

RECIPROCAL BACKUP WATER SERVICE CONTRACT

BETWEEN

GREAT LAKES WATER AUTHORITY, A MICHIGAN MUNICIPAL AUTHORITY

AND

GENESEE COUNTY DRAIN COMMISSIONER, A MICHIGAN COUNTY AGENCY

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**RECIPROCAL BACKUP WATER SERVICE CONTRACT
BETWEEN
GREAT LAKES WATER AUTHORITY
AND
GENESEE COUNTY DRAIN COMMISSIONER**

This Reciprocal Backup Water Service Contract is made between the Great Lakes Water Authority, a Michigan municipal authority and public body corporate organized pursuant to Act 233, Public Acts of Michigan, 1955, as amended, with its principal place of business located at 735 Randolph, Suite 1900, Detroit, Michigan 48226, and the Genesee County Drain Commissioner, a Michigan county agency organized pursuant to Act 342, Public Acts of Michigan, 1939, as amended ("Act 342"), with its principal place of business located at 4610 Beecher Road, Flint, Michigan 48532. GLWA and GCDC may be referred to individually as "Party" or collectively as the "Parties."

Recitals

The Board of Commissioners of Genesee County authorized and directed, pursuant to the provisions of Act 342, the establishment of a water supply system designated as the GCDC System consisting of a source of water supply, transmission mains, and all other facilities necessary to supply water to various units of government located within and outside of Genesee County; and

GCDC is designated by Genesee County as the county agency pursuant to Act 342 to establish, maintain, and operate the GCDC System and to supervise and control the operation of that GCDC System; and

In 1968, GCDC, through a contract with Flint, began receiving water from the City of Detroit ("Detroit") which it then distributed to other Genesee County customers; and

In 2010, the Counties of Genesee, Lapeer and Sanilac and the Cities of Flint and Lapeer formed the KWA to deliver raw water to its member communities; and

In 2012, GCDC began construction of a water treatment plant ("GCDC WTP") to process the raw water delivered by the KWA to GCDC; and

Beginning in 2014, during the period that the KWA transmission pipeline was being constructed, Flint ceased receiving water from Detroit and instead began using water from the Flint River and treating it at the Flint Water Treatment Plant to provide water to its residents while GCDC continued to receive water from Detroit; and

Because Flint no longer required its 72" pipeline which connected Flint to the Detroit water system, Flint sold a portion of its 72" pipeline to GCDC; and

In 2014 and 2015 Flint, the Michigan Department of Environmental Quality ("MDEQ") and the United States Environmental Protection Agency determined that the water received by Flint residents from the Flint River and treated by Flint threatened their health and safety; and

On June 12, 2015, GLWA and Detroit entered into a Regional Water Supply System Lease (the "Lease") for the purpose of leasing the public water supply system owned by Detroit to GLWA to be operated and maintained by GLWA for a minimum term of 40 years; and

In October 2015, Detroit agreed to begin providing Flint with potable water again; and

On October 14, 2015, to allow Flint to receive Detroit water, GCDC granted Flint a license to transmit Detroit water through the 72" pipeline; and

Beginning on January 1, 2016, under the terms and conditions of the Lease, wholesale service functions previously conducted by Detroit are now conducted by GLWA; and

The Parties have been advised that the MDEQ will require Flint to maintain a redundant source of water if Flint continues to receive water from GLWA; and

To the extent available, GCDC is willing and able to provide GLWA with a portion of the required redundant source of water supply for Flint; and

GCDC seeks to obtain, and GLWA is willing and able to provide, short-term wholesale water supply services from GLWA; and

Each Party also seeks to obtain reciprocal backup water services from the other Party, which each Party is willing and able to provide; and

Accordingly, in consideration of the mutual covenants and agreements in this Contract, the Parties agree as follows:

Article 1. Definitions

1.01 The following words and expressions, or pronouns used in their stead, shall be construed as follows:

"Allocation Flow Rate" shall mean the value that is established as a result of a breach of Section 6.02 herein and which value shall replace the contractual Maximum Flow Rate in the charge calculation process in the event that Section 6.03 C herein is applied by the GLWA.

"Annual Volume" shall mean the actual volume of water used by GCDC for the period of July 1st to June 30th as measured on bills issued from August 1st through July 31st.

"Backup Water" shall have the meaning ascribed in Article 2 herein.

"Board" shall mean the GLWA Board of Directors.

"Contract" shall mean each of the various provisions and parts of this document, including all attached Exhibits and any amendments thereto, as may be executed and approved by GCDC and the Board.

“Contract Term” shall have the meaning ascribed in Article 3 herein.

“Emergency” shall have the meaning ascribed in Section 2.05 herein.

“Flint” shall mean the City of Flint, a Michigan municipal corporation, located in Genesee County.

“GCDC” shall mean the Genesee County Drain Commissioner, a Michigan county agency, organized pursuant to Act 342, Public Acts of Michigan, 1939, as amended, including its successors in interest.

“GCDC Fixed Fee” shall mean the rate established by GCDC for providing the capacity to treat water at the volume of 2,000,000 gallons per day on a 30 day average.

“GCDC Maximum Day Demand” shall mean GCDC’s recorded water usage on the GLWA Maximum Day. GCDC Maximum Day Demand shall, in conjunction with GCDC Peak Hour Demand, be a component of its Maximum Flow Rate.

“GCDC Peak Hour Demand” shall mean GCDC’s recorded water usage during the GLWA Peak Hour. GCDC Peak Hour Demand, in conjunction with GCDC Maximum Day Demand, shall be a component of its Maximum Flow Rate.

“GCDC Projected Annual Volume” shall mean the projected annual water sales to GCDC as set forth in Exhibit B, Table 1.

“GCDC System” shall mean the public water works system owned, and/or operated and/or maintained by GCDC.

“GLWA” shall mean the Great Lakes Water Authority, a Michigan municipal authority and public body corporate organized pursuant to the provisions of Act 233, Public Acts of Michigan, 1955, as amended, governed by its Board of Directors and its day-to-day operations conducted by its Chief Executive Officer, including its successors in interest.

“GLWA Maximum Day” shall mean the maximum reported water production day for the GLWA System during any twenty-four hour period as measured from 12:00 a.m. Eastern Standard Time in any given calendar year, as determined by GLWA in reviewing water production and storage reports.

“GLWA Peak Hour” shall mean the hour during the GLWA Maximum Day in which the most water is delivered to the GLWA System, measured from top-of-the-hour to top-of-the-hour (e.g. 7:00 a.m. to 8:00 a.m.), and as determined by GLWA in reviewing water production and pumping reports. In calculating the GLWA Peak Hour, the time period from 11:00 PM to 5:00 AM Eastern Standard Time (EST) shall not be considered.

“GLWA System” shall mean the public water works system leased, operated and maintained by GLWA and owned by the City of Detroit and, beginning on or after January 1, 2016, any improvements, additions and/or changes to the water system made by GLWA,

which improvements, additions and/or changes shall be owned, operated and maintained by GLWA.

“**KWA**” shall mean the Karegnondi Water Authority, a Michigan municipal authority and public body corporate organized pursuant to the provisions of Act 233, Public Acts of Michigan, 1955, as amended, governed by its Board of Directors and its day-to-day operations conducted by its Chief Executive Officer, including its successors in interest.

“**KWA System**” shall mean the public water works system owned, and/or operated and/or maintained by KWA.

“**Maximum Flow Rate**” shall mean the aggregate amount of water usage that GCDC commits not to exceed, as measured in million gallons per day (MGD) as determined by the GCDC Maximum Day Demand and the GCDC Peak Hour Demand, collectively.

“**Meter Facility(ies)**” shall mean a location in which a water meter is housed including, without limitation, meter pits and meter vaults.

“**Projected Annual Volume**” shall mean the projected annual water sales to GCDC as set forth in Exhibit B.

“**Redundant Water**” shall have the meaning ascribed in Article 2 herein.

“**Technical Advisory Committee**” shall mean the committee consisting of representatives of GLWA, wholesale water customers of GLWA and their respective representatives, and shall include its successor or replacement if altered or discontinued. The Technical Advisory Committee or its successor shall remain in existence for a minimum term of January 1, 2008 until December 31, 2038 unless the committee determines otherwise.

“**Water Distribution Points**”, including “GLWA Water Distribution Points” and “GCDC Water Distribution Points”, shall have the meanings ascribed in Article 5 herein.

Article 2.

