

THREE PARTY AGREEMENT

This Three Party Agreement ("Agreement") between Karegnondi Water Authority, a municipal authority and public body corporate organized pursuant the provisions of Act 233, Public Acts of Michigan, 1955, as amended, whose address is 4610 Beecher Road, Flint, Michigan 48532, Great Lakes Water Authority, a municipal authority and public body corporate organized pursuant to Act 233, Public Acts of Michigan, 1955, as amended, whose address is 735 Randolph Street, Detroit, Michigan 48226, and the City of Flint, a Michigan municipal corporation, whose address is 1101 South Saginaw Street, Flint, Michigan 48502, effective as of December 1, 2017.

RECITALS

WHEREAS, in 1964, Detroit and Flint entered into an agreement, as amended, whereby Detroit provided Flint with treated water ("1964 Agreement"). The 1964 Agreement allowed Flint to resell Detroit water to other communities in Genesee County;

WHEREAS, in 2010, Flint along with the Counties of Genesee, Lapeer, and Sanilac and the City of Lapeer, formed KWA to, among other things, supply raw water to its Members;

WHEREAS, Flint entered into a Raw Water Supply Contract with KWA. In the Raw Water Supply Contract Flint purchased and agreed to finance the construction cost of 18 MGD of capacity in the KWA System. Flint's rights included the right to up to 18 MGD of raw water capacity, delivery of that raw water and its use;

WHEREAS, on August 1, 2013, Flint, executed a Financing Contract with KWA and Genesee County in which Flint pledged its full faith and credit to pay for its pro-rata share of the estimated cost of the construction of the KWA System; the construction cost was not to exceed Three Hundred Million Dollars (\$300,000,000). Flint's rights included the right to up to 18 MGD of raw water capacity, delivery of that raw water and its use that are conditioned upon Flint's performance under the Financing Contract;

WHEREAS, in April of 2014, pursuant to the Financing Contract, KWA issued Series 2014 Bonds to construct the KWA System ("2014 Bonds");

WHEREAS, on April 30, 2014, Flint ceased purchasing water from Detroit;

WHEREAS, in April of 2014, Flint began operation of the Flint water treatment plant to treat water from the Flint River while the KWA System was being constructed;

WHEREAS, in 2014 and 2015, Flint, MDEQ and the Environmental Protection Agency discovered that the water being provided to Flint residents originating from the Flint River contained levels of lead which threatened their health and safety;

WHEREAS, in October of 2015, Detroit contracted with Flint to again provide Flint with treated water and on January 1, 2016, GLWA assumed Detroit's obligation to provide Flint water;

WHEREAS, in June of 2016, pursuant to the Financing Contract, KWA issued Series 2016 Bonds to complete the construction of the KWA System;

WHEREAS, in April of 2017, the Parties along with GCDC and the State executed a Statement of Principles, which provides in part that GLWA will provide Flint with treated water under the terms of the Flint Contract;

WHEREAS, the Parties agree that Flint remains responsible to pay its portion of the Construction Debt;

WHEREAS, Flint desires to transfer to GLWA and GLWA desires to accept the transfer of an irrevocable grant of an exclusive license of 18 MGD raw water capacity, delivery of that raw water and its use as more fully described in Article 25 of the of the Flint Contract and the License;

WHEREAS, At such time as the Construction Debt is paid in full and is no longer outstanding Flint also desires to transfer to GLWA and GLWA desires to accept the transfer of Flint's remaining interest in 17.46 MGD of Flint's capacity; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties agree as follows, to wit:

ARTICLE I
DEFINITIONS

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

"Agreement" 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 the Parties hereto.

"Agreement Term" shall have the meaning ascribed in Article II herein.

"Annual Requirement" shall have the same meaning as this term is defined in the Raw Water Supply Contract.

"Capacity Fee" shall have the same meaning as this term is defined in the Raw Water Supply Contract.

