

KAREGNONDI WATER AUTHORITY
Meeting of Authority Board
May 10, 2011, at 10 a.m.

Genesee County Board of Commissioners
1101 Beach Street
Flint, Michigan 48502
(810) 732-7870

A G E N D A

Pledge of Allegiance
Prayer
Roll Call

1. Minutes: 04/12/11
2. Reports: CEO
 - * Timeline
3. Communication
 - * Communication from St. Clair County Drain Commissioner
4. Consent Agenda
 - * Next Meeting is scheduled at the City of Flint Council Chambers on June 14, 2011, at 10 a.m.
5. Public Comment – Agenda Items Only
6. Old Business
 - * Master Agreement – Exhibit C Section 3
7. New Business: None
8. Second Public Comment
9. Board Comment
10. Adjournment



KAREGNONDI WATER AUTHORITY
Public Board Meeting
Genesee County Water & Waste Services
(810) 732-7870

MINUTES OF MEETING
April 12, 2011, at 10 a.m.

Meeting Convened 10:00 a.m.
Lapeer County Board Offices

The Pledge of Allegiance was recited.

Moment of Silence and Reflection.

Invocation was given by Greg Alexander.

Roll Call -

All Members Present:

John Postulka (by Proxy), Andrew C. Thompson (by Proxy), John Freeman, Dale Kerbyson, Jeff Wright, Greg Alexander, Amy Planck

All Members Excused with Proxy:

Dayne Walling; Jamie Curtis

All Members Absent:

Delrico Loyd

Minutes:

- Motion for approval of Minutes by *Dale Kerbyson*; Supported by *Andrew Thompson*; No Discussion; Voice Vote - Motion Pass Unanimously

Reports / Correspondence:

- CEO Wright discussed the report to the Board dated April 4, 2011. He indicated that the City of Flint and Genesee County rates will go up 12.4% on July 1, 2011, which equates to approximately \$3,000,000. When calculating the readiness to serve charge, the rates will go up from \$2,000,000 last year, to \$5,000,000 this year.
- CEO Wright indicated he met with Mr. Rustom, who is a key aid to Governor Snyder. He stated Mr. Rustom was enthusiastic about the cooperation between the five communities regarding this project. CEO Wright discussed with Mr. Rustom the possibility of the State of Michigan considering full faith and credit backing. Mr. Rustom thought it was a good idea and indicated he would take the issue to the Governor. Mr. Rustom discussed possibly preparing bond data for prequalification of funding. Mr. Rustom indicated running the bond through the Michigan Municipal Finance Corporation may be a good way of receiving the full faith and credit backing. Trustee Kerbyson indicated that if the Authority had assurance of a good bond rating, Lapeer could go forward, and that would be another positive indication to Detroit that the Authority is serious and moving forward.
- CEO Wright acknowledged the letter received from Trustee Curtis. Andrew Thompson indicated that Trustee Curtis expressed deep concern with the schedule and wanted to impress upon the members of the Board that Genesee County views this project as a high priority. CEO Wright indicated he was taken aback by Trustee Curtis' letter, stating he did not see the logic in the letter. CEO Wright continued by saying the letter makes reference that no progress is being made and progress is being delayed. CEO Wright reminded the Authority that everything is on schedule up to this point. The goal has been to have the engineering done for intake by the end of this year, with

construction beginning early next year. The letter indicates that construction was slated to begin in 2011, which has never been discussed. CEO Wright believes the project is fully on schedule with the timeline that has been discussed since inception. He indicated he will be responding to Trustee Curtis' correspondence.