Short-Term Wholesale Services, Flint Redundant Supply, and Reciprocal Backup Services

- 2.01 Purpose. This Contract establishes the terms and conditions of the Parties relationship regarding the provision of three distinct types of water supply services between the Parties: (i) short-term wholesale potable water services by GLWA to GCDC, (ii) daily redundant supply of water to GLWA for the benefit of Flint using potable water provided by GCDC (“Redundant Water”), and (iii) reciprocal backup potable water services between GLWA and GCDC (“Backup Water”).
- 2.02 Necessary Infrastructure. This Contract necessitates the continued access to and use of certain water mains and Emergency Connections (as defined in Section 2.02 C, below) as set forth in this Section 2.02 (the “Necessary Infrastructure”). Any sustained unavailability or inaccessibility of any Necessary Infrastructure to or by a Party will permit a Party to invoke the provisions of Section 12.01 of this Contract.

- A. 72 Inch Main. The 72 inch potable water main extending west from the GLWA Meter Facility located at or near the intersection of Baxter and Potter Roads in Genesee County to the Flint city limits (the "72 Inch Main"), as depicted in Exhibit A.
- B. Dort Highway Main. The Dort Highway Main, once constructed, shall be defined as and comprised of the GCDC Main, the GLWA Pipe and the Flint Main (as each such term is defined in this Section 2.02).
- i. GCDC shall at all times own, operate and maintain in good working condition that portion of the potable water main from the upstream entry point of the future GCDC FL-02 Meter Facility, located at or near Frances Road and Dort Highway, into the GCDC FL-02 Meter Facility, through the meter and terminating at the GLWA Pipe (defined in Section 2.02 B (ii)), as depicted in Exhibit A (the "GCDC Main"), used by GCDC, in part, to supply both Redundant Water and Backup Water to GLWA.
 - ii. GLWA shall own and operate that portion of pipe and valve within the GCDC FL-02 Meter Facility, as depicted in Exhibit A (the "GLWA Pipe"), which shall be maintained by GCDC at no cost to GLWA.
 - a. GCDC and GLWA shall each own and maintain separate electronic communication systems within the GCDC FL-02 Meter Facility. GLWA shall have reasonable access to the GCDC FL-02 Meter Facility. The Parties shall use the meter depicted in Exhibit A for the purposes of billing for Redundant Water and Backup Water, in accordance with this Contract. The meter shall at all times be maintained in good working order by GCDC.
 - iii. The Parties acknowledge that Flint shall own, operate and maintain that portion of the Dort Highway Main from termination of the GLWA Pipe to the Flint Water Treatment Plant, as depicted in Exhibit A (the "Flint Main").
- C. Emergency Connections. GCDC shall at all times own, operate and maintain in good working order three connections that may be used to provide Backup Water to GLWA during an Emergency and identified as (i) EC-1, located at or near Henderson and Potter Roads, a 42" interconnection between the 72 Inch Main and the 48" GCDC main to the north; (ii) EC-2, located at or near Genesee and Richfield Roads, a 24" interconnection between the 72 Inch Main and the 30" GCDC main to the south; and (iii) EC-3, which may be constructed in the future and located at or near Henderson and Potter Roads, a 36" interconnection between the 42" GCDC main to the GLWA FL-01 Meter Facility located at or near Baxter and Potter Roads (collectively, the "Emergency Connections"). Normally, all Emergency Connections shall be in the closed position.

- 2.03 Short-Term Wholesale Services. GLWA will be the sole supplier of short-term wholesale potable water supply services to GCDC until at least September 30, 2017, in accordance with the terms of this Contract and will supply GCDC with a volume of water necessary to

meet the GCDC Peak Hour Demand as provided in Exhibit B, Table 2. GCDC will provide to GLWA a minimum of two weeks prior written notice of GCDC's intent to discontinue the GLWA short-term wholesale services; provided, however, that such notice shall not be issued prior to September 17, 2017. GCDC shall also provide a 48-hour written confirmation of turn off. The Parties anticipate that on or about October 1, 2017, GCDC will be able to supply its customers with potable water from the GCDC WTP. For any short-term wholesale services provided on or after October 1, 2017, GLWA will calculate the fixed fee on a daily prorated basis.

2.04 Redundant Water Supply. GCDC will supply Redundant Water to GLWA through the Dort Highway Main for GLWA to supply to Flint.

- A. GCDC will supply to GLWA a volume of Redundant Water of approximately 5% of Flint's daily flow. This volume is estimated to be 0.5 MGD and is expected to fluctuate on any given day.
- B. The Parties acknowledge that Flint will in accordance with plans and specifications approved by GCDC construct and install at no cost to GCDC or GLWA, and GCDC will own, operate and maintain, a Meter Facility (to be designated as "FL-02") and meter at an agreed upon location to measure the volume of Redundant Water, as depicted in Exhibit A. The Parties further acknowledge that Flint will install any necessary equipment including, without limitation, flow control devices within the GCDC Meter Facility in order to manage and control the amount of water taken through the meter. GLWA shall have the right to access both the GCDC Meter Facility and the meter data.

2.05 Reciprocal Backup Services Provided by GCDC. Subject to the limitations of Section 2.05 A and as requested by GLWA, GCDC will supply Backup Water to GLWA for use by GLWA for Flint and/or other GLWA customers during periods of planned maintenance, system repairs, system outages, loss of power supply, contamination, or other mutually acceptable reasons (collectively, "Emergency").

- A. Unless otherwise agreed by the Parties, the amount of Backup Water to be provided by GCDC may vary based upon the requirements of GLWA but in no case shall the available GCDC capacity be less than 2 MGD. Additional capacity requirements will be as GCDC has available to a maximum of 18 MGD.
- B. If GLWA requires Backup Water from GCDC to address an Emergency, it shall notify GCDC of the same and the anticipated daily volume of Backup Water believed necessary for the Emergency. This notice shall be given with as much advance notice of the specific need and scope of the Emergency as is practicable under the circumstances. After GLWA notifies GCDC that it requires Backup Water, both GCDC and GLWA shall take all steps necessary to deliver and receive the Backup Water. If GCDC cannot provide at least 2 MGD of Backup Water, GCDC shall notify GLWA within 8 hours.

- C. GCDC shall endeavor to provide Backup Water to GLWA at a minimum pressure of 40 pounds per square inch at the Water Distribution Point(s) set forth in Exhibit A.
- 2.06 Reciprocal Backup Services Provided by GLWA. Subject to the limitations of Section 2.06 A and as requested by GCDC, GLWA will supply Backup Water to GCDC during an Emergency for use by GCDC for its customers, which customers shall not include Flint.
- A. Unless otherwise agreed by the Parties, the amount of Backup Water to be provided by GLWA may vary based upon the requirements of GCDC up to 18 MGD.
 - B. If GCDC requires Backup Water from GLWA to address an Emergency, it shall notify GLWA of the same and the anticipated daily volume of Backup Water believed necessary for the Emergency. This notice shall be given with as much advance notice of the specific need and scope of the Emergency as is practicable under the circumstances. After GCDC notifies GLWA that it requires Backup Water, both GCDC and GLWA shall take all steps necessary to deliver and receive the Backup Water. If the GLWA Backup Water becomes unavailable, GLWA shall notify GCDC within 8 hours.
 - C. GLWA shall endeavor to provide Backup Water to GCDC at a minimum pressure of 40 pounds per square inch at the Water Distribution Point(s) set forth in Exhibit A.
- 2.07 Effect of Default by Flint pursuant to the KWA Financing Contract. If the County of Genesee acquires Flint's capacity in the KWA System in accordance with the KWA Water Authority Financing Contract dated August 1, 2013, by and among KWA, Flint and the County of Genesee ("KWA Financing Contract") due to Flint's failure to fulfill its payment obligations as set forth in Exhibit B of the KWA Financing Contract ("Exhibit B"), GCDC shall reserve 2 MGD of GCDC's 42 MGD of capacity to provide emergency potable water to GLWA. Such use of GCDC capacity for the benefit of GLWA shall expire on the earlier to occur of: (a) Flint curing its default in payment(s) as provided under Exhibit B, including payment of all applicable interest and penalties; or (b) the expiration of the Term as defined in the Three Party Agreement between Flint, GLWA and KWA dated as of the Effective Date of the Master Agreement and attached thereto as Exhibit D.
- 2.08 Meter Data. In order to effectuate the terms and conditions of this Article 2, each Party shall freely and routinely, as mutually agreed, provide to the other Party metered commodity usage data from each metered Water Distribution Point in a form acceptable to that Party.
- 2.09 Notice of Shutdown. Each Party shall provide 3 days advance written notice to the other Party in the event of any scheduled shut down of any infrastructure necessary to the performance of this Contract and any Meter Facilities, when such shut downs are expected to last longer than 8 consecutive hours in duration.
- 2.10 Raw Water Main. The Parties acknowledge that KWA owns a 36-inch raw (non-potable) water main which, as of the Effective Date, extends from the GCDC WTP site and

terminates at a KWA meter pit in the proximity of Center Road near Pierson Road ("Raw Water Main"), as depicted in Exhibit A.