"Construction Debt" shall mean the debt associated with the construction of the KWA System as set forth in the Financing Contract and Section 2.07 of the Raw Water Supply Contract, including, but not limited to the 2014 Bonds, 2016 Bonds, and any future refunding of the 2014 Bonds and the 2016 Bonds or any refundings thereof (exclusive of new money components).

"Detroit" shall mean the City of Detroit, a Michigan municipal corporation, located in Wayne County.

"Debt Fund" shall have the same meaning as this term is defined in the Raw Water Supply Contract.

"Effective Date" shall mean the effective date of this Agreement which shall be the Effective Date of the Master Agreement to which this Agreement is attached as Exhibit D.

"Financing Contract" shall mean the Karegnondi Water Authority Financing Contract dated August 1, 2013, between KWA, Flint, and the County of Genesee (as the same maybe amended or supplemented) in which Flint pledged its full faith and credit to pay for its pro-rata share of the estimated cost of the construction of the KWA System; the construction cost was not to exceed Three Hundred Million Dollars (\$300,000,000).

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

"Flint Contract" shall mean the Water Service Contract between GLWA and Flint.

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

"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.

"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 Refunding Bonds" means any bonds issued by KWA pursuant to the KWA Financing Contract (including any future supplement or amendment thereto) to refund, directly or indirectly through a series of refundings, all or any portion of the KWA System Bonds.

"KWA System" shall have the same meaning as the term "System" as defined in the Raw Water Supply Contract.

"KWA System Bonds" means, collectively, the Series 2014 Bonds and the Series 2016 Bonds.

"KWA System Improvement Bonds" shall have the same meaning as the term "System Improvement Bonds" as defined in the Raw Water Supply Contract.

"License" shall mean the Irrevocable Assignment of Essential Water Mains and Raw Water Rights by Flint to GLWA that was effective as of December 1, 2017.

"Master Agreement" shall mean the Master Agreement effective as of December 1, 2017, between and among Flint, MDEQ, GCDC, GLWA, and the KWA.

"Members" shall have the same meaning as this term is defined in the Raw Water Supply Contract.

"MGD" shall mean One (1) Million Gallons Per Day, U.S. Standard Liquid Measure.

"MDEQ" shall mean the Michigan Department of Environmental Quality.

"New KWA Bonds" means any bonds issued after the Effective Date (as defined in Section 2.01) by KWA for which Flint has agreed or agrees, by contract or otherwise, to pay all or a portion of the debt service on such bonds. For the avoidance of doubt, "New KWA Bonds" does not include the KWA System Bonds or the KWA Refunding Bonds.

"Party" shall mean KWA, GLWA, or Flint individually.

"Parties" shall mean KWA, GLWA, and Flint collectively.

"Point or Points of Delivery" shall mean the point or points in Michigan designated by a Party where raw water from the KWA System will be delivered.

"Raw Water Main" shall have the same meaning as this term is defined in the defined in Article 4 of the Flint Contract.

"Raw Water Supply Contract" means the Raw Water Supply Contract between the KWA and Flint dated June 28, 2013, and effective on October 1, 2013 that was amended by the First Addendum effective March 6, 2014, the Second Addendum effective December 1, 2017, and all future amendments thereto.

"Reciprocal Backup Agreement" shall mean the Reciprocal Backup Agreement between GLWA and GCDC.

"Security Deposit Account" shall have the same meaning as the term is defined in Article 12 of the Flint Contract.

"Series 2014 Bonds" means the \$220,500,000 original principal amount Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A, issued by KWA pursuant to the Financing Contract.

“Series 2016 Bonds” means the \$74,370,000 original principal amount Water Supply System Bonds (Karegnondi Water Pipeline), Series 2016, issued by KWA pursuant to the Financing Contract.

"State" shall mean the State of Michigan.

"Trust Agreement" shall mean the Baseline and All Receipts Trust Agreement among Flint, GLWA, KWA, GCDC, and U.S. Bank National Association, as Trustee effective December 1, 2017.