- CEO Wright indicated he would like the Authority to continue the parallel tracking process. He believes discussion should be had regarding going forward to the point of getting prequalification of up to \$300,000,000 for the bonding. He would like support to contract with the KWA Bond Counsel to start the pre-approval process.
- CEO Wright indicated that Trustee Curtis wants to have the capacity contracts signed as soon as possible. Discussion was had regarding the fact that there were several issues to be considered before moving forward with capacity contract signing, such as bonding, the City of Flint reviewing the option of using the Flint River as a water source, and the possibility of EFM becoming involved. Additionally it was suggested that in order to stay on track with the time line, a good idea may be to have two or three engineering firms for the Authority to consider at the next meeting. It was also stated that correspondence would probably be received from St. Clair by the next meeting indicating volume needs and whether or not they would be participating as a partner or a buyer.
- Trustee Kerbyson indicated three years ago the City of Lapeer put together a very aggressive demand study for the pipeline. A copy of the study was given to the Authority members. Trustee Kerbyson indicated that he felt each community should present a study similar to the City's study so justification was given regarding each community's request for water before capacity contracts were signed. Trustee Kerbyson concurred with CEO Wright that it was premature to have capacity contracts signed at this juncture. He believes the Authority should take a step back and slow down with sizing and demand for capacity contracts until justification is received from individuals that want to draw water.
- Trustee Kerbyson indicated that he had a brief discussion with the Detroit City Council President regarding the water withdrawal status and the fact that KWA or someone in the tier was not brought to the table when Detroit expanded their Water Board. The Council President did not know why, but he did say that they are willing to sit down and talk with Authority. At Trustee Kerbyson's request, CEO Wright will be put together a memorandum to the City of Detroit regarding ongoing communication.
- Trustee Kerbyson initially considered bringing a motion to alter the goal of having capacity contracts signed at the end of May to July. CEO Wright asked that a time frame not be put on the signing of contracts as of yet as the bonding issue may take a little longer. He suggested considering putting a time frame on the contract signing when the other parallel tracks were complete. Trustee Kerbyson withdrew his motion.

Consent Agenda: None

Public Comment – Agenda Items Only: None

Old Business: None

Second Public Comment: None

Board Comment: Trustee Kerbyson indicated the City of Lapeer's water usage template was done in conjunction with engineers and the Water Department staff and was simply being offered as a tool. Vice Chairman Alexander indicated that in the time line possibly highlighting the detail needed from each entity in support of their request for water.

Motion to Direct the CEO to refine the time line that provides basis for further study by *John Freeman*; Supported by *John Postulka*; No Discussion; Voice Vote – Motion Passed Unanimously

Discussion was had regarding scheduling of future meetings. There would have to be a meeting in July regarding the budget. It was agreed that this point to stick to monthly meetings. Discussion was had CEO Wright indicated that he believed Miller Canfield would be contacting each community prior to the next meeting but before they could move forward CEO Wright needed input from the Board as to whether or not to authority Miller Canfield to start on that process.

Motion to start process of preliminary prequalified bonding with Miller Canfield as the Authority's legal bond counsel by *Dale Kerbyson*; Supported by *John Freeman*; No Discussion; Voice Vote – Motion Passed Unanimously.

CEO Wright was directed by the Board to schedule the May meeting in Genesee County and the June meeting in the City of Flint.

Motion to Adjourn Meeting by *Dale Kerbyson*; Support by *John Freeman*.

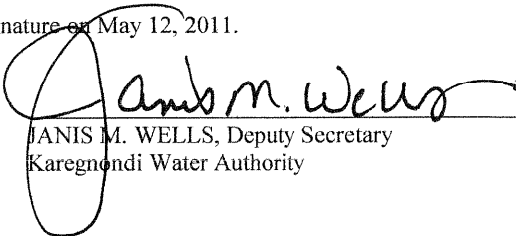
Vice Chairman Adjourned Meeting at 10:54 a.m.

MEETING MINTUES DECLARED ADOPTED.

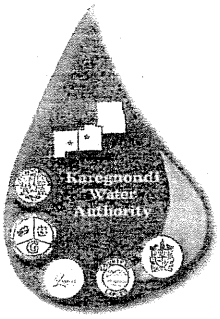
STATE OF MICHIGAN)
) ss:
COUNTY OF GENESEE)

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 on April 12, 2011, adopted by the Karegnondi Water Authority Board, acting in Genesee County, at a meeting held on May 10, 2011, 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 May 12, 2011.




JANIS M. WELLS, Deputy Secretary
Karegnondi Water Authority



MEMORANDUM

To: Jeff Wright, CEO

From: John F. O'Brien, Deputy CEO 

Re: Timeline – Karegnondi Water Authority

Date: May 3, 2011

This Memorandum is in response to the Board of Trustees' request at the last meeting (April 12, 2011) of the KWA.

First of all, as part of the original Master Agreement, the Authority recognized the need to refine the final construction cost once we received the Master Contract from each community. This is described in Exhibit C of the Agreement. The Authority will submit updated cost opinions to the Board for final approval in October 2011. We are still prepared to meet this schedule.

With regard to the signing of the Master Agreements, each community customer has to determine its own schedule. However, several questions have been raised that will impact the communities' decision to enter or not to enter into a contract with the KWA. The questions are:

1. Will Detroit negotiate with the KWA for a cooperative water supply?
2. What is the anticipated bond rating of the KWA?
3. What will it cost the City of Flint to go to river water versus the KWA?