Article 3. Contract Term

- 3.01 Term. The term of this Contract shall be for a period of thirty years from the effective date of this Contract ("Contract Term"). The effective date of this Contract shall be the Effective Date of the Master Agreement to which this Contract is attached as Exhibit B (the "Effective Date").
- 3.02 Renewal. This Contract does not automatically renew, however, the relationship established between the Parties to this Contract is encouraged to continue beyond the Contract Term. On July 1, 2042, or at any time more than 194 calendar days prior to the expiration of the Contract Term, a Party desiring to extend the Contract Term shall provide notice thereof to the other Party in accordance with Section 17.03. The Party in receipt of a request to extend the Contract Term shall, within fourteen calendar days, provide a written acknowledgement ("Acknowledgement") of such request and the Parties shall thereafter meet and discuss the continuation of the relationship established by this Contract, any extension of the Contract Term, modifications to the terms of this Contract, and any other matters of mutual concern. The Parties shall have 180 calendar days from the date of receipt of the Acknowledgement in which to negotiate the terms of any extension of the Contract Term; the Parties may agree to extend the negotiation period.

Article 4. Early Termination

- 4.01 No Early Termination. Subject to Section 12.01, termination of this Contract without cause prior to the expiration of its stated term is not permitted.
- 4.02 Early Termination Liquidated Damages. Notwithstanding the terms of Section 4.01, if either Party terminates this Contract without cause before the expiration of its term, that Party shall pay to the other Party the sum of \$2,000.00 per day as liquidated damages for that portion of the Contract Term remaining following the date of early termination.

Article 5. Delivery of Water

- 5.01 Delivery Location. Water shall be delivered by GLWA to GCDC at the location(s) identified in Exhibit A (collectively, the "GLWA Water Distribution Points"), and at other locations as may be mutually agreed upon in writing by GLWA and GCDC. Water shall be delivered by GCDC to GLWA at the location(s) identified in Exhibit A (collectively, the "GCDC Water Distribution Points"), and at other locations as may be mutually agreed upon in writing by GLWA and GCDC.
- 5.02 Limit of Responsibility. Neither Party shall have any responsibility for distributing, operating, repairing, replacing and maintaining any portions of the other Party's water supply system downstream of the Water Distribution Points shown in Exhibit A, provided,

however, that this Section 5.02 does not prevent the application of the provisions of Section 12.02 herein.

- 5.03 GLWA and GCDC Responsibility Defined. GLWA owns or leases, and is responsible for operating and maintaining all parts of the GLWA System upstream from the GLWA Water Distribution Points as depicted in Exhibit A. GCDC owns and is responsible for operating and maintaining all parts of the GCDC System upstream from the GCDC Water Distribution Points as depicted in Exhibit A. If either Party fails to maintain its Meter Facilities and/or any equipment within its Meter Facilities, the other Party shall provide written notice to the owner of the Meter Facilities which describes the objectionable condition of the Meter Facility and/or the equipment within, and its intent to take reasonable steps to maintain the condition and charge the reasonable cost of doing so to the owner of the Meter Facilities. Upon receipt of the notice and subject to Section 12.01, the owner of the Meter Facilities shall have thirty calendar days to repair the condition specified in the notice, unless a Force Majeure Event prevents the repair within the thirty-day period. If the owner of the Meter Facilities has not repaired the condition at the conclusion of the thirty-day period and has not provided a written explanation to the other Party explaining the reason for the delay (e.g. necessary parts are on order or occurrence of a Force Majeure Event specified in Section 12.01), then the other Party may take reasonable steps to maintain the specified condition and charge the reasonable cost of doing so to the owner of the Meter Facilities.
- 5.04 Change or Addition of Water Distribution Points. Water Distribution Points may be added or changed only by the express written agreement of the Parties and shall be embodied in a written amendment to this Contract.
- 5.05 Sole Supplier. Except as provided in Article 18 herein, GLWA shall be the sole supplier of public potable water to Flint and to GCDC during the short-term provision of wholesale water supply services to GCDC by GLWA.

Article 6.

Maximum Flow Rate

- 6.01 Application. The terms of this Article 6 shall only apply for as long as GCDC continues to receive short-term wholesale water supply services from GLWA and upon cessation of such services, this Article 6 shall no longer have any force and effect.
- 6.02 Maximum Flow Rate. GCDC's Maximum Flow Rate is specified in Exhibit B. GCDC shall not exceed the Maximum Flow Rate specified in Exhibit B, as measured in million gallons, on the GLWA Maximum Day and during the GLWA Peak Hour.
- A. GLWA shall notify all customers in writing on or before October 1 of each calendar year if GCDC or any other wholesale customer is alleged to have exceeded its Maximum Flow Rate in a given calendar year. The notice shall state the day and/or hour that GCDC or any other wholesale water customer is alleged to have exceeded its Maximum Flow Rate.

- B. If GCDC is alleged to be in breach of its obligations under this Section 6.02, the Parties shall endeavor to meet before November 1 of the current calendar year, or as soon as practicable, for the purposes of validating the breach, reviewing and analyzing the causes, and to negotiate a possible remedy pursuant to Sections 6.03 and 6.04 herein.
- C. The Technical Advisory Committee's Analytical Work Group, or its successor shall review any alleged breach of this Section 6.02.
 - i. The Analytical Work Group shall meet once, at a minimum, on or before November 1 of each calendar year to review the alleged breaches, if any, and may thereafter schedule subsequent meetings as necessary to conclude its review.
 - ii. GLWA will seek a recommendation from the Analytical Work Group on (1) an Allocation Flow Rate, if any, and/or (2) concurrence with the remedy tentatively negotiated between GCDC and GLWA, if any. GCDC and GLWA shall have the right to present any information related to the alleged breach a Party deems necessary to the deliberations.
 - iii. Any recommendation submitted by the Analytical Work Group shall be received by GLWA on or before December 1 of each calendar year.

6.03 Remedy for Non-Compliance with Maximum Flow Rate. GLWA has no obligation to supply to GCDC more than the Maximum Flow Rate. If GCDC exceeds its Maximum Flow Rate on the GLWA Maximum Day or during the GLWA Peak Hour, GLWA and GCDC may, as needed, take one or more of the following actions set forth in this Section 6.03. The applicability of any particular action shall be evaluated by GLWA on a case-by-case basis.

- A. GLWA may require that GCDC take all reasonable steps to reduce its consumption to the Maximum Flow Rate. Such steps may include water conservation measures, outdoor water use restrictions, water loss studies and remediation, and an internal system operation evaluation.
- B. The Parties may meet to negotiate a new Maximum Flow Rate. If so negotiated, GCDC shall pay the charge associated with the new Maximum Flow Rate in the subsequent fiscal year.
- C. For charge-making and cost allocation purposes only, GLWA may recalculate GCDC's charge for the current and/or subsequent fiscal years utilizing a revised cost allocation formula as follows:
 - i. GLWA shall, as set forth below, establish an Allocation Flow Rate to replace the contractual Maximum Flow Rate in the charge calculation process.

- ii. The Allocation Flow Rate shall be applied from no earlier than the first exceedance date forward.
- iii. The Allocation Flow Rate will be at least equal to the flow rate demonstrated by GCDC on the GLWA Maximum Day, and may be higher than the actual flow rate demonstrated by GCDC.
- iv. Pursuant to Section 6.02 C, if GLWA receives a recommendation on the Allocation Flow Rate to be applied from the Analytical Work Group and the recommendation is higher than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate, then GLWA shall be limited to establishing an Allocation Flow Rate that is at least equal to the flow rate demonstrated by GCDC on the GLWA Maximum Day and no higher than the recommendation provided by the Analytical Work Group.
- v. If no recommendation on the Allocation Flow Rate to be applied is received by GLWA, or if GLWA receives a recommendation and the recommendation is less than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate, then GLWA shall be limited to establishing an Allocation Flow Rate that is at least equal to the flow rate demonstrated by GCDC on the GLWA Maximum Day and no higher than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate.
- vi. The Allocation Flow Rate will continue to be applied to each subsequent year's charge calculation process until the Maximum Flow Rate is renegotiated.
- vii. If a charge has been approved for the subsequent fiscal year (July 1st to June 30th) but the charge has not yet been applied, GLWA may modify GCDC's charge for that subsequent fiscal year to account for an exceedance of its Maximum Flow Rate.
- viii. If GLWA and/or the City of Detroit has built capital facilities based upon GCDC's negotiated Maximum Flow Rate and GCDC consistently exceeds its Maximum Flow Rate, then GLWA may re-calculate the amount of GCDC's percentage of the capital cost of such facilities.

