



Legislation Details (With Text)

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Title: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Amount Not to Exceed \$66,000,000 (Ordinance 2022-04)

Sponsors: Nicolette Bateson

Indexes: Finance

Code sections:

Attachments: 1. 7C1 AC Memo - Approval of Series Ordinance 2022-04- Sewer Disposal System, 2. 7C3 Series Ordinance (2022-SRF-2 GLWA Sewer), 3. 7C4 Resolution Approving 2022-2 SRF Series Ordinance (Sewer) 5742-01

Date	Ver.	Action By	Action	Result
6/22/2022	1	Board of Directors	Approved	Pass
5/27/2022	1	Audit Committee	Recommended for Approval	Pass

Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Amount Not to Exceed \$66,000,000 (Ordinance 2022-04)

Agenda of: June 22, 2022
Item No.: **2022-212**
Amount: Not to Exceed \$66,000,000

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Interim Chief Executive Officer
Great Lakes Water Authority

DATE: June 22, 2022

RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Amount Not to Exceed \$66,000,000 (Ordinance 2022-04)

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer & Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves the resolution related to the Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Amount Not to Exceed \$66,000,000 as presented**, and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

There are two elements to the background related to this resolution: financing considerations and the project being funded.

Financing Considerations

The amount being financed with revenue bonds via the Clean Water State Revolving Fund (CWSRF) Bonds is within authorized GLWA limits. On March 8, 2017 the Great Lakes Water Authority ("GLWA") Board of Directors approved Resolution 2017-03, "Resolution of the Great Lakes Water Authority Authorizing Publication of Notice of Intent to Issue Sewerage Disposal System Revenue Bonds" in a principal amount not to exceed \$275,000,000 (the "Notice of Intent"). This is the ninth series of sewer bonds from that Notice of Intent and is in the amount not to exceed \$66,000,000.

The proposed action authorizes the bonds to be issued. The approval of the Series Ordinance presented today is the next formal step required by the GLWA Board of Directors in the bond issuance process. The Series Ordinance authorizes the issuance of the Bonds by GLWA, sets forth the guidelines for the CWSRF Bonds, designates the Bonds as 2022 SRF-2 Junior Lien Bonds, and authorizes the Chief Executive Officer or the Chief Financial Officer to execute the final terms of the Bonds, paying issuance costs and signing of the Purchase Contract and Sale Order, within the parameters set forth in the Series Ordinance.

Project Considerations

Project Plan Approval - On May 26, 2021, the GLWA Board of Directors conducted a [public hearing <https://glwater.legistar.com/LegislationDetail.aspx?ID=4962898&GUID=B776545F-A325-49FC-91F5-7ACF30D143D3>](https://glwater.legistar.com/LegislationDetail.aspx?ID=4962898&GUID=B776545F-A325-49FC-91F5-7ACF30D143D3) related Connors Creek Sewer System Rehabilitation FY 2022 State Revolving Fund (SRF) Project. Subsequent to that public hearing, the Board adopted the [project plan <https://glwater.legistar.com/LegislationDetail.aspx?ID=4963245&GUID=3BE1FFEF-65D3-4B53-AA9C-2C0839CCEE0A>](https://glwater.legistar.com/LegislationDetail.aspx?ID=4963245&GUID=3BE1FFEF-65D3-4B53-AA9C-2C0839CCEE0A). Project Plan - It should be noted that the costs for the project plan were estimated at approximately \$37 million in the documents presented in May 2021. The increase from that project plan (\$37 million) to the requested financing level (\$66 million) in May 2022 is due to the following. A Brown & Caldwell study conducted after the development of the original project plan found increased sediment in the pipes resulting from the June/July 2021 rain events that have added approximately \$22 million in debris removal costs. This debris removal, in addition to known market conditions driving overall supply and demand fluctuations in the construction industry, are the underlying reasons for this project cost increase.

JUSTIFICATION

This series of bonds authorized by this ordinance will be sold through the state of Michigan's CWSRF program (Project #5742-01) for a Regional Sewer System project involving the rehabilitation of the Connors Creek Sewer System (CCSS).

The CCSS was originally constructed about 100 years ago; and defects of varying severity have been identified in recent inspections.

The 2022 SRF-2 Junior Lien Bonds will be sold to the Michigan Finance Authority. The current program interest rate for the CWSRF is 1.875% for 20-year and 2.125% for 30-year loans. Based on the not to exceed amount for this series of \$66.0 million.

BUDGET IMPACT

The debt service payments on the GLWA Regional project are anticipated to start on October 1, 2023 with minimal amounts of interest due, because of the projected draw down schedules. An estimate for debt service on the loan will be included in the biennial FY 2024 Water Budget as well as GLWA's current ten-year forecast.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on May 27, 2022. The Audit Committee unanimously recommended approval of the resolution for the Approval of Series Ordinance Authorizing Issuance and Sale of Sewer Disposal System Revenue Bonds in an Amount Not to Exceed \$66,000,000 as presented.