Our responses to the questions are as follows:

1. We have prepared a Letter of Request to the current interim director, asking for a meeting with the KWA regarding cooperative agreement for water supply to our region, tentatively requesting the meeting in the next 30 days.
2. As authorized by the Board, we are preparing a preliminary prospective to submit to the state and financial rating institution to obtain a preliminary bond rating. It is our intention to deliver the preliminary prospective by the end of the month and expect a response back in two to four weeks.
3. The Flint River treatment option is a City of Flint project not under the direction or control of the Authority.

As you can see, it is anticipated that the answers to these questions will be available in late May, early June of 2011. The schedule calls for the Authority staff to develop final costs after August 31, 2011.

The Authority had a goal of obtaining Master Agreements in May of 2011. Our schedule in the Agreement was August of 2011.

Be assured staff is prepared to and has sufficient time to prepare final recommendations to the Board in October 2011, regardless if the agreements are signed in May or August of this year.

I believe this is sufficient for your needs. Should you have any questions, do not hesitate to contact me.

JFO/JMW



County of St. Clair, Michigan

Bob Wiley, Drain Commissioner
21 AIRPORT DRIVE, ST. CLAIR, MICHIGAN 48079

Phone (810) 364-5369
Fax: (810) 364-7240

FACSIMILE COVER SHEET

DATE April 15, 2011

PLEASE DELIVER THE FOLLOWING PAGE(S)

TO: NAME: John O'Brien

FIRM/AGENCY: _____

FAX #: # 810-732-9773

FROM: ST. CLAIR COUNTY DRAIN OFFICE

SENDER: Bob Wiley

TOTAL NUMBER OF PAGES SENT (including this cover sheet) 4

A HARD COPY WILL _____ WILL NOT BE SENT





Charter Township of
Fort Gratiot

DOUG HANNAN
Supervisor

ROBERT CRAWFORD
Clerk

JUDITH A. REYNOLDS
Treasurer

April 11, 2011

Robert Wiley
Drain Commissioner
21 Airport Drive
St. Clair, MI. 48079

RECEIVED

APR 13 2011

Office of DRAIN COMMISSIONER
St. Clair County

Dear Bob,

As requested, the annual water consumption for the Charter Township of Fort Gratiot for 2010 was 61,802,600 CF. Our estimated consumption in 25 years will rise to approximately 77,253,250 CF.

If you need any additional information, please do not hesitate to contact me.

Sincerely,

Doug Hannan
Supervisor
Charter Township of Fort Gratiot



MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER BUREAU

ANNUAL PUMPAGE/USAGE REPORT FOR COMMUNITY WATER SUPPLY

Issued under authority of 1976 PA 399 and Administrative Rules, as amended.

Failure to submit this form is a violation of the Act and may subject the water supply to enforcement penalties.

Administrative Rule R 325.11504 states in part that "...each Type I public water supply which does not submit a monthly operation report shall submit an annual report ... of water pumpage and water use." Complete this form and return it to the appropriate Michigan Department of Environmental Quality district office by March 31 following the year covered by the report. Add additional sheets as needed.

Water Supply CHARTER TOWNSHIP OF PORT HURON WSSN: 5490

MONTHLY PUMPAGE/USAGE

| Calendar Year 2009 | Well No. _____ Capacity in gpm | Well No. _____ Capacity in gpm | Well No. _____ Capacity in gpm | Well No. _____ Capacity in gpm | Total Monthly Pumpage/Usage <input checked="" type="checkbox"/> in million gallons <input type="checkbox"/> in gallons |
|---------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|
| | JANUARY | | | | |
| FEBRUARY | | | | | |
| MARCH | | | | | 12,413,000 ft ³ 92.86 mg |
| APRIL | | | | | |
| MAY | | | | | |
| JUNE | | | | | 14,313,700 ft ³ 107.07 mg |
| JULY | | | | | |
| AUGUST | | | | | |
| SEPTEMBER | | | | | 15,776,900 ft ³ 118.02 mg |
| OCTOBER | | | | | |
| NOVEMBER | | | | | |
| DECEMBER | | | | | 11,524,600 ft ³ 86.21 mg |

COMMENTS:

