



Great Lakes Water Authority Board of Directors

735 Randolph Street
Detroit, Michigan 48226
GLWater.ORG

General Certification

The undersigned hereby certifies that (i) the Resolution 2016-01-02 Approval of An Ordinance to Amend Master Water Bond Ordinance No. 2015-01 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 January 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, Isaiah McKinnon, Brian Baker, Earl Edward Hood, and Joseph Nardone
NO: None
ABSTAIN: None
ABSENT: None

Dated: January 27, 2016

A handwritten signature in black ink that reads "Rechanda L. Willis". The signature is written in a cursive style and is positioned above a horizontal line.

By: Rechanda L. Willis

Title: Executive Board Assistant

Great Lakes Water Authority

Resolution 2016-01-02

RE: Approval of Ordinance Amending Master Water Bond Ordinance

Ordinance 2016-01

By Board Member: Brian Baker

Whereas There has been presented to the Board of Directors of the Great Lakes Water Authority (the “Authority”) an ordinance (the “2016 Supplemental Water Bond Ordinance”) that amends Master Bond Ordinance No. 2015-01 adopted by the Board of Directors on October 7, 2015, as amended on December 9, 2015 (as amended, the “Master Water Bond Ordinance”).

Whereas The Articles of Incorporation of the Authority provide that at least 5 of the 6 members of the Authority Board must vote to approve the 2016 Supplemental Water Bond Ordinance.

Now, Therefore Be It:

Resolved That the 2016 Supplemental Water Bond Ordinance, in the form presented to this meeting, is approved and adopted, and the Chairperson and the Secretary are authorized to authenticate the 2016 Supplemental Water Bond Ordinance in the form approved; **And Be it Further**

Resolved That an affirmative vote of at least 5 members of the Authority Board is necessary for the passage of this Resolution.

Adopted by the Great Lakes Water Authority Board on: January 27, 2016

GREAT LAKES WATER AUTHORITY

ORDINANCE NO. 2016-01

AN ORDINANCE TO AMEND MASTER BOND ORDINANCE NO. 2015-01

WHEREAS, pursuant to Resolution No. 2015-10-02 adopted by the Board of Directors of the Great Lakes Water Authority (the “Authority”) on October 7, 2015, the Authority approved and adopted Master Bond Ordinance No. 2015-01, an ordinance entitled “AN ORDINANCE TO PROVIDE FOR THE ASSUMPTION BY THE GREAT LAKES WATER AUTHORITY OF ALL OF THE OUTSTANDING WATER SUPPLY SYSTEM REVENUE BONDS AND WATER SUPPLY SYSTEM REVENUE REFUNDING BONDS ISSUED BY THE CITY OF DETROIT, COUNTY OF WAYNE, STATE OF MICHIGAN; TO PROVIDE FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE WATER SUPPLY SYSTEM OF THE GREAT LAKES WATER AUTHORITY AND THE CITY OF DETROIT; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY THE COSTS THEREOF; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS AND THE ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM” (such ordinance as amended by Ordinance No. 2015-03 referred to in the next recital is hereinafter referred to as the “Master Water Bond Ordinance”); and

WHEREAS, pursuant to Resolution No. 2015-12-08 adopted by the Board of Directors of the Authority on December 9, 2015, the Authority approved and adopted Ordinance No. 2015-03, which made certain amendments to Master Bond Ordinance No. 2015-01; and

WHEREAS, it is necessary to amend the Master Water Bond Ordinance as hereinafter provided.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GREAT LAKES WATER AUTHORITY AS FOLLOWS:

Section 101. Authority for this Supplemental Ordinance. This Supplemental Ordinance (the “2016 Supplemental Ordinance”) is adopted pursuant to Section 1102(7) of the Master Water Bond Ordinance.

Section 102. Definitions. Except as otherwise provided in this 2016 Supplemental Ordinance, all terms which are defined in Section 101 of the Master Water Bond Ordinance shall have the same meanings, respectively, in this 2016 Supplemental Ordinance as such terms are given in the Master Water Bond Ordinance.

Section 103. Amendment to Section 101 of the Master Water Bond Ordinance. (a) The following is substituted for and in the place of the definition of “Pension Obligation” in Section 101 of the Master Water Bond Ordinance:

“ ‘Pension Obligation’ means the amounts allocable to the Water System and required to be paid over time by DWSD and as provided in the Lease, the Authority, in respect of (i) the GRS Plan as provided in the Plan of Adjustment and the Bankruptcy Order and (ii) the BC Note Obligation as provided in the Plan of Adjustment.”

(b) The following definition is added after the definition of “Bankruptcy Order” in Section 101 of the Master Water Bond Ordinance:

“ ‘BC Note Obligation’ means, collectively, the debt service on (a) the City of Detroit Financial Recovery Bonds, Series 2014B(1) and Series 2014B(2), dated December 10, 2014, and (b) the City of Detroit Financial Recovery Bonds, Series 2014C, dated December 10, 2014, which bonds were issued to satisfy in whole or in part claims relating to the City’s pension obligation certificates and post-retirement health benefits.”

Section 104. Amendment to Section 503 of the Master Water Bond Ordinance. The following is substituted for and in the place of Fifth in Section 503(b) of the Master Water Bond Ordinance:

“Fifth: except as provided in Section 503(a)(1) with respect to the initial deposit to the Pension Obligation Payment Fund, to the extent Pension Junior Lien Bonds are not issued, to the Pension Obligation Payment Fund an amount that equals to 1/12 of the Required Annual GRS Payment and 1/12 of the BC Note Obligation at the written direction of an Authorized Officer to the Trustee;”

Section 105. Amendment to Section 508 of the Master Water Bond Ordinance. The following is substituted for and in the place of Section 508(a) and (b) of the Master Water Bond Ordinance:

“Section 508. Use of Money in the Pension Obligation Payment Fund. The Pension Obligation Payment Fund established by the Authority under Section 502(a)(9) shall be funded under Section 503 and used for the purposes set forth in this Section 508.

(a) Subject to the issuance of Pension Junior Lien Bonds to satisfy all or a portion of the Pension Obligation, at the written direction of an Authorized Officer to the Trustee, the Trustee shall pay from the Revenues of the Water System on deposit in the Pension Obligation Payment Fund, on the same ratable basis as the allocation of payroll costs between the Water System and the Sewer System, (i) to GRS the difference between the annual allocation of the Plan of Adjustment GRS pension contributions provided in the Plan of Adjustment and \$24 million in the aggregate, and (ii) the Water System’s allocable share of the BC Note Obligation, all as determined by the Authority.

(b) Subject to the provisions of Section 503, at the written direction of an Authorized Officer to the Trustee, sufficient funds shall be allocated and disbursed by the Trustee, to the Pension Obligation Payment Fund on a monthly basis until such time as the Pension Obligation

Payment Fund contains funds sufficient to pay (i) the difference between the Water System's allocable share of the annual allocation of the Pension Obligation contributions required to be paid to GRS as provided in the Plan of Adjustment and the Bankruptcy Order, and the Water System's allocable share of \$24 million (the "Required Annual GRS Payment") and (ii) the Water System's allocable share of the BC Note Obligation as provided in the Plan of Adjustment, all as determined by the Authority."

Section 106. Amendment to Section 803 of Master Water Bond Ordinance. The following is substituted for and in the place of Section 803(a) of the Master Water Bond Ordinance:

"Section 803. Non-Arbitrage Covenant. (a) The Authority shall not make any use and the Trustee is directed not make any use of the proceeds of any Tax-Exempt Bonds, or any funds which may be deemed to be proceeds of Tax-Exempt Bonds pursuant to Section 103(c) of the Code and the applicable regulations thereunder, which could cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of such Section and such regulations, and the Authority shall comply and the Trustee is directed to comply with the requirements of such Section and such regulations throughout the term of the Tax-Exempt Bonds, including rebate requirements."

Section 107. Amendment to Section 804 of Master Water Bond Ordinance. The following is substituted for and in the place of Section 804 of the Master Water Bond Ordinance:

"Section 804. Annual Budget. The Authority, prior to the commencement of each Fiscal Year beginning with the Fiscal Year next commencing after the effective date of this Ordinance, shall adopt a budget for the Regional Water System as required by Act 21 of the Michigan Public Acts of 1968, as amended, covering the Operation and Maintenance Expenses, Debt Service and other known monetary requirements of the Lease, this Ordinance and the Regional Water System for each Fiscal Year. A copy of the completed annual budget shall be filed by the Authority with the Trustee as soon as it is available."

Section 108. Publication and Recordation. This 2016 Supplemental Ordinance shall be published in full in the Detroit Legal News, a newspaper of general circulation within the geographic boundaries of the Authority qualified under State law to publish legal notices, promptly after its adoption, and shall be maintained in the official records of the Authority and such recording authenticated by the signatures of the Chairperson and Secretary of the Authority Board.

Section 109. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2016 Supplemental Ordinance are, to the extent of such conflict, repealed.

Section 110. Effective Date. This 2016 Supplemental Ordinance shall be effective as of the Effective Date.

Adopted and signed on the 13th day of January, 2016.

GREAT LAKES WATER AUTHORITY

Signed _____
Chairperson

Signed _____
Secretary