Debt Reserve Funds Above			\$0.00
Minus KWA Debt Service Payment Due 4/30/2018			-\$5,481,118.00
Minus Intake Debt Service Payment Due 4/30/2018			-\$813,793.00
All Series Debt Service Fund Balance 5/1/2018			\$2,733,819.44
KWA 2014 Debt Service Requirement Due On Hand By 9/30/2018			\$9,756,118.00
KWA 2018 Debt Service Requirement Due On Hand By 9/30/2018			\$2,930,979.00
Intake Debt Service Requirement Due On Hand By 9/30/2018			\$1,713,793.00
Total KWA Debt Service Requirement Due On Hand By 9/30/2018			\$14,400,890.00
Less All Series Debt Service Fund Balance on 5/1/2018 (above)			-\$2,733,819.44
Total KWA Debt Service Requirement to be Collected May thru September			\$11,667,070.56
Total Monthly KWA Debt Service Requirement to be Collected May thru September			\$2,333,414.11
GCDC Portion of Monthly Debt Service Requirement May thru Sept. = 70%			\$1,633,390.88
Flint Portion of Monthly Debt Service Requirement May thru Sept. = 30%			\$700,024.30

	Monthly Amount	# of Months	Yearly Amount
GCDC Debt Service Oct. 2017 thru April 2018 (7 months)	\$1,036,014.00	7	\$7,252,098.00
GCDC Debt Service May 2018 thru Sept. 2018 (5 months)	\$1,633,390.04	5	\$8,166,950.20
Total GCDC Debt Service Oct. 2017 thru Sept. 2018			\$15,419,048.20

Flint Debt Service Oct. 2017 thru April 2018 (7 months)	\$444,006.00	7	\$3,108,042.00
Flint Debt Service May 2018 thru Sept. 2018 (5 months)	\$700,024.30	5	\$3,500,121.50
Total Flint Debt Service Oct. 2017 thru Sept. 2018			\$6,608,163.50

			Yearly
Future GCDC Monthly Debt Service Oct. 2018 - Sept. 2019	\$1,293,665.63	12	\$15,523,987.56
Future Flint Monthly Debt Service Oct. 2018 - Sept. 2019	\$554,428.13	12	\$6,653,137.56

GCDC 2018 Calendar Year Budget and Expenses			
GCDC Debt Service Jan. 2018 thru April 2018 (4 months)	\$1,036,014.00	4	\$4,144,056.00
GCDC Debt Service May 2018 thru Sept. 2018 (5 months)	\$1,633,390.04	5	\$8,166,950.20
GCDC Debt Service Oct. 2018 thru Dec. 2018 (3 months)	\$1,293,665.63	3	\$3,880,996.89
		12	\$16,192,003.09
		GCDC Budgeted:	\$15,702,168.00
			\$489,835.09

RWA Bond \$220,500,000 Series 2016A (TC 4.63%) Table with columns: Payment Date, Payment Amount, Total Annual Payment, Flt. Portion 2016, GDC Pre-Run ZIN, Flt. Portion 2016 ZIN, Total Annual Payment, GDC Pre-Run ZIN, Flt. Portion 2016 ZIN, Flt. Portion 2016 ZIN. Summary: Principal = \$220,500,000, Interest = \$15,350,000, Total = \$235,850,000.

RWA Bond \$455,000,000 Series 2016B (TC 4.13%) Table with columns: Payment Date, Payment Amount, Total Annual Payment, Flt. Portion 2016, GDC Pre-Run ZIN, Flt. Portion 2016 ZIN, Total Annual Payment, GDC Pre-Run ZIN, Flt. Portion 2016 ZIN, Flt. Portion 2016 ZIN. Summary: Principal = \$455,000,000, Interest = \$23,500,000, Total = \$478,500,000.

RWA Bond \$14,000,000 Series 2018 (TC = Variable) Table with columns: Payment Date, Payment Amount, Total Annual Payment, Flt. Portion 2018, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Total Annual Payment, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Flt. Portion 2018 ZIN. Summary: Principal = \$14,000,000, Interest = \$811,256.56, Total = \$1,300,852.23.

RWA Bond \$55,000,000 Series 2018 (TC = 4.33%) Table with columns: Payment Date, Payment Amount, Total Annual Payment, Flt. Portion 2018, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Total Annual Payment, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Flt. Portion 2018 ZIN. Summary: Principal = \$55,000,000, Interest = \$65,765,000, Total = \$120,765,000.

RWA Bond \$74,000,000 Series 2018 (TC = Variable) Table with columns: Payment Date, Payment Amount, Total Annual Payment, Flt. Portion 2018, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Total Annual Payment, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Flt. Portion 2018 ZIN. Summary: Principal = \$74,000,000, Interest = \$811,256.56, Total = \$1,300,852.23.