"Volume for Exempt Purposes" shall have the same meaning as this term is defined in the Raw Water Supply Contract.

"Water Transmission Fee" shall have the same meaning as this term is defined in the Raw Water Supply Contract.

ARTICLE II **AGREEMENT TERM**

The term of this Agreement shall be from the Effective Date and shall remain in effect until the Construction Debt is paid in full and no longer outstanding.

ARTICLE III **RECEIPT OF RAW WATER**

This Article III shall not apply to any raw water received and the use of that raw water by the GLWA pursuant to the Reciprocal Backup Agreement.

KWA acknowledges that Flint has transferred a portion of its right to delivery and use of raw water to GLWA during the Agreement Term. GLWA and Flint each agree to pay KWA for the raw water each may use that is received from the Raw Water Main at the then current rates established by the KWA Board pursuant to the Raw Water Supply Contract.

Neither GLWA nor Flint shall transmit any raw water purchased from KWA outside of the corporate limits of Flint without the prior written consent of KWA. Neither GLWA nor Flint shall transmit raw water purchased from KWA beyond the watershed as set forth in the Permit.

ARTICLE IV
APPROVAL OF TRANSFER OF REMAINING RIGHTS TO CAPACITY WHEN DEBT PAID

Pursuant to the Flint Contract and the License, Flint has provided GLWA with certain rights of raw water. The Flint Contract and the License further provide that Flint's rights licensed to GLWA and the remaining rights transfer after the Construction Debt is paid in full and no longer outstanding, and GLWA has purchased such remaining rights in accordance with the Flint Contract. KWA approves this transfer.

When Flint's remaining rights have transferred to GLWA, GLWA shall provide notice to KWA at the time established by Section 25.03 of the Flint Contract. KWA shall set the price per MGD, for purpose of Exhibit D of the Raw Water Supply Contract, at its then current price, on the date it receives this notice.

As between GLWA and Flint, consideration is deemed paid pursuant to the credits granted under Section 12.05 of the Flint Contract.

Upon the expiration of the Agreement Term, in order for GLWA to continue to receive raw water from KWA, GLWA shall enter into a Water Purchase Contract with KWA.

ARTICLE V
RAW WATER SUPPLY CONTRACT AND KWA INDEBTEDNESS

Section 5.01. Flint's Obligation to Support Refunding of Bonds. Flint acknowledges its continuing obligation to support the issuance of the KWA Refunding Bonds. Flint's continuing obligation includes, without limitation, participation and assistance in the issuance of the KWA Refunding Bonds, including: preparation of appropriate disclosure regarding Flint, its financial condition and operations as may be requested by KWA, the bond underwriter or as otherwise required by applicable federal securities laws; the signing of all documents requested by the bond underwriter and KWA; and, when requested by them, using reasonable efforts to provide them with all information and documents within Flint's control necessary to effectuate the purposes of the bond transaction. Flint's continuing obligation also includes taking all actions within its control necessary to maintain the exclusion of the interest on the KWA System Bonds and KWA Refunding Bonds from adjusted gross income for federal income purposes under the Internal Revenue Code of 1986, as amended; and providing and complying with its continuing disclosure obligations related to the KWA System Bonds and the KWA Refunding Bonds.

Section 5.02. Flint's Obligation to Pay. In accordance with Article II of the Raw Water Supply Contract, the bonds described on **Exhibit A** attached hereto have been issued by KWA and are and will continue to be payable from and secured by the Capacity Fee payments (to the extent previously payable from and secured by such fees), the Financing Contract payments and the payments to KWA under the Trust Agreement. For the avoidance of doubt, KWA and GLWA acknowledge and agree that the Financing Contract, and Flint's obligations thereunder, (a) remain in full force and effect, and (b) payments related thereto shall be payable thereunder and pursuant to the Trust Agreement.