6.04 Procedure for Non-Compliance with Maximum Flow Rate. In addition to the remedies specified in Section 6.03, if GCDC has failed in its obligations under Section 6.02, the Parties shall meet to discuss the reasons for the non-compliance and if agreed necessary, develop a mutually agreeable written corrective action plan by December 31 of the year in which the non-compliance occurred, or as otherwise agreed. Any corrective action plan required under this Section 6.04 shall include a timetable for resolution of the non-compliance issue(s).

- A. If the Parties determine that a corrective action plan is not required and an incident of non-compliance occurs in the subsequent calendar year, the Parties shall meet to develop a mutually agreeable written corrective action plan by December 31 of the year in which the non-compliance occurred, or as otherwise agreed.
- B. In the event the reason for GCDC's non-compliance under Section 6.02 is due to a GCDC water main break, fire or meter calibration performed by GLWA, these events will be taken into consideration in determining (1) whether a corrective action plan is warranted and (2) the extent to which, if any, the steps specified in Section 6.03 should apply.

Article 7.

Technical Advisory Committee

- 7.01 Establishment. The Technical Advisory Committee exists to facilitate a cooperative working partnership between GLWA and its wholesale water customers by facilitating the development of recommendations regarding GLWA System planning and supply to GLWA management and the Board. The Technical Advisory Committee shall maintain bylaws that govern the way it conducts its business. In the event of a conflict between the terms of the bylaws adopted by the Technical Advisory Committee and the terms of this Contract, the terms of this Contract shall control.
- 7.02 General Responsibilities. The Technical Advisory Committee shall periodically review and evaluate the charges, charge methodology, and performance of the GLWA System. The Technical Advisory Committee shall review and evaluate flow rates, pressures and Annual Volumes for the GLWA System at a minimum of every five years to assist GLWA in the GLWA System planning effort. The Technical Advisory Committee shall have the opportunity each year to review the Capital Improvement Program as prepared by GLWA, prior to its adoption by GLWA. GLWA will supply the Technical Advisory Committee with information GLWA deems reasonably necessary to accomplish the general responsibilities defined in this Section 7.02.
- 7.03 Annual Report by GLWA. GLWA will present an annual report to the Technical Advisory Committee which shall consist of (1) all instances of non-compliance with the Parties' obligations contained in Article 6 herein, including customer and GLWA responses thereto; and (2) a general report on GLWA System operation and maintenance; and (3) a report that lists those contracts, if any, that have been entered into by GLWA and another customer(s) where the terms of the contract(s) invoke the application of Article 14, Ensuring Equality of Contract Terms, of other GLWA customer contracts.
- 7.04 Notification of Charges. GLWA shall provide the Technical Advisory Committee with notice of the proposed charges for each fiscal year as early as possible before the implementation of the charges.
- 7.05 Disclosure of Charge Information by GLWA. Each year, GLWA will disclose to the Technical Advisory Committee information related to wholesale charges.

- 7.06 Work Groups. The Technical Advisory Committee may create work groups to address specific issues facing the GLWA System. The work groups in existence as of January, 2017, are the Analytical Work Group, the Asset Management and CIP Work Group, the Best Practices Work Group, the Charges Work Group, and the Public Education Work Group. Any reference to a particular work group in this Contract shall include its successor or replacement if altered or discontinued.

Article 8. Charges

- 8.01 Short Term Wholesale Service Charges. GCDC agrees to pay for all water supplied by GLWA for short-term wholesale services as set forth in Exhibits C and D.
- 8.02 Redundant Water and Backup Water Charges. The price for Redundant Water and Backup Water shall be determined on an annual basis based upon the cost incurred by GCDC to treat and deliver finished water to GLWA. The Redundant Water supplied shall be subject to the GCDC Fixed Fee and applicable commodity charges for actual usage. There shall be no charge to GLWA for the volume of raw water supplied by KWA to GCDC for treatment for the benefit of GLWA; however, the amount of raw water utilized to provide the GCDC potable water shall be deducted from the annual raw water capacity assigned to Flint by KWA. The price per unit of water for Redundant Water and Backup Water, regardless of which Party is providing the service, shall be the same. The billing methodology shall be as shown in Exhibits C and E.
- 8.03 Flint Pass-Through Charges. As set forth in Exhibit E, the Parties expect GCDC to assess a non-recourse monthly service charge to GLWA that is assessed on a direct pass-through by GLWA to Flint (the "Pass-Through Charge"). The Parties agree that the Pass-Through Charge is expected to be paid to GCDC by the Trustee of the Baseline and All Receipts Trusts (the "Trust Accounts") (as such Trust Accounts are established and managed in accordance with the terms and conditions of Exhibit C, "Baseline and All Receipts Trust Agreement", of the Master Agreement), and GCDC's recourse for Pass-Through Charges shall be from Flint, including from amounts deposited by Flint to and through the Trust Accounts on the dates and in the amounts established thereunder. Charges for short-term wholesale service under Section 8.01 above, and for redundant water and backup water under Section 8.02 above shall not constitute Pass-Through Charges and are not payable through the Trust Accounts.
- 8.04 Notification of Charges. Not less than 120 calendar days prior to a change in the charges for Redundant Water and Backup Water, GCDC shall provide GLWA with written notice containing information on the proposed charges and information used in the calculation of proposed charges to GLWA in a format mutually agreed upon between the Parties. At any time and upon request, GCDC shall meet with GLWA to review the charges and information used to calculate the charges.
- 8.05 Estimate of Usage. In the event meters fail to correctly measure the quantity of water supplied to either Party for any period of time, a Party shall provide in writing a reasonable estimate of the quantity of water supplied to the other Party for such period provided that there is a reasonable basis for the estimate. The Parties shall, either through their respective

technical representatives and/or the Technical Advisory Committee, seek agreement upon a method to estimate such quantities. The Parties acknowledge and agree that all quantities of Backup Water supplied by GCDC to GLWA from EC-1, EC-2 and the potential future EC-3 shall be estimated in accordance with the protocol set forth in Exhibit C.

Article 9.
Meters and Meter Facilities

- 9.01 Metering Requirement. All water furnished by a Party to the other Party shall be measured by meters installed in Meter Facilities at the Water Distribution Points when meters are available.
- 9.02 Existing Distribution Points. Except as provided in Section 9.04, each Party shall own or lease, and operate and maintain its respective water meters and Meter Facilities for all existing Water Distribution Points, as depicted in Exhibit A.
- 9.03 Maintenance Responsibilities. Each Party shall be responsible for maintaining at its respective Water Distribution Points any and all appurtenances as may be designated as that Party's responsibility in Exhibit A. If a Party fails to maintain its appurtenances shown in Exhibit A, the other Party may take reasonable steps to maintain the appurtenances and charge the reasonable cost of doing so to the responsible Party. Prior to a Party taking action to maintain the appurtenances, that Party shall give the responsible Party thirty days written notice to complete the required maintenance. Notice to the responsible Party shall not be required if, in the Party's determination, there exists an Emergency condition affecting the operation of their respective water system or if the health, safety and welfare of the general public may be jeopardized.
- 9.04 Ownership and Maintenance of Meters and Meter Facilities. Except as provided in Section 2.02 B (ii), each Party shall operate, maintain, repair and replace its respective meters and Meter Facilities at its respective expense. If a Party requests a new Water Distribution Point from the Party supplying water, the requesting Party shall furnish at its sole expense a meter and Meter Facility that meets the supplying Party's specifications and shall, after installation, give ownership of the meter and Meter Facility over to the supplying Party, unless in the mutual agreement of the Parties it is not feasible or practical to install a meter at the location. In furtherance of the foregoing understandings, the Parties acknowledge that, as each of the following is depicted on Exhibit A: (i) Flint will, at a future date, furnish a meter and Meter Facility that meets GCDC's specifications for the Water Distribution Point on the Dort Highway Main and shall, after installation, give ownership of the meter and Meter Facility over to GCDC; (ii) the meter and Meter Facility located at Baxter and Potter Roads on the 72 Inch Main is owned by GLWA; (iii) the existing Water Distribution Points at EC-1 and EC-2 are not and are not expected to be metered, and the facility housing these two Water Distribution Points is owned by GCDC; and (iv) GLWA may at a future date furnish an interconnection referred to as EC-3, which may or may not be metered, that if constructed will meet GCDC specifications and, subsequent to its completion, ownership of which will be transferred to GCDC.