TOTAL YEARLY PUMPAGE/USAGE 404.16 mg

AVERAGE DAILY PUMPAGE/USAGE
(Total Yearly Pumpage / 365) 1.11 mgd

MAXIMUM DAILY PUMPAGE AND DATE n/a
Pumpage Date

MINIMUM DAILY PUMPAGE AND DATE n/a
Pumpage Date

| | |
|--|-----------------------|
| Name/Title: STEVE PETERSON, DPW SUPERINTENDENT | |
| Signature: <i>Steven E. Peterson</i> | Date: <u>3/4/2010</u> |



MICHIGAN DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
 ENVIRONMENTAL RESOURCE MANAGEMENT DIVISION
ANNUAL PUMPAGE/USAGE REPORT FOR COMMUNITY WATER SUPPLY
 Issued under authority of 1976 PA 399 and Administrative Rules, as amended.
 Failure to submit this form is a violation of the Act and may subject the water supply to enforcement penalties.

Administrative Rule R 325.11504 states in part that "...each Type I public water supply which does not submit a monthly operation report shall submit an annual report ... of water pumpage and water use." Complete this form and return it to the appropriate Department of Natural Resources and Environment district office by March 31 following the year covered by the report. For district office addresses, visit www.michigan.gov/dnre and click on Contacts. Add additional sheets as needed.

Water Supply: CHARTER TOWNSHIP OF PORT HURON WSSN: 5490 County: ST. CLAIR

MONTHLY PUMPAGE/USAGE

| Calendar Year 2010 | Well No. _____ Capacity in gpm | Well No. _____ Capacity in gpm | Well No. _____ Capacity in gpm | Well No. _____ Capacity in gpm | Total Monthly Pumpage/Usage x in million gallons. <input type="checkbox"/> in gallons |
|--------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|
| JANUARY | | | | | |
| FEBRUARY | | | | | |
| MARCH | | | | | 10,683,000 ft ³ / 79.92 mg |
| APRIL | | | | | |
| MAY | | | | | |
| JUNE | | | | | 14,080,800 ft ³ / 105.33 mg |
| JULY | | | | | |
| AUGUST | | | | | |
| SEPTEMBER | | | | | 17,175,800 ft ³ / 128.48 mg |
| OCTOBER | | | | | |
| NOVEMBER | | | | | |
| DECEMBER | | | | | 10,444,300 ft ³ / 78.13 mg |

COMMENTS:

TOTAL YEARLY PUMPAGE/USAGE 391.86 mg

AVERAGE DAILY PUMPAGE/USAGE
 (Total Yearly Pumpage / 365) 1.07 mgd

MAXIMUM DAILY PUMPAGE AND DATE N/A
 Pumpage Date

MINIMUM DAILY PUMPAGE AND DATE N/A
 Pumpage Date

| | |
|--|-------|
| Name/Title: STEVEN E. PETERSON, DPW SUPERINTENDENT | |
| Signature: | Date: |



PANAFAX TRANSMITTAL
DETROIT EDISON
GREENWOOD ENERGY CENTER
7000 KILGORE ROAD
AVOCA, MI 48006

DATE: 05/09/2011

NO. OF PAGES (including cover sheet): 2

PANAFAX TO:

NAME: Mr. John O'Brien, P.E., BCE, Director

ADDRESS: Water+Waste Services

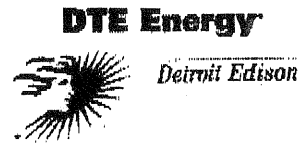
Fax
PHONE: 810-732-9773

FROM:

NAME: Mr. Mark Vander Heuvel, Plant Manager

ADDRESS: Greenwood Energy Center

Fax
PHONE: 810-324-3272



Greenwood Energy Center
7000 Kilgore Road
Avoca, MI 48006

May 9, 2011

Mr. Bob Wiley
Drain Commissioner
County of St. Clair
21 Airport Drive
St. Clair, MI 48079

Re: Potential Water Needs

Dear Mr. Wiley,

Per our previous discussion with you and representatives of Genesee County, this will confirm that the Greenwood Energy Center is interested in future consumption of water up to 3 million gallons per day.

Sincerely,

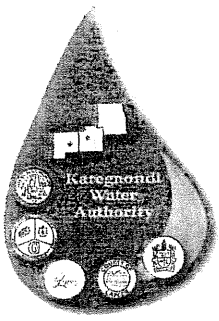
A handwritten signature in black ink that reads "Mark L. VanderHeuvel". The signature is written in a cursive style.