Section 5.03. Issuance of KWA Refunding Bonds. In addition to the provisions of Section 2.05 of the Raw Water Supply Contract entitling KWA to issue KWA Refunding Bonds, the provisions of Article 26 of the Flint Contract impact the issuance of KWA Refunding Bonds by affecting the rights between the Flint and GLWA with respect thereto. KWA has no obligation to inquire as to or verify compliance by Flint with the Flint Contract, including, but not limited, Article 26. For the avoidance of doubt, GLWA (a) is not financially obligated, directly or indirectly, under the Financing Contract, the Raw Water Supply Contract, or otherwise, for payment of KWA System Bonds or KWA Refunding Bonds or other obligations of Flint thereunder, and (b) is not a material obligated person with respect to such bonds, and has no obligation under federal securities laws or otherwise related to offering or disclosure documents for such bonds.

Section 5.04. Issuance of KWA System Improvement Bonds. In addition to the provisions of Section 2.05 of the Raw Water Supply Contract entitling KWA to issue one or more series or issues of KWA System Improvement Bonds, the provisions of Article 26 of the Flint Contract impact the issuance of KWA System Improvement Bonds by affecting the rights between Flint and GLWA with respect thereto. KWA has no obligation to inquire as to or verify compliance by Flint with the Flint Contract, including, but not limited, Article 26. For the avoidance of doubt, GLWA (a) is not financially obligated, directly or indirectly, under the Financing Contract, the Raw Water Supply Contract, or otherwise, for payment of KWA System Bonds or KWA Refunding Bonds or other obligations of Flint thereunder, and (b) is not a material obligated person with respect to such bonds, and has no obligation under federal securities laws or otherwise related to offering or disclosure documents for such bonds.

Section 5.05. Payments of Capacity Fee and applicable Debt Fund fee. In accordance with Article III of the Raw Water Supply Contract, as of the Effective Date, Flint is obligated to continue to pay its Capacity Fee and any applicable Debt Fund fee to KWA, to the extent that Flint's obligations for its share of the debt service on the bonds described on **Exhibit A** is not paid with payments to KWA from the Trust Agreement or otherwise. Additionally, Flint will also pay operating and maintenance fees to GCDC, which are paid as the GCDC pass-through charges under the Reciprocal Backup Agreement, the Flint Contract and the Trust Agreement. Notwithstanding any other provisions of the Raw Water Supply Contract as originally drafted, in light of the transactions contemplated by the Master Agreement, KWA (a) does not currently anticipate charging Flint or GLWA an Annual Requirement fee, a Water Transmission Fee (other than with respect to the 0.54 MGD), a fee for Volume for Exempt Purposes or any other fee authorized by the Raw Water Supply Contract, and (b) shall not impose any such fee on Flint without prior written notice to GLWA;

Section 5.06. Point or Points of Delivery. In addition to the provisions of Article IV of the Raw Water Supply Contract, with respect to any raw water to be purchased by GLWA pursuant to its rights received under the License, the obligations of KWA to deliver raw water would be to a Point or Points of Delivery set forth on Exhibit B of the Flint Contract, attached hereto, or such other Point or Points of Delivery established by agreement.

Section 5.07. GLWA not a Successor to Flint. KWA agrees, for the benefit of GLWA, to comply with its obligations to Flint under the Raw Water Supply Contract. For the avoidance of doubt, GLWA shall not constitute a successor to Flint under the Raw Water Supply Contract or the Financing Agreement, but shall have such obligations as set forth herein and in the documents and agreements executed by it pursuant to the Master Agreement.

Section 5.08. Remaining KWA System Costs. KWA represents that the remaining costs to complete the KWA System are not expected to exceed \$4,000,000.00, which is expected to be financed as part of the refinancing of the Series 2016 Bonds.

ARTICLE VI SECURITY DEPOSIT ACCOUNT

Section 6.01 Establishment of Security Deposit Account. Flint has established a Security Deposit Account with GLWA pursuant to the Flint Contract. GLWA is the sole owner of the Security Deposit Account and, except as set forth in this Agreement, GLWA shall have the sole and exclusive rights in and to the Security Deposit Account in accordance with the terms of the Flint Contract.

Section 6.02 KWA Rights to Pro-Rata Application of Security Deposit Account Balance. In the event of an ongoing failure of Flint to pay its obligations to GLWA under the Flint Contract and to KWA under the Financing Contract and the Raw Water Supply Contract, all pursuant to the Trust Agreement, then following:

- (i) the Conversion Date (as defined in the Trust Agreement);
- (ii) the application of the entire portion of any available debt service reserve fund monies available for payment of the bonds as listed on **Exhibit A**, which portion was funded by or is allocable to Flint, to Flint's obligations under the Financing Contract as the same become due in accordance with the terms of the applicable KWA bond indentures and/or resolutions, all as evidenced by written certification by the applicable paying agent, financial institution, and/or other third party acceptable to the Parties; and
- (iii) commencement by KWA (itself or by and through its applicable bond trustee(s)) and pursuit of its available remedies for collection from Flint under the terms of the applicable KWA bond indentures and/or resolutions, including commencement of legal action in the appropriate forum, all as evidenced by written certification of the KWA and a copy of the filing(s);

GLWA and KWA agree that any then-remaining balance in the Security Deposit Account shall be split pro-rata between GLWA and KWA for application to Flint's respective financial obligations then due and payable to GLWA under the Flint Contract and to KWA under the Financing Agreement.

ARTICLE VII

ACKNOWLEDGEMENT OF ADDENDUM TO RAW WATER SUPPLY CONTRACT

Flint and KWA shall at the time of execution of this Agreement, execute the SECOND ADDENDUM TO RAW WATER SUPPLY CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE CITY OF FLINT DATED JUNE 28, 2013, AND EFFECTIVE ON OCTOBER 1, 2013 attached hereto as **Exhibit B**.

ARTICLE VIII **DEFAULT AND REMEDIES**

Section 8.01. Monetary Default. All amounts owed to KWA by GLWA or Flint shall, if not paid when due, bear interest at the maximum rate allowed by applicable law from the due date until paid in full. In any collection action for a monetary default, the non-prevailing party shall pay all of the prevailing party's expenses, including, but not limited to, awards of reasonable attorney fees and costs, court costs, and all other costs incurred by the prevailing party in such action.

Section 8.02. Non-Monetary Default. If a Party is alleged to be in non-monetary default under this Agreement, the non-defaulting Party shall send written notice to the alleged defaulting Party specifying in detail the nature of the alleged default. The alleged defaulting Party shall have five (5) days to cure the alleged default, provided that if the nature of the alleged default is such that more than five (5) days are required to cure the alleged default, then the alleged defaulting Party shall not be in default if it begins to cure within five (5) days and thereafter diligently pursues the cure to completion. The non-defaulting Party shall be entitled to all of its remedies as allowed by applicable law. In any legal action resulting from a non-monetary default, the non-prevailing party shall pay all of the prevailing party's expenses, including, but not limited to, awards of reasonable attorney fees and costs, court costs, and all other costs incurred by the prevailing party in such action.

ARTICLE IX **GENERAL PROVISIONS**

Section 9.01. Force Majeure. If by reason of Force Majeure occurrence any Party shall be rendered unable wholly or in part to carry out its obligations under this Agreement, other than the obligation of the GLWA or Flint to make the payments as required under this Agreement, then if such Party shall give notice and detail of such Force Majeure occurrence in writing to each other Party within a reasonable time after the onset of the Force Majeure occurrence, the obligation of the Party giving such notice, so far as it is affected by such Force Majeure occurrence, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such Party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as used herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or

entire failure of treated water supply, or on account of any other causes not reasonably within the control of the Party claiming such inability.

Section 9.02. Severability. In case any one or more of the sections, subsections, provisions, clauses or words of this Agreement or the application of such sections, subsections, provisions, clauses or words to any situation or circumstance shall be, or shall be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality or contravention shall not affect any other sections, subsections, provisions, clauses or words of this Agreement or the application of such sections, subsections, provisions, clauses or words to any other situation or circumstance, and it is intended that this Agreement shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the Parties shall be construed and remain in force accordingly.

Section 9.03. Governing Law. The rights and remedies set forth in this Agreement are not exclusive and are in addition to any of the rights or remedies provided by law or equity. This Agreement and all actions arising under it shall be governed by, subject to, and construed according to the laws of the State.

Section 9.04. Benefits to Inure. The rights and benefits under this Agreement shall inure to the benefit of and be binding upon the respective parties hereto, their agents, successors and assigns.

Section 9.05. Waiver. No Party shall be deemed to have waived any of its rights under this Agreement unless such waiver is in writing and signed by the other Parties. 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.

Section 9.06. Assignability. This Agreement may not be assigned by any Party without the prior written consent of all Parties.

Section 9.07. Construction. This Agreement has been prepared and negotiations have occurred in connection with said preparation pursuant to the joint efforts of the Parties. This Agreement therefore shall not be construed against any Party to this Agreement.

Section 9.08. Modification. This Agreement may not be modified without the consent of all Parties. A Party must give no less than 45 days' written notice to all Parties. Modifications to this Agreement may not be done without the agreement of all Parties. Consent to a modification by any Party shall not be unreasonably withheld.

Section 9.09. No Third Party Beneficiaries. In case of a conflict between this Section 7.07 and the Master Agreement, the Master Agreement shall control. Nothing in this clause shall be read to create a third party beneficiary right or to allow enforcement of third party beneficiary rights by an individual or entity that is not a Party, successor to a Party to this Agreement. Nothing

in this clause shall be read to allow enforcement of third party beneficiary rights if such enforcement would abridge, impair, or destroy the rights which the promisee of a promise made for the benefit of another person or would otherwise have as a result of such promise.

Section 9.10. Counterparts. This Agreement may be executed in several counterparts each of which shall be deemed one and the same Agreement. It shall be binding upon and inure to the benefit of the Parties.

Section 9.11. Headings and Captions. The headings and captions used in this Agreement are for the convenience of reference only and in no way define, limit or describe the scope of intent of any provision of this Agreement.

Section 9.12. Addresses and Notice. Unless otherwise provided herein, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any Party to any other Party, shall be in writing and shall be given or be served by depositing the same in the United States mail postpaid and registered and certified and addressed to the Party to be notified, with return receipt requested. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. For the purposes of notice, the addresses of the Parties shall, until changed as hereinafter provided, be as follows:

If to GLWA, to:

Great Lakes Water Authority
Attn: Chief Executive Officer
735 Randolph Street, Suite 1900
Detroit, Michigan 48226

If to Flint, to:

City of Flint
Attn: Mayor
1101 South Saginaw Street
Flint, Michigan 48502

If to KWA, to:

Karegnondi Water Authority
Attn: Chief Executive Officer
G-4610 Beecher Road
Flint, Michigan 48532

Each Party shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to each other Party.

Section 9.13. Exhibits. All Exhibits attached to this Agreement are incorporated into this Agreement by reference as though fully set forth herein.

Section 9.14. Survival. The terms of the purchase price calculation as set forth in Article IV above shall survive the expiration or termination of this Agreement.

IN WITNESS WHEREOF, the Parties acting under the authority of their respective governing bodies have caused this Agreement to be duly executed as of the Effective Date.

GLWA:

By: Sue McCormick
Sue McCormick, Chief Executive Officer

12.15.17
Date

KWA:

By: Executed in Counterpart
John F. O'Brien, Deputy Chief Executive Officer

Date

Flint:

By: Karen Weaver
Karen Weaver, Mayor

12-21-17
Date

ATTEST:

By: Inez m. Brown
Inez Brown, City Clerk
City of Flint

12-21-17
Date

IN WITNESS WHEREOF, the Parties acting under the authority of their respective governing bodies have caused this Agreement to be duly executed as of the Effective Date.