Article 10.
Dispute Resolution

- 10.01 The Parties may agree to use alternative dispute resolution to resolve any dispute between the Parties. This Article 10 shall not prohibit a Party from seeking relief directly from a court of competent jurisdiction at any time.

Article 11.
Default Provisions

- 11.01 In the event either Party commits a material breach of this Contract, the Party alleging the breach shall give written notice of the breach to the other Party within a reasonable time of discovering the breach. The Party allegedly in breach shall be given a reasonable time to cure the breach. If the Party in breach fails to cure the breach, the non-breaching Party may declare this Contract in default and pursue all available legal remedies, including termination of this Contract for cause. In the event that the Party in breach is showing reasonable progress toward curing the breach, the Party alleging the breach may extend the time for curing the breach.

Article 12.
Force Majeure and Other Events

- 12.01 Force Majeure. No failure or delay in the performance of a Party's material obligations under this Contract, in whole or in part, shall be deemed to be a breach thereof when such failure or delay is caused by a force majeure event including, but not limited to, any Acts of God, strikes, lockouts, wars, acts of terrorism, riots, epidemics, explosions, sabotage, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of a Party ("Force Majeure Event"), except that no cause or contingency shall relieve a Party of its obligation to make payment for water delivered to that Party. If a Party's ability to perform its material obligations under this Contract are affected by a Force Majeure Event, then the Party unable to perform (the "Affected Party") shall within a reasonable time provide written notice to the other Party of the nature of the Force Majeure Event and its anticipated duration, if known. If the effect of a Force Majeure Event continues for a period of 365 days, the Affected Party may give to the other Party a written notice of termination which shall take effect no earlier than 90 days after the delivery of such notice, or upon such other later date specified in the notice. If at the end of the period stated in the notice the effect of the Force Majeure continues, this Contract shall terminate.
- 12.02 Liability. Neither Party shall be held liable or accountable for any bursting, leakage, breakage, damage or accident of any kind that may occur to the other Party's water works system, or any damages of any kind or nature, including, but not limited to, injury to persons or damage to property, resulting from such bursting, leakage, breakage, damage or accident that may occur to water mains or pipes located downstream of the Water Distribution Points specified herein, or located within a Party's system.

- 12.03 Discontinuance of Service. In the event the public health, safety and welfare requires a Party to discontinue temporarily all or part of the supply of water to the other Party, no claims for damages of any kind or nature for such discontinuance shall be made by the other Party. The Party requiring the temporary discontinuance of the water supply will provide notice of the same to the other Party.

**Article 13.
Timely Payment**

- 13.01 Bills for water service shall be rendered by a Party to the other Party on a monthly basis. All such bills shall be due and payable within forty-five calendar days from the date shown on the bill. Any portion of the charges that are not paid by the due date shall be subject to a finance charge at a rate of 1.5% per month, or such lesser charge as allowed by applicable law, for each month that they remain unpaid. Any portion of the total bill, plus any finance charges applied to the bill which are not paid by the next billing date, shall be shown on the next bill as arrears. Either Party may disconnect water service if its bills are overdue ninety calendar days from the billing date. Neither Party shall terminate water service if there is a good faith dispute concerning the accuracy of billings. If the accuracy of a bill is in dispute, the disputing Party shall place the disputed amount in an escrow account pending resolution of the dispute. Accrued interest on the escrow account shall belong to the Party that prevails in the resolution of the dispute.

**Article 14.
Assignment**

- 14.01 This Contract shall not be assigned, in whole or in part, by either Party without the prior written consent of the other Party. Consent to an assignment by either Party shall not be unreasonably withheld.

**Article 15.
RESERVED**

**Article 16.
Amendment**

- 16.01 The Parties may periodically consider it in their best interests to change, modify or extend a term, condition or covenant of this Contract for reasons which may include, but are not limited to, the creation, expansion or closing of industry or other business. Any change, addition, deletion, extension or modification that is mutually agreed upon by GLWA and GCDC shall be incorporated in a written amendment to this Contract. Such amendments shall not invalidate this Contract nor relieve or release either Party of any of its respective obligations under this Contract unless so stated in the amendment.
- 16.02 No amendment to this Contract shall be effective and binding upon the Parties unless it expressly makes reference to this Contract, is in writing, is signed and acknowledged by duly authorized representatives of both Parties, and is approved by GCDC and the Board.

Article 17.
Notices

- 17.01 Except as otherwise specified herein, all notices, consents, approvals, requests and other communications (collectively, "Notices") required or permitted under this Contract, including without limitation those for billing, payment and other routine correspondence regarding day-to-day operational matters, shall be given in writing and mailed by first class mail to the Parties and at the addresses identified in Exhibit B, Table 3.
- 17.02 All Notices shall be deemed given on the day of post-marked mailing. Any Notice given by a Party hereunder shall be signed by an authorized representative of such Party.
- 17.03 Notwithstanding the requirement above as to the use of first-class mail, Notices regarding change of address and any Notices required by Sections 3.02, 5.03, 9.03, 11.01, and 12.01, shall be sent by certified first-class mail, postage prepaid, return receipt requested.

Article 18.
Water Quality

- 18.01 Contamination. For the protection of the health of all consumers supplied with water from each Party's water system, each Party agrees to guard carefully against all forms of contamination. If contamination occurs, the area or areas affected shall immediately be shut off and isolated, and shall remain so until such conditions shall have been abated, and the water declared safe and fit for human consumption by the properly constituted governmental health agencies having jurisdiction of the area affected. GCDC shall immediately notify GLWA, and GLWA shall immediately notify GCDC, of any Emergency or condition that may affect the quality of water in either Party's system.
- 18.02 Blending. As long as supplied in compliance with the requirements of any law, regulation, permit or order of any state and/or federal agency, supplying approximately 5% of Flint's daily flow of potable water produced by GCDC (estimated at 0.5 MGD) through the Dort Highway Main is necessary and permissible under this Contract to meet water quality regulatory standards in the event Backup Water is required. The Parties understand that Flint will blend the water received through the Dort Highway Main with that water received through the 72 Inch Main at Flint's water treatment plant prior to its distribution and any required additional treatment as may be required of Flint by state and/or federal law, regulation, permit or order. The provisions on blending in this Section 18.02 are not considered a co-mingling of water sources and do not invoke the provisions of Section 18.03, below.
- 18.03 Co-mingling of Water Sources. Except in cases of Emergency and the provision of Redundant Water and Backup Water as contemplated in Sections 2.04, 2.05 and 2.06, the Parties will not permit water from any other source of supply to be mixed or mingled with water from the other Party's water system without prior written approval from the other Party. Notwithstanding the foregoing, the Parties acknowledge that GCDC will be allowed a ramping up period incident to the startup of the GCDC WTP. This ramping up period may include co-mingling of water produced by GLWA and water produced by the GCDC WTP within the GCDC System. GLWA will work with GCDC on a coordinated transition

during the startup of the GCDC WTP and will waive the provisions of this Section 18.03 during the approved startup period, which period shall not exceed 8 weeks. In cases of Emergency, only such water from sources other than GLWA shall be used as shall meet the requirements of the Michigan Department of Environmental Quality, and then only in such quantities as shall be necessary to relieve the Emergency.

- 18.04 Emergency. During Emergencies, the water facilities of the Party experiencing the Emergency may be used and connected, at the discretion of the other Party, to water facilities serving other communities for flow in either direction to provide an adequate water supply from the GLWA System to GCDC and to other areas and other units of government. The Party experiencing the Emergency shall be permitted to immediately make an emergency connection when the connection point to be used has been previously approved for Emergency use by the other Party in writing, provided that the Party experiencing the Emergency shall, after making the connection, promptly notify the other Party of such event. When the Emergency has been abated, the emergency connection valve shall be closed as soon as practicable. The Party supplying water shall approve, in writing, the continuation of any emergency connection that is required for longer than seven calendar days. If an approved emergency connection continues for more than seven calendar days, the Party experiencing the Emergency shall provide the other Party with weekly updates on the Emergency and a schedule for abatement of the Emergency that shall be approved in writing.
- 18.05 Notice of Ramp Up or Ramp Down of Volume. In the event of an Emergency, the Party requiring the Backup Water shall provide notice as soon as reasonably practicable to the Party providing the Backup Water, by a mutually acceptable method, to increase or decrease the volume of potable water to be provided by the Party providing Backup Water.
- A. Ramp-Up Period. A Party shall not be responsible to supply Backup Water to the Party requiring Backup Water from the time a Party receives notice from the Party requiring Backup Water until 6 hours has passed.
- B. Ramp-Down Period. After a Party notifies the Party providing Backup Water that it is decreasing its demand due to the resolution of the Emergency, the Party providing Backup Water shall have 6 hours to decrease the water supply.
- 18.06 Water Quality. Each Party shall endeavor to remain in compliance with all applicable Michigan and Federal laws, rules and regulations regarding drinking water quality.