Mark L. VanderHeuvel
Plant Manager
Greenwood Energy Center
810-324-3218

MLV/krh

cc: Mr. John F. O'Brien, P.E., BCE
Director
Water & Waste Services
G4610 Beecher Road
Flint, MI 48532-2617

Fax – County of St. Clair 810-364-7240
Genesee County 810-732-9773



KAREGNONDI WATER AUTHORITY

G-4610 Beecher Road

Flint, Michigan 48532

(810) 732-7870

Notice of Public Meeting

There will be a meeting of the Board of the Karegnondi Water Authority, on Tuesday, June 14, 2011, at 10 a.m., local time. **The location of the meeting will be the City of Flint, City Council Chambers, located at 1101 South Saginaw Street, Flint, Michigan.** All citizens wishing to express opinions or make comments during this meeting are invited to attend.

Amy Planck
Secretary

EXHIBIT C
CAPACITY/VOLUME FOR EXEMPT PURPOSES PURCHASED

Section 1. Exhibit part of Contract and controls in conflict. This Exhibit C is an integral part of the Contract and is applicable to the Authority and Buyer as if fully set forth in the body of the Contract. If any provision of this Exhibit C conflicts with the general provisions in the Contract, the provisions of this Exhibit C shall control.

Section 2. Capacity to be made available. Subject to Article III of this Contract, Water will be made available pursuant to the terms of the limitations set forth in this Contract and the amount of capacity purchased by the Buyer as more specifically set forth in the schedule set forth in this Exhibit C.

Section 3. Capacity made available after construction. Subject to the terms and conditions of Studies and Permits, the total capacity of Water made available after the construction of the System is completed will be determined by the Authority Board, upon recommendation of the Chief Executive Officer, no later than the October 2011 Board meeting. Said decision will be based on the amount of capacity that is contracted for prior to August 1, 2011, and the future needs of the Buyer and Members.

Section 4. Capacity Purchased. The Buyer hereby agrees to purchase capacity rights to _____ Units, which represents ___% of the total capacity of the System.

Section 5. Purchase of Volume for Exempt Purposes. The Buyer hereby agrees to purchase _____ Units of Volume for Exempt Purposes or other purposes exempt from the total Units allowed to be withdrawn pursuant to the Permit.

Section 6. Cost of Capacity Units During Construction. The Buyer shall pay to the Authority Thirty-Two Thousand Three Hundred Dollars and Zero Cents (\$32,300.00) per Unit purchased per year until such time as the final System Development Bonds are sold. Said payments shall be made in monthly installments.

Section 7. Cost of Capacity Units After Construction. The actual cost per Unit of capacity after construction will be determined by the total amount of the System Development Bonds sold to fund the construction and related costs of the System and the total number of Units sold. The Buyer agrees that it will pay to the Authority in monthly installments a total of _____ (\$_____) per month until such time as the System Development Bonds are redeemed. The Buyer further agrees that the total of _____ (\$_____) shall be increased if the Buyer obtains additional capacity pursuant to Article III, Section 3.05 of this Contract.

Section 8. Cost of Volume for Exempt Purposes After Construction. The actual cost per Unit of Volume for Exempt Purposes after construction will be determined by the total amount of the System Development Bonds sold to fund the construction and related costs of the System and the total number of Units sold. The Buyer agrees that it will pay to the Authority in monthly installments a total of _____ (\$_____) per month until such time as the System Development Bonds are redeemed.

Section 9. Capacity rights at the expiration of this Contract. The Authority and Buyer hereby agree that the physical assets of the System shall remain with the Authority at the expiration of this Contract. Additionally, pursuant to Section 7.02 of this Contract, the Authority is not obligated to provide any services or obligations to the Buyer if this Contract expires on its terms. If the Buyer desires to continue to receive Water from the Authority at the conclusion of this Contract, the Buyer and the Authority will need to either extend or renew this Contract pursuant to Section 7.03 of this Contract. Forty (40) years after the Contract Date, the Authority shall issue to the Buyer capacity share(s), which shall be equal to the amount of capacity purchased by the Buyer pursuant to this Contract, not including the purchase of Volume for Exempt Purposes. Subject to the Articles of Incorporation and By-Laws, the Buyer at the expiration of this Contract may retain its capacity share(s), sell its capacity share(s), or rent its capacity share(s). Volume for Exempt Purposes shall be restricted to the Buyer subject to the approval of the agency that governs withdraw of Volume for Exempt Purposes.

Section 10. Amendment to this Exhibit. Subject to Article VII, Section 7.19, this Exhibit may be amended from time-to-time by the Buyer, the Authority Board, and the Incorporating Board.

Buyer:

Authority Board:

Its:

Its: