



Legislation Text

File #: 2022-309, **Version:** 1

Expanded Authorization on Debt Policy Provisions for the 2022 Bond Series Transaction

Agenda of: July 29, 2022

Item No.: **2022-309**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: July 25, 2022

RE: Expanded Authorization on Debt Policy Provisions for the 2022 Bond Series Transaction

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer\Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approve Expanded Authorization on Debt Policy Provisions for the 2022 Bond Series Transaction as outlined below:**

- a) Authority to refund the July 1, 2023 maturity of the Sewer Series 2012A bonds in the amount of \$18.0 million to the extent that it produces positive savings, even if less than the 2.5% threshold specified in the policy; this action acknowledges that there are no foreseeable opportunities to otherwise refund these bonds and that securing some savings is preferred over securing no savings.
- b) Authority to apply a level debt service structure as referenced in the GLWA debt policy. Specifically, authorize GLWA to structure the 2022 Water System and Sewer System transactions to smooth the existing debt profiles and create a generally overall level debt service structure, when considered together with existing debt service.
- c) Authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

See attached presentation from PFM Financial Advisors LLC (PFM) and accompanying memo from PFM related to Debt Management Policy & Series 2022 Bond Structuring dated July 20, 2022.

JUSTIFICATION

1. The outcome of the recommendations by PFM are to achieve additional savings July 1, 2023 maturity of the Sewer Series 2012A bonds in the amount of \$18.0 million to the extent that it produces positive savings, even if less than the 2.5% threshold specified in the policy. This action acknowledges that there are no foreseeable opportunities to otherwise refund these bonds and that securing some savings is preferred over securing no savings.
2. Utilize a desired level debt service structure as identified in the GLWA debt policy that also aligns with GLWA's ten-year financial forecast. Specifically, GLWA intends to structure the 2022 Water System and Sewer System transactions to smooth the existing debt profiles and create a generally overall level debt service structure, when considered together with existing debt service.

BUDGET IMPACT

Potential savings on existing bonds and favorable rate on new money bonds.

COMMITTEE REVIEW

This matter was reviewed by the Audit Committee at its meeting on July 25, 2022. The Audit Committee unanimously recommended that the GLWA Board approve Expanded Authorization on Debt Policy Provisions for the 2022 Bond Series Transaction as presented.