Article 19.

Rights-of-Way

- 19.01 Use of Rights-of-Way. GCDC shall use its best efforts (which efforts shall not include the payment of fees or costs) to assist GLWA to obtain permission to use streets, highways, alleys, temporary easements and/or permanent easements in Genesee County for the purpose of constructing, maintaining, and operating water facilities to adequately service GCDC's jurisdiction and other areas.

- 19.02 Relocation of Facilities. If future construction by any city, township, village, or county requires relocation of a water transmission main, Meter Facility or other GLWA facility, the cost incurred by GLWA for such relocation, if not reimbursed by the entity requiring the relocation, will be charged in future charges as a common-to-all cost to all GLWA System users.

Article 20.

Access to Towers and Antennas

- 20.01 Where possible, each Party shall give to the other Party access to towers and antennas under its respective jurisdiction for the purpose of transmitting information recorded in the Meter Facilities. Access shall not be unreasonably denied by either Party.

Article 21.

RESERVED

Article 22.

Construction Standards

- 22.01 Either Party shall have the right to review and approve the other Party's construction plans for meters and Meter Facilities at new Water Distribution Points. For any other construction that will cross, be within close proximity to, or which may otherwise have influence upon the other Party's water system infrastructure used to perform this Contract, the constructing Party shall notify the other Party of the proposed construction and the Parties shall meet to determine whether review and approval of the construction plans by the other Party is necessary. A Party's approval of construction plans of the other Party shall be timely and shall not be unreasonably withheld.

Article 23.

RESERVED

Article 24.

Miscellaneous

- 24.01 Severability. If any provision of this Contract or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Contract shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law.
- 24.02 Merger. Subject to the Master Agreement to which this Contract is an exhibit, this Contract, including its Exhibits A, B, C, D and E, contains the entire agreement between the Parties and all prior negotiations and agreements are merged into this Contract. Neither Party has made any representations except those expressly set forth in this Contract, and no rights or remedies are, or shall be, acquired by either Party by implication or otherwise unless expressly set forth in this Contract.

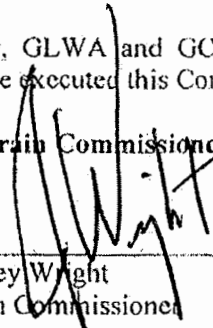
- 24.03 Interpretation. Unless the context otherwise expressly requires, the words "herein," "hereof," and "hereunder," and other words of similar import, refer to this Contract as a whole and not to any particular section or subdivision.
- 24.04 Headings. The headings of the sections of this Contract are for convenience only and shall not be used to construe or interpret the scope or intent of this Contract or in any way affect the same.
- 24.05 Governing Law. The rights and remedies set forth in this Contract are not exclusive and are in addition to any of the rights or remedies provided by law or equity. This Contract and all actions arising under it shall be governed by, subject to, and construed according to the laws of the State of Michigan.
- 24.06 Venue. Venue for disputes arising under this Contract shall be exclusive to Ingham County, Michigan.
- 24.07 Third Party Beneficiaries. Pursuant to the terms of its Lease with GLWA, Detroit is an acknowledged third party beneficiary of this Contract and this Contract shall not be construed to benefit any persons other than GLWA, Detroit, GCDC and, for the purposes of Section 8.02 only, KWA.
- 24.08 Counterparts. This Contract may be executed in any number of originals, any one of which shall be deemed an accurate representation of this Contract.
- 24.09 Benefits to Inure. The rights and benefits under this Contract shall inure to the benefit of and be binding upon the respective Parties hereto, their agents, successors, and permitted assigns.
- 24.10 Incorporation by Reference. The Recital paragraphs of this Contract and any and all documents, memoranda, reports, exhibits or other written material referred to in this Contract are and shall be fully incorporated by reference as though fully set forth herein.
- 24.11 Construction. This Contract shall be deemed to be mutually drafted and shall not be construed against either Party.
- 24.12 Waiver. Neither Party shall be deemed to have waived any of its rights under this Contract unless such waiver is in writing and signed by the other Party. No delay or omission on the part of a Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a waiver of any right on any future occasion.
- 24.13 Waiver and Release of Claims. Unless otherwise agreed in this Contract, each Party waives its rights to, and releases and forever discharges the other Party and its respective officers, directors, appointees, employees, agents, attorneys, representatives, successors and assigns (past, present and future) from, all manner of claims, actions, causes of action, demands, damages, lawsuits, debts, disputes, sums of money, promises, liabilities, obligations, losses, costs, expenses and compensation of every kind, name and nature, known or unknown, in law or equity, which it has or may have against the other Party relating in any


way to, arising out of, or resulting from any and all water services provided by and between the Parties prior to 11:59 p.m. on the Effective Date of this Contract.

(Signatures appear on next page)

Accordingly, GLWA and GCDC, by and through their duly authorized officers and representatives, have executed this Contract.

Genesee County Drain Commissioner, as County Agency:

By: 
Jeffrey Wright
Its: Drain Commissioner

Attest:
By: 
Kevin Sylvester
Its: Deputy Drain Commissioner

Great Lakes Water Authority:

By: 
Sue F. McCormick
Its: Chief Executive Officer

APPROVED BY
GLWA BOARD OF DIRECTORS ON:

11/29/17
Date

APPROVED AS TO FORM BY
GLWA GENERAL COUNSEL ON:

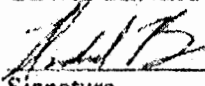
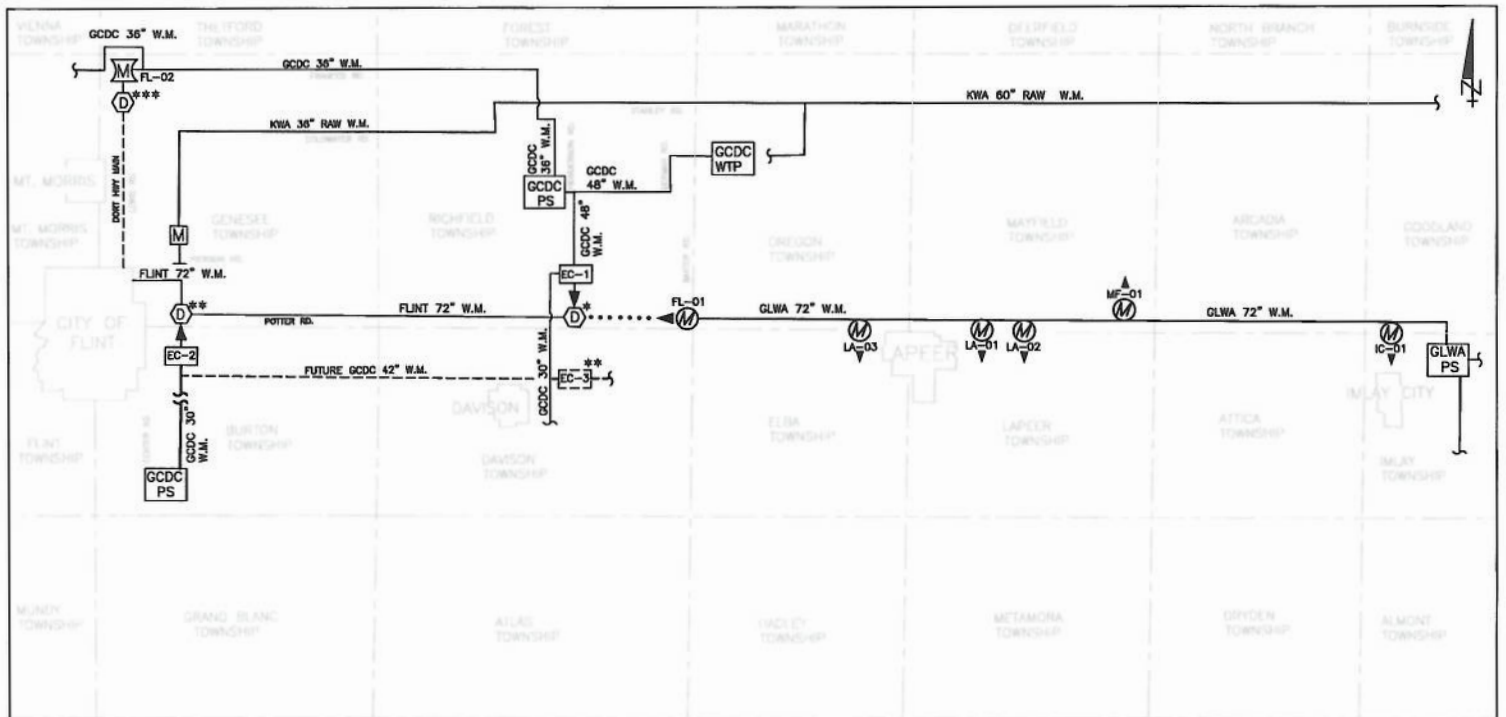
 12/13/17
Signature Date