GLWA:

By: Executed in Counterpart _____
Sue McCormick, Chief Executive Officer Date _____

KWA:

By:  _____
John F. O'Brien, Deputy Chief Executive Officer Date 12/22/17

Flint:

By: Executed in Counterpart _____
Karen Weaver, Mayor Date _____

ATTEST:

By: Executed in Counterpart _____
Inez Brown, City Clerk
City of Flint Date _____

Exhibit A

Flint's obligations for its share of the debt service on the bonds

Exhibit B

Second Addendum to Raw Water Supply Contract between the Karegnondi Water Authority and the City of Flint dated June 28, 2013, and effective on October 1, 2013

**SECOND ADDENDUM TO
RAW WATER SUPPLY CONTRACT BETWEEN THE KAREGNONDI WATER
AUTHORITY AND THE CITY OF FLINT EFFECTIVE ON OCTOBER 1, 2013, AS
AMENDED BY THE FIRST ADDENDUM EFFECTIVE MARCH 6, 2014**

THIS SECOND ADDENDUM (“Addendum”) to the RAW WATER SUPPLY CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE CITY OF FLINT EFFECTIVE ON OCTOBER 1, 2013, as amended by the FIRST ADDENDUM, EFFECTIVE MARCH 6, 2014 (hereafter the “Agreement”) is executed and delivered as of the Effective Date of the Master Agreement to which this Addendum is attached as Exhibit G, by and between the Karegnondi Water Authority, a Michigan Public Authority created pursuant to Act 233 of the Michigan Public Acts of 1955, as amended (hereinafter “KWA”), whose address is G-4610 Beecher Road, Flint, Michigan 48532 and the City of Flint, a municipal corporation, of the State of Michigan (hereinafter “Flint”), whose address is 1101 South Saginaw Street, Flint, Michigan 48502. KWA and Flint are sometimes hereafter each referred to as a “Party” and collectively as the “Parties.”

WITNESSETH:

WHEREAS, the Parties entered into a Raw Water Supply Contract, dated the 28th day of June, 2013, and effective on October 1, 2013;

WHEREAS, the Parties entered into a First Addendum to Raw Water Supply Contract, effective on March 6, 2014;

WHEREAS, the Parties have agreed to enter into this Addendum for the purpose of modifying ARTICLE II, Section 2.05; ARTICLE V, Section 5.07; and ARTICLE VII, Section 7.15 of the Agreement.

NOW THEREFORE, it is hereby agreed by the Parties as follows:

1. **Amendment to the ARTICLE II, Section 2.05 of the Agreement.** ARTICLE II, Section 2.05 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Section 2.05. Repair and Replacement of Components-Government Required Enhancements. It is anticipated that repair and replacement of components of the System and enhancements required by government regulations will be in incremental, finite projects and that each such project will be financed by the Authority through operating revenues, the issuance of one or more series or issues of System Improvement Bonds, or any other lawful sources. Also, on its own initiative or at the request of the Buyer, the Authority may refund any Bonds that were issued to construct, equip, operate, maintain and otherwise improve the System and any System facilities. The Authority agrees that such improvements for the System will be made in accordance with generally accepted engineering practices. It is

anticipated that such improvements will be financed by the Authority through operating revenues, the issuance of one or more series or issues of System Improvement Bonds, or any other lawful sources, payable from and secured by the payments made under this Contract and/or any other lawful sources."

