



Legislation Text

File #: 2022-081, Version: 1

Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$13,000,000 (Ordinance 2022-01)

Agenda of: March 23, 2022
Item No.: **2022-081**
Amount: Not to Exceed \$13,000,000

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: February 25, 2022

RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$13,000,000 (Ordinance 2022-01)

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer//Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approve the resolution Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$13,000,000 as presented**, and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

On February 26, 2020, the Great Lakes Water Authority ("GLWA") Board of Directors approved Resolution 2020-068, "Resolution of the Great Lakes Water Authority Authorizing Publication of Notice of Intent to Issue Water Supply System Revenue Bonds in a principal amount not to exceed \$200,000,000" (the "Notice of Intent"). This is the fourth series of

water bonds from that Notice of Intent in the amount not to exceed \$13,000,000.

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 Drinking Water Revolving Fund (DWRF) Bonds, designates the Bonds as 2022 SRF-1 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.

JUSTIFICATION

This series of bonds authorized by this ordinance will be sold through the state of Michigan's DWRF program (Project #7548-01) is a Local Water System project involving the replacement of certain lead service lines in targeted neighborhoods within the city of Detroit. This loan has qualified for \$10 million in Booker Grant funding. However, we are required to hold a formal loan closing with the Michigan Financing Authority for the full amount of the approved loan. The loan principal will be forgiven up to the amount of the grant as the project proceeds. Per the Ordinance, this series of bonds will be designated 2022 SRF-1 Junior Lien Bonds, with a loan amount not to exceed \$13,000,000.

The 2022 SRF-1 Junior Lien Bonds will be sold to the Michigan Finance Authority. The current program interest rate for the DWRF is 1.875% and is typically payable over a 20-year term. Based on the not to exceed amount for this series of \$13.0 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. Interest expense on the loan will be included in the FY 2024 Water Budget.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on February 25, 2022. The Audit Committee unanimously recommended approval of the resolution Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$13,000,000 as presented.