EXHIBIT A

Map Depicting Significant Infrastructure

This Exhibit contains the following information:

1. The location of all necessary water mains established in Section 2.02;
2. The specific location of all GLWA and GCDC Water Distribution Points;
3. A list of all approved emergency connections;
4. The designation of appurtenances to be maintained by GCDC and those to be maintained by GLWA;



SIGNIFICANT INFRASTRUCTURE MAP
NOT TO SCALE

EXHIBIT-A

LEGEND

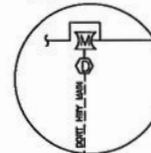
SYMBOL	DESCRIPTION
	GLWA METER PIT
	GCDC METER PIT
	KWA METER PIT
	CITY OR TWP LINE
	DORT HIGHWAY MAIN
	EMERGENCY CONNECTION
	THE LICENSED MAIN
	WATER DISTRIBUTION POINT

ABBREVIATIONS

ABBREVIATION	DESCRIPTION
GLWA	GREAT LAKES WATER AUTHORITY
GCDC	GENESEE COUNTY DRAIN COMMISSION
KWA	KAREGNONDI WATER AUTHORITY
W.M.	WATER MAIN
STA	STATION
WTP	WATER TREATMENT PLANT
PS	PUMP STATION

NOTE:

1. THE SIZE OF THE DORT HIGHWAY MAIN TO BE DETERMINED BY FLINT.
 2. ALL WATER MAINS SHOWN ARE FINISHED WATER MAINS UNLESS NOTED OTHERWISE.
- * GCDC/GLWA MUTUAL BACKUP WATER DISTRIBUTION POINTS.
 ** GCDC BACKUP WATER DISTRIBUTION POINTS TO GLWA.
 *** GCDC REDUNDANT AND BACKUP WATER DISTRIBUTION POINTS TO GLWA.



DORT HIGHWAY MAIN

THE DORT HWY MAIN SHALL BE COMPRISED OF THE GCDC MAIN, THE GLWA PIPE AND THE FLINT MAIN. GCDC SHALL OPERATE AND MAINTAIN GOOD WORKING CONDITION OF THE POTABLE WATER MAIN FROM THE UPSTREAM ENTRY POINT OF THE GCDC FL-02 METER FACILITY THROUGH THE METER AND TERMINATING AT THE GLWA PIPE, USED BY GCDC TO SUPPLY REDUNDANT AND BACKUP WATER TO GLWA.

EXHIBIT B

Projected Annual Volume; Maximum Flow Rate; Addresses for Notice

Table 1
Projected Annual Volume

Fiscal Year Ending June 30	Projected Annual Volume (Mcf)
2017	523,000
2018	523,000

Table 2
Maximum Flow Rate

Calendar Year	Maximum Flow Rate (MGD)	
	<u>Max Day</u>	<u>Peak Hour</u>
2017	18.0	18.0
2018	18.0	18.0

Table 3
Addresses for Notice

<p>If to the GLWA:</p> <p>Great Lakes Water Authority 735 Randolph, Suite 1901 Detroit, Michigan 48226</p> <p>Attention: General Counsel</p>	<p>If to GCDC:</p> <p>Genesee County Drain Commissioner Division of Water and Waste Services G-4610 Beecher Road Flint, Michigan, 48532</p> <p>Attention: Drain Commissioner</p>
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EXHIBIT C

Charge Methodologies

1. For water being transmitted from GLWA to GCDC during short term wholesale services: GCDC shall be charged for the volume of water received based upon the meter reading from meter FL-01 less the meter readings from Flint Station 2 and Flint Station 3 meters.
2. For Redundant Water being transmitted from GCDC to GLWA pursuant to Section 2.04 of this Contract: GLWA shall be charged for the volume of water received based upon the meter reading from meter FL-02 (See Exhibit A).
3. For Backup Water being transmitted in an Emergency from GCDC to GLWA: GLWA shall be charged for the volume of water received based upon the meter reading from meter FL-02 and the estimates from EC-1, EC-2 and, if constructed, EC-3, in accordance with the following estimation protocol:

In this protocol, the following definitions shall apply to the formula stated:

a = GCDC WTP average daily production for 7 days prior to the Emergency (minus) FL-02 average daily use for 7 days prior to the Emergency;

b = GCDC WTP average daily production for 7 days after the Emergency (minus) FL-02 average daily use for 7 days after the Emergency;

c = GCDC WTP average daily production during the Emergency (minus) FL-02 average daily use during the Emergency;

d = Time period of the Emergency converted to days; and

e = Calculated volume for GCDC storage tank elevation changes during the Emergency

$$\text{Estimate volume} = ((c - ((a + b)/2)) * d) + e$$

4. For Backup Water being transmitted in an Emergency from GLWA to GCDC: GCDC shall be charged the estimated volume for water received in accordance with the following estimation protocol:

In this protocol, the following definitions shall apply to the formula stated:

a = FL-01 average daily use for 7 days prior to the Emergency;

b = FL-01 average daily use for 7 days after the Emergency;

c = FL-01 average daily use during the Emergency; and

d = Time period of the Emergency converted to days

$$\text{Estimate volume} = ((c - ((a + b)/2)) * d)$$

EXHIBIT D

GLWA Short Term Water Charges*

FY 2018 Suburban Wholesale Water Service Charge Calculation Genesee County Drain Commission

	(1)	(2)	(3)	(4)
	Total Cost Pool \$	Genesee County Drain Commission SHARE % Share (a)	Allocation \$	Service Charge Schedule
BUDGET Categories				
Commodity	9,148,600	3.301%	302,000	
Max Day Usage	148,313,500	2.442%	3,621,900	
Peak Hour Increment	9,289,800	0.000%	0	
Peak Hour Distance	39,338,000	4.183%	1,645,400	
Commodity Distance-Elevation	23,033,000	8.313%	1,914,700	
Max Day Distance-Elevation	10,217,400	5.707%	583,100	
Peak Hour Distance-Elevation	70,080,200	4.618%	3,236,200	
Peak Hour Increment Distance-Elevation	11,516,600	0.000%	0	
Subtotal Common-To-All	320,937,100	3.522%	11,303,300	
Suburban Only - Meter Related	3,307,900	5.398%	178,600	
Suburban Only - Customer Outreach	0	0.000%	0	
Subtotal FY 2017 BUDGET			11,481,900	
Detroit / Suburban Ownership Adjustment	20,700,000	3.991%	826,100	
Total Amount for Net Charges	344,945,000		12,308,000	\$23.53 per Mcf avg u.c.
FY 2018 Service Charge Schedule				
Fixed Monthly Charges @ 60%			7,384,800	\$615,400 per month
Commodity Charges @ 40%		523,000	4,923,200	\$9.41 per Mcf
Final System Charge Adjustment- All wholesale water service charges reduced by:				-2.0%
Adjusted Fixed Monthly Charge				\$603,300 per month
Adjusted Commodity Charge				\$9.23 per Mcf
(a) Units / SHARE Calculations				
	Basis	Units Mcf/day	Applied Units Mcf/day ~	
Annual Sales - Mcf	523,000	1,432.9		Avg annual for 24 mos. -> 9/2015
Allocated Non-Revenue Water		358.2		Allocated share @ 25.0% of sales
Commodity Units		1,791.1	1,791.1	Ln 17 + Ln 18
Max Day Units - mgd	18.00	2,406.2	2,764.5	Contract or proxy + Ln 18
Peak Hour Units - mgd	18.00	2,406.2	2,764.5	Contract or proxy + Ln 18
Distance - miles	52.0			
Elevation - feet	866.0			
Dist-Elev Factor - miles	76.2			[Ln 23-610]/10.56 + Ln 22
Genesee County Drain Commission System SHARE				
Commodity Units - Mcf	1,791.1	54,267	3.301%	Ln 19
Max Day Units - Mcf/Day	2,764.5	113,204	2.442%	Ln 20
Peak Hour Increment - Mcf/Day	0.0	27,072	0.000%	Ln 21 - Ln 20
Peak Hour Distance - Mcf-miles/Day	143,752.7	3,436,770	4.183%	Ln 21 x Ln 22
Commodity Distance-Elevation - Mcf-miles/Day	136,483.7	1,641,873	8.313%	Ln 19 x Ln 24
Max Day Distance-Elevation - Mcf-miles/Day	210,653.0	3,691,123	5.707%	Ln 20 x Ln 24
Peak Hour Distance-Elevation - Mcf-miles/Day	210,653.0	4,561,709	4.618%	Ln 21 x Ln 24
Peak Hour Increment Dist-Elev - Mcf-miles/Day	0.0	870,586	0.000%	[Ln 21 - Ln 20] x Ln 24
Suburban Equivalent Meters	3,600.0	66,689	5.398%	Equivalent 5/8" meters
Suburban Outreach - Mcf/Day	0.0	0	0.000%	Ln 25
Suburban Wholesale BUDGET - \$	11,481,900	287,693,100	3.991%	Ln 12
CTA Summary by Major Category				
CTA Commodity		5.815%	2,216,700	
CTA Max Day		2.893%	4,205,000	
CTA Peak Hour		3.469%	<u>4,881,600</u>	
CTA Total Demand		3.177%	<u>9,086,600</u>	
TOTAL CTA SHARE		3.487%	11,303,300	