2. **Amendment to the ARTICLE V, Section 5.07 of the Agreement.** ARTICLE V, Section 5.07 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Section 5.07 Prompt Payment/Disputed Bills. The Buyer hereby agrees that unless otherwise specified it will make payments required by this Contract to the Authority on or before the 30th day of each month immediately following the month in which the applicable monthly statement date occurs except for the month of February, in which case the monthly due day is the last date of the month of February. For example, if the applicable monthly statement date for water supplied in January is February 20 then the due date for such payment would be March 30. If the Buyer, at any time, disputes the amount to be paid by it to the Authority, the Buyer shall nevertheless promptly make such payment or payments; but, if it is determined by agreement or court decision that such disputed payments should have been less, or more, the Authority shall promptly revise and reallocate the charges in such manner that the Buyer will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by Buyer, or due and owing to the Buyer by the Authority, shall, if not paid when due, bear interest per annum at the maximum rate allowed by law from the date when due until paid."

3. **Amendment to ARTICLE VII, Section 7.15 of the Agreement.** ARTICLE VII, Section 7.15 of the Agreement is hereby deleted in its entirety.

4. **Notices.** Any notice, demand, or communication required, permitted or desired to be given under this Addendum shall be deemed effectively given pursuant to ARTICLE VII, Section 7.24 the Agreement.

5. **Headings.** The headings of the sections set forth in this Addendum are inserted for the convenience of reference only and shall be disregarded when construing or interpreting any of the provisions of this Addendum.

6. **Complete Agreement.** This Addendum, the Agreement and any additional or supplementary documents incorporated by specific reference contain all of the terms and conditions agreed upon by the Parties and no other agreements, oral or otherwise, regarding the subject matter of this Addendum or any part thereof shall have any validity or bind either of the Parties.

7. **Severability.** If any provision of this Addendum is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of this Addendum which shall remain in full force and effect and enforceable in accordance with its terms.

8. **Waiver.** No waiver of any of the obligations contained herein shall be effective for any purpose unless the same shall be in writing signed by the Chairperson of the Incorporating Board of the Karegnondi Water Authority and by Mayor or Emergency Manager, or both upon the Flint City Council or Emergency Manager's approval, whichever is applicable.

9. **Construction.** This Addendum has been prepared and negotiations have occurred in connection with said preparation pursuant to the joint efforts of the Parties. This Addendum therefore shall not be construed against either Party.

10. **Amendment.** This Addendum may not be amended or modified except for by written agreement signed by both Parties.

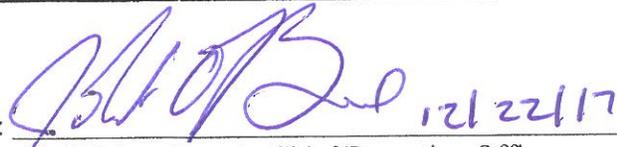
11. **Certification of Authority to Sign Addendum.** The persons signing on behalf of each of the Parties certify by their signatures that they are authorized to sign the Addendum on behalf of such Party and that this Addendum has been authorized by such Party.

12. **Remainder of Agreement.** Except as modified by this Addendum, the terms of the Agreement shall remain in full force and effect.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have caused this Addendum to be executed and delivered by their respective duly authorized representatives as of the Effective Date of the Master Agreement to which this Addendum is attached as Exhibit G.

KAREGNONDI WATER AUTHORITY

By:  12/22/17
John F. O'Brien, Deputy Chief Executive Officer

ATTEST:

 12/22/17
Kevin Sylvester, Deputy Drain Commissioner

CITY OF FLINT

By: Executed in Counterpart
Karen Weaver, Mayor

ATTEST:

Executed in Counterpart
Inez Brown, Clerk of the City of Flint

IN WITNESS WHEREOF, the Parties hereto have caused this Addendum to be executed and delivered by their respective duly authorized representatives as of the Effective Date of the Master Agreement to which this Addendum is attached as Exhibit G.

KAREGNONDI WATER AUTHORITY

Executed in Counterpart

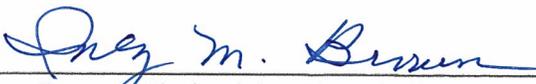
By: _____
John F. O'Brien, Deputy Chief Executive Officer

ATTEST:

CITY OF FLINT

By:  _____
Karen Weaver, Mayor

ATTEST:

 _____
Inez Brown, Clerk of the City of Flint