RWA Bond \$220,500,000 Series 2018A (TC 4.63%) Table with columns: Payment Date, Payment Amount, Total Annual Payment, Flt. Portion 2018, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Total Annual Payment, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Flt. Portion 2018 ZIN. Summary: Principal = \$220,500,000, Interest = \$15,350,000, Total = \$235,850,000.

RWA Bond \$220,500,000 Series 2018B (TC 4.63%) Table with columns: Payment Date, Payment Amount, Total Annual Payment, Flt. Portion 2018, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Total Annual Payment, GDC Pre-Run ZIN, Flt. Portion 2018 ZIN, Flt. Portion 2018 ZIN. Summary: Principal = \$220,500,000, Interest = \$15,350,000, Total = \$235,850,000.



MEMORANDUM

To: Jeff Wright
CEO

From: John F. O'Brien, PE, BCEE *JFO*
Deputy CEO

Re: Public Hearing

Date: May 10, 2018

KWA is required annually to hold a public hearing on the proposed budget for the upcoming fiscal year. Our fiscal year begins on October 1 of each year. I have attached a resolution establishing a public hearing date for August 15, 2018, for our FY 2018-2019.

The proposed budget shall be prepared and be available for review 30 days prior to the meeting.

Should you have any questions, do not hesitate to contact this office.

JFO/JMW
Attachment

**KAREGNONDI WATER AUTHORITY
ACTING IN LAPEER COUNTY, MICHIGAN**

RESOLUTION NO. 2018-02

**A RESOLUTION ESTABLISHING A PUBLIC HEARING ON THE KAREGNONDI
WATER AUTHORITY FISCAL YEAR 2019 BUDGET**

At a meeting of the Karegnondi Water Authority Board, acting in Lapeer County, Michigan, held on the 27th day of June, 2018, at 2 p.m. local time.

PRESENT:

ABSENT:

The following preamble and resolution were offered by _____ and seconded by _____:

PREAMBLE

WHEREAS, pursuant to Section 2 of Act 43 of the Michigan Public Acts of 1963 (2nd Ex. Sess.), MCL § 141.421, the Karegnondi Water Authority is required to hold a public hearing on its proposed budget.

NOW, THEREFORE, BE IT RESOLVED THAT:

The public hearing on the Karegnondi Water Authority's Fiscal Year 2019 proposed budget shall be held on August 15, 2018, at 2 p.m., local time, at 4610 Beecher Road, Flint, Michigan 48532.

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT:

The regularly scheduled public meeting of the Karegnondi Water Authority Board shall be held on August 15, 2018, at 2:15 p.m., or immediately following the public hearing, on the proposed Fiscal Year 2019 Budget.

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT:

The Secretary of the Karegnondi Water Authority shall give notice of the public hearing by publication in the following newspapers of general circulation at least six (6) days before the public hearing:

1. THE FLINT JOURNAL
2. THE COUNTY PRESS
3. THE SANDUSKY TRIBUNE RECORDER

NOW, THEREFORE, BE IT FUTHER RESOLVED THAT:

The Secretary shall a make a copy of Karegnondi Water Authority's proposed 2019 Budget available for public inspection at 4610 Beecher Road, Flint, Michigan 48532, no later than the date of publication in the above-mentioned newspapers.

VOICE VOTE:

RESOLUTION 2018-02 DECLARED ADOPTED.

Greg Alexander, Chairman
Karegnondi Water Authority

Janis M. Wells, Deputy Secretary
Karegnondi Water Authority

STATE OF MICHIGAN }
 } ss
COUNTY OF GENESEE }

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of Resolution 2018-02 adopted by the Karegnondi Water Authority Board, acting in Lapeer County, at a meeting held on June 27, 2018, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on the _____ day of _____, 2018.

Janis M. Wells, Deputy Secretary
Karegnondi Water Authority



GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE

- DIVISION OF -

WATER & WASTE SERVICES

G 4610 BEECHER ROAD FLINT, MICHIGAN 48532-2617

PHONE (810) 732-7870 - FAX (810) 732-9773

JEFFREY WRIGHT
DRAIN COMMISSIONER

May 9, 2018

Jeff Wright, Chief Executive Officer
Karegnondi Water Authority
G-4610 Beecher Road
Flint, Michigan 48532

Re: KWA Appointments

Dear Mr. Wright:

Marsha Binelli and Micki Hoffman's term of service expired; and as the water purchaser, I am appointing Lisa Anderson and Scott Bennett to the vacant seats effectively immediately.

Should you have any questions, do not hesitate to contact this office.

Sincerely,

A handwritten signature in blue ink, appearing to read 'John F. O'Brien'.

John F. O'Brien, PE, BCEE
Deputy Drain Commissioner

cc: Janis M. Wells, Deputy Secretary, KWA