EXHIBIT E

GCDC Reciprocal Backup Water Rates
(Incremental Fixed Charges and Commodity)

Exhibit E
GCDC Fixed Charge
And
Reciprocal Backup Commodity Charge

Calendar Year (Jan 1 to Dec 31)	Fixed Fee (Monthly)	Commodity per MCF
December 2017	\$67,917.40	\$17.00
2018	\$67,917.40	\$17.00
2019	\$58,861.75	\$17.00
2020	\$58,861.75	\$17.00
2021	\$58,861.75	\$17.00
2022	\$58,861.75	\$17.00
2023	TBD	TBD
2024	TBD	TBD
2025	TBD	TBD
2026	TBD	TBD
2027	TBD	TBD
2028	TBD	TBD
2029	TBD	TBD
2030	TBD	TBD
2031	TBD	TBD
2032	TBD	TBD
2033	TBD	TBD
2034	TBD	TBD
2035	TBD	TBD
2036	TBD	TBD
2037	TBD	TBD
2038	TBD	TBD
2039	TBD	TBD
2040	TBD	TBD
2041	TBD	TBD
2042	TBD	TBD
2043	TBD	TBD
2044	TBD	TBD
2045	TBD	TBD
2046	TBD	TBD
2047	TBD	TBD

GCDC-WWS: Projected Rates with GLWA Involvement

Expense Item	RTS	Commodity	Expense	2018		Comd. Re-allocation to GLWA	
				RTS	Commodity	RTS	Commodity
GCDC Administration	11.2%	88.8%	\$ 3,513,285	\$ 393,488	\$ 3,119,798	\$ 3,119,798	\$ 3,119,798
O&M Transmission Allocation		100%	\$ 2,277,550	\$ -	\$ 2,277,550	\$ 2,277,550	\$ 2,277,550
O&M Retail Allocation	100%		\$ 2,277,550	\$ 2,277,550	\$ -	\$ -	\$ -
O&M Water Treatment Plant		100%	\$ 2,800,000	\$ -	\$ 2,800,000	\$ 2,800,000	\$ 2,800,000
O&M KWA Allocation to GCDC (All)		100%	\$ 2,836,000	\$ -	\$ 2,836,000	\$ 2,836,000	\$ 2,836,000
Capital Outlay above O&M Budget		100%	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -
Debt: GCDC Existing		100%	\$ 2,869,640	\$ -	\$ 2,869,640	\$ 2,869,640	\$ -
AMR Meter Replacement Program	0%	100%	\$ -	\$ -	\$ -	\$ -	\$ -
Debt: GCDC Intake	0%	100%	\$ -	\$ -	\$ -	\$ -	\$ -
Debt: KWA Fixed Fee - Series 1	15%	85%	\$ -	\$ -	\$ -	\$ -	\$ -
Debt: KWA Fixed Fee - Series 2	15%	85%	\$ -	\$ -	\$ -	\$ -	\$ -
Debt: GCDC WTP - Series 1	15%	85.0%	\$ 3,258,694	\$ 488,804	\$ 2,769,890	\$ 2,769,890	\$ -
Debt: GCDC WTP - Series 2	15%	85.0%	\$ 2,831,906	\$ 424,786	\$ 2,407,120	\$ 2,407,120	\$ -
Debt: GCDC WTP - 42" Replacement Pipeline	0%	100.0%	\$ 695,000	\$ -	\$ 695,000	\$ 695,000	\$ -
Total Expenses			\$ 23,859,626	\$ 3,584,628	\$ 20,274,998	\$ 9,241,650	\$ 11,033,348
Non RTS or Commodity Revenue Deducts							
Fund 2100 Non-RTS or Commodity	0%	100%	\$ (532,350)	\$ 0	\$ (532,350)	\$ (532,350)	\$ (532,350)
Fund 2100 KWA Services Agreement	0%	100%	\$ (490,000)	\$ 0	\$ (490,000)	\$ (490,000)	\$ (490,000)
Fund 2200 Total CCIF Revenue	0%	100%	\$ (471,000)	\$ 0	\$ (471,000)	\$ -	\$ (471,000)
Revenue Needed from Rates			22,366,276	3,584,628	\$ 18,781,648	\$ 9,241,650	\$ 9,539,998
Customer Base: Projected Volumes							
GLWA Water Purchase Volume	MGD =	0.50		MGD =	0.50	MGD =	0.50
Non-GLWA Water Purchase Volume	MGD =	11.00		MGD =	11.00	MGD =	11.00
Total Commodity: 100 cu ft (CCF)			Total Volume	MGD =	11.50	MGD =	11.50
				CCF =	5,611,241	CCF =	5,611,241
GLWA Calculated Full Year Rate:							
Commodity Charge per 100 cu ft					\$ 3.35	\$ 1.70	
Commodity Charge per 1,000 cu ft					\$ 33.47	\$ 17.00	
NON-GLWA Allocated Costs							
AMR Meter Replacement Program	0%	100%	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ 250,000
Debt: GCDC Intake	0%	100%	\$ 2,527,638	\$ -	\$ 2,527,638	\$ -	\$ 2,527,638
Debt: KWA Fixed Fee - Series 1	15%	85%	\$ 9,904,500	\$ 1,485,675	\$ 8,418,825	\$ 1,485,675	\$ 8,418,825
Debt: KWA Fixed Fee - Series 2	15%	85%	\$ 3,200,000	\$ 480,000	\$ 2,720,000	\$ 480,000	\$ 2,720,000
GLWA Revenue Deduct: Volume in CCF	243,967						
GLWA Revenue Deduct: Commodity Charge					\$ (414,783)	\$ (414,783)	
GLWA Revenue Deduct: Fixed Charge					\$ (706,341)	\$ (706,341)	
Non-GLWA Revenue Needed from Rates			38,248,414	5,550,303	31,576,987	5,550,303	31,576,987
Customer Base							
Equivalent Meters ~ Retail				335,000		335,000	
Equivalent Meters ~ Wholesale (Billable)				35,000		35,000	
Equivalent Meters ~ Total				370,000		370,000	
Non-GLWA Water Purchase Volume	MGD =	11.00	Water Sales	MGD =	11.00	MGD =	11.00
Non-GLWA Commodity - 100 cu ft (CCF)				CCF =	5,367,274	CCF =	5,367,274
Non-GLWA Calculated Full Year Rate:							
RTS (5/8" Meter)				\$ 15.00		\$ 15.00	
Commodity - 100 cu ft					\$ 5.88	\$ 5.88	
Example Water Bill @ 1,000 cf ft per month							
5/8" meter - RTS	1		\$ 15.00			\$ 15.00	
cu ft/mo		1,000			\$ 58.83		\$ 58.83
Total					\$ 73.83		\$ 73.83
							\$ (1